

# **NANJING SAMPLE TECHNOLOGY COMPANY LIMITED**

南京三寶科技股份有限公司

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

## **ARTICLES OF ASSOCIATION**

Amended at the Annual General Meeting  
held on 29 June 2023

(The Articles of Association are formulated in accordance with the "Company Law of the People's Republic of China" (hereinafter referred to as "Company Law"), "Securities Law of the People's Republic of China" (hereinafter referred to as "Securities Law"), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Listing Rules") and the other relevant laws, regulations and normative documents.

## **CHAPTER 1 GENERAL PROVISIONS**

### **Article 1**

Nanjing Sample Technology Co., Ltd. (the "Company") was established by way of promotion with the approval of the People's Government of Nanjing City, Jiangsu Province, People's Republic of China, as evidenced by the approval document Ning Zheng Fu [2000] No.119 Approval of the Municipal Government regarding the conversion of Nanjing Sample Computer Technology Company Limited to Nanjing Sample Technology Co., Ltd. dated 29 December 2000. It was registered with the Nanjing Administration for Industry and Commerce and was granted the Company's Business License for Enterprises as a Legal Person on 29 December 2000. The number of the Company's business license is: 3201082000869. The Company's Unified Social Credit Identifier number is: 91320100726074332B.

The Company was listed on the Main Board of the Hong Kong Stock Exchange on 1 December 2010.

### **Article 2**

The registered name of the Company

(In Chinese): 南京三寶科技股份有限公司

(In English): Nanjing Sample Technology Co., Ltd.

### **Article 3**

The Company's legal domicile: No.10 Maqun Avenue,  
Qixia District, Nanjing City  
(南京市棲霞區馬群大道 10 號)

Telephone: 8625-84356666

Facsimile: 8625-84356650  
Postcode: 210049

#### **Article 4**

The Company's registered capital is RMB 792,058,500.

#### **Article 5**

The Company's legal representative is the chairman of the Board of the Company.

#### **Article 6**

The Company is a joint stock limited company in perpetual existence.

#### **Article 7**

Since the date of the Articles of Association becoming effective, it constitutes a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

#### **Article 8**

The Articles of Association are binding on the Company and its shareholders, Directors, supervisors, general managers and other senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

The Articles of Association are actionable by a shareholder against the Company; shareholders may sue shareholders according to the Articles of Association; and shareholder may sue the Directors, supervisors, general managers, and other senior management members of the Company. The Company may sue the shareholders, Directors, supervisors, general manager and other senior management members of the Company according to the Articles of Association.

Other senior management members are the Company's general manager,

deputy general manager, chief financial officer and secretary to the Board.

#### **Article 9**

The Company may invest in other enterprises. However, unless stipulated by laws otherwise, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company.

#### **Article 10**

The Company is an independent legal entity, all acts of the Company shall comply with the laws and regulations of the PRC and the place of listing of overseas listed foreign shares, and the Company shall protect the shareholders' legal rights. All capital of the Company is divided into shares with same par value per share. The rights and liabilities of the shareholders of the Company are limited to the shares held by them, and the Company is liable for its debts to the extent of its entire assets.

On condition of compliance with applicable laws and administrative regulations of PRC, the Company has the power to raise or borrow money which power includes (but without limitation) the issue of corporate bond, the charging or pledging of part or whole of the ownership or usage right of the Company's assets and other rights permitted by PRC laws and administrative regulations. Subject to the provisions under the laws and regulations of PRC and/or place of listing and in compliance with the provisions under the laws and regulations of PRC and/or place of listing and the corporate procedures stipulated herein, the Company may provide various forms of guarantee against any third party (including but not limited to the Company's subsidiaries or associated companies); however, the Company shall not prejudice or abolish the rights of holders of shares of any class when exercising the said rights.

### **CHAPTER 2 PURPOSES AND SCOPE OF BUSINESS**

#### **Article 11**

The business purposes of the Company are: to serve and rejuvenate the country through industry development and provide the country and the community with system solutions and services regarding, inter alias, computer and communication technology and application software, to provide the users with high

quality, efficient and professional services, to achieve the objectives of user satisfaction, investors' benefits and sustainable and stable corporate development by the advantages in technology and talents.

## **Article 12**

The scope of business of the Company shall be based on the projects approved by the company registration authorities.

Having legally registered, the scope of business of the Company: computer networks, engineering design and installation of industrial automation; electronic products, development, manufacturing, testing of electronic computer, sale of self-production products, system integration; electronic computer technology consulting and information services; technology testing and technical services of electronic products; computer software development; design, construction, maintenance of security engineering; research and development of ITS-based basic information collection technology and equipment (excluding commodities under the special control of the State and projects with special approval). (Projects that require approval under law, business can be carried out after the approval by the relevant departments). General projects: international freight forwarding agency; general goods warehousing services (excluding hazardous chemicals and other projects that require approval); domestic freight forwarding agency; sale of Class II and III X-ray devices; sale of medical devices. (Except for the projects subject to approval in accordance with the law, the business activities should be conducted independently with the business licence(s) in accordance with the law).

## **CHAPTER 3 SHARES**

### **Section 1 Issuing of Shares**

## **Article 13**

The Company shares shall be in the form of share certificates. All the shares issued by the Company shall have a par value which shall be RMB1.00 for each share.

For the purposes of the above paragraph, the term "RMB" shall refer to the legal currency of the People's Republic of China (the "PRC").

#### **Article 14**

Issuing of the Company shares shall adopt an open, fair and just principle. Shares of the same class shall rank pari passu with each other.

For the same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any organization or individual under the same offering, the price payable for each of such shares shall be the same.

#### **Article 15**

Domestic Shares issued by the Company are under centralized depository of China Securities Depository and Clearing Corporation Limited. Overseas listed foreign shares issued by the Company are mainly under the securities depository and clearing company in Hong Kong, and can also be held in the name of individual shareholder.

#### **Article 16**

The Company may issue shares to domestic and foreign investors which shall comply with the registration or filing procedures with the China Securities Regulatory Commission ("CSRC").

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

#### **Article 17**

Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares.

The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company's shares.

Shareholders of the domestic invested shares of the Company may have their domestic unlisted shares converted into overseas listed shares and have them listed and circulated on overseas stock exchanges, but shall comply with the relevant regulations of the CSRC and entrust the Company to do the filing with the CSRC. The transferred or converted shares shall be listed and traded on overseas stock exchanges and shall comply with the regulatory procedures, rules and requirements of the overseas stock markets. A shareholders' general meeting is not required for listing and trading of the transferred shares on an overseas stock exchange or for the conversion of domestic invested shares into foreign invested shares and their listing and trading on an overseas stock exchange.

Overseas listed foreign shares issued by the Company and listed in Hong Kong as well as domestic shares after being filing with the CSRC and listed in Hong Kong shall be referred to as H shares. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi, and are subscribed for and traded in Hong Kong dollars.

## **Article 18**

Upon approval of the company approval authorities that are authorized by the State Council, the total number of issuable ordinary shares of the Company upon its incorporation is 45,000,000 domestic shares of RMB1.00 each. The number of shares issued to the promoters upon the Company's incorporation was 45,000,000 shares, representing 100% of the total number of issuable ordinary shares of the Company, all of which were subscribed by the promoters as follows:

18,000,000 shares subscribed by Nanjing Sample Technology Group Company Limited representing 40.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

12,000,000 shares subscribed by Nanjing Zhongbei (Group) Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company

upon its incorporation.

12,000,000 shares subscribed by Nanjing Huadong Electronics Information & Technology Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company upon its incorporation.

1,650,000 shares subscribed by Nanjing Sample Technology Commerce City Company Limited representing 3.66% of the total number of issuable ordinary shares of the Company upon its incorporation.

900,000 shares subscribed by Nanjing Daily Newspaper Office representing 2.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

450,000 shares subscribed by Sha Min representing 1.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

## **Article 19**

(1) The number of ordinary overseas listed foreign shares issued for the first capital increase after incorporation of the Company was 20,400,000 shares (including 19,500,000 new shares and 900,000 exiting sale shares), accounting for 31.63% of the issuable ordinary shares of the Company.

The equity structure of the Company is: 64,500,000 ordinary shares, including 44,100,000 shares held by the promoters, representing 68.37% of the issuable ordinary shares of the Company, and 20,400,000 overseas listed foreign shares held by H shares holders, representing 31.63% of the issuable ordinary shares of the Company.

(2) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by Nanjing Zhongbei (Group) Co., Ltd. at the time of incorporation of the Company were all transferred to Jiangsu Century Gold Bull Technology and Trading Co., Ltd.

(3) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by Nanjing Huadong Electronics Information & Technology Co., Ltd. at the time of incorporation of the Company were all transferred to Active Gold Holding Limited.



(4) With the approval of the examination and approval authority authorized by the State Council, 4,515,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were all transferred to foreign shareholder Active Gold Holding Limited.

(5) With the approval of the examination and approval authority authorized by the State Council, the Company issued 96,750,000 bonus shares (15 bonus shares for every 10 shares) and increased 32,250,000 shares by way of capitalization of capital reserve (5 capitalization shares for every 10 shares), thereafter the total equity of the Company changed to 193,500,000 shares, with 132,300,000 shares (68.37% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 27.91% of the total number of the ordinary shares issued by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 11.60% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 25.60% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.56% of the total number of the ordinary shares issued by the Company.

1,350,000 shares held by Sha Min, representing 0.70% of the total number of the ordinary shares issued by the Company.

61,200,000 overseas listed foreign shares held by H shareholders, representing 31.63% of the total number of the ordinary shares issued by the Company.

(6) With the approval of the extraordinary general meeting of the Company held on 3 August 2009, the Company issued additional ordinary shares of 30,600,000

overseas listed foreign shares, thereafter the total equity of the Company changed to 224,100,000 shares, with 132,300,000 shares (59.04% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 24.10% of the total number of the ordinary shares issued by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 10.02% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 22.11% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.21% of the total number of the ordinary shares issued by the Company.

1,350,000 shares were subscribed by Sha Min, representing 0.60% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, representing 40.96% of the total number of the ordinary shares issued by the Company.

(7) With the approval of the examination and approval authority authorized by the State Council, 6,770,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were transferred to the Company's shareholder Nanjing Sample Technology Group Co., Ltd.

(8) With the approval of Jiangsu Administration for Industry and Commerce, the Company's shareholder Jiangsu Century Gold Bull Technology and Trading Co., Ltd. changed its name to Jiangsu Red Stone Technology Corporation.

(9) With the approval of the examination and approval authority authorized by the State Council, 15,000,000 shares held by the Company's shareholder namely Jiangsu Red Stone Technology Corporation were transferred to the Jiangsu Ruihua

Investment Holding Group Company Ltd.

(10) With the approval of the extraordinary general meeting of the Company, the H shareholders class meeting and the domestic shareholders class meeting, the Company issued 92,723,400 new domestic shares, the total number of shares of the Company is changed to 316,823,400 shares, with 225,023,400 shares (accounting for approximately 71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

153,493,400 shares held by Nanjing Sample Technology Group Company Ltd., accounting for approximately 48.45% of the total number of the ordinary shares issued by the Company.

15,000,000 shares held by Jiangsu Ruihua Investment Holding Group Company Ltd., accounting for approximately 4.73% of the total number of the ordinary shares issued by the Company.

685,000 shares held by Jiangsu Hongshi Technology Industry Company Ltd., accounting for approximately 0.22% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, accounting for approximately 15.64% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Commerce City Company Ltd., accounting for approximately 1.56% of the total number of the ordinary shares issued by the Company.

1,350,000 shares held by Sha Min, accounting for approximately 0.42% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, accounting for 28.98% of the total number of the ordinary shares issued by the Company.

(11) With the approval of Nanjing City Administration for Industry and Commerce, Xuanwu Sub-branch, the Company's shareholder Nanjing Sample Technology Commerce City Company Limited changed its name to Nanjing Sample

Investment Development Company Limited.

(12) With the approval of the examination and approval authority authorized by the State Council, 1,250,000 shares held by the Company's shareholder namely Jiangsu Ruihua Investment Holding Group Company Ltd. were transferred to Shandong Runbang Agricultural Development Co., Ltd.

(13) With the approval of the examination and approval authority authorized by the State Council, 685,000 shares held by the Company's shareholder namely Jiangsu Hongshi Technology Industry Company Ltd. were transferred to Nanjing Sample Technology Group Company Ltd.

(14) With the approval of the examination and approval authority authorized by the State Council, 4,950,000 shares held by the Company's shareholder namely Nanjing Sample Investment Development Company Ltd. were transferred to Nanjing Sample Technology Group Company Ltd.

(15) With the approval of the examination and approval authority authorized by the State Council, the Company issued 158,411,700 bonus shares (2 bonus shares for every 1 share) and increased 316,823,400 shares by way of capitalization of capital reserve (1 capitalization share for every 1 share), thereafter the total equity of the Company changed to 792,058,500 shares, with 562,558,500 shares (71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

397,821,000 Shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 50.22% of the total number of the ordinary shares issued by the Company.

123,862,500 Shares held by Active Gold Holding Limited, representing approximately 15.64% of the total number of the ordinary shares issued by the Company.

34,375,000 Shares held by Jiangsu Ruihua Investment Holding Group Company Ltd, representing approximately 4.34% of the total number of the ordinary shares issued by the Company.

3,125,000 Shares held by Shandong Runbang Agricultural Development Co., Ltd,

representing approximately 0.39% of the total number of the ordinary shares issued by the Company.

3,375,000 Shares held by Sha Min, representing 0.43% of the total number of the ordinary shares issued by the Company; and

229,500,000 overseas listed foreign Shares held by H shareholders, representing 28.98% of the total number of the ordinary shares issued by the Company.

## **Article 20**

The Company and subsidiaries of the Company (including the affiliated enterprises of the Company) shall not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.

## **Section 2 Increase, Decrease and Buy-back of Shares**

## **Article 21**

The Company may, based on its requirements for operation and development and in accordance with laws and regulations, increase its capital in the following manners upon respective resolutions being adopted by the shareholders' general meetings:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) issuing bonus shares to its existing shareholders;
- (4) transfer into share capital from the reserve;
- (5) by any other means which is permitted by laws and administrative regulations and the CSRC.

## **Article 22**

In accordance with the Company Law, other relevant regulations and the provisions of the Articles of Association, the Company may reduce its registered capital.

When the Company increases or reduces its registered capital, it shall register the change with the company registration authority in accordance with the law.

## **Article 23**

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement in the newspaper within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

## **Article 24**

Except any one of the following circumstances, the Company shall not acquire its own shares:

- (1) reduction of the registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) using shares for employee shareholding plans or for equity incentives;
- (4) purchasing the shares held by shareholders who have voted against the resolutions on the merger or division of the Company at a shareholder's general meeting upon their request;

- (5) using the shares for conversion of convertible corporate bonds issued by the Company;
- (6) necessary acts by the Company to maintain its value and protect the interests of the shareholders.

The Company's repurchase of its shares may be carried out through open centralized trading or other methods recognized by laws, administrative regulations and CSRC.

Where the Company repurchases of its shares due to the circumstances set out in item (1) and item (2) of the first paragraph of this Article, it shall be approved by the resolution of the shareholders general meeting. If the Company repurchases of its shares for the circumstances set out in items (3), (5) and (6) of the first paragraph of this Article, it shall be resolved by more than two-thirds of the Directors attending the Board meeting according to the provisions of the Articles of Association or the authorization of the shareholders' general meeting.

If the Company repurchases shares for the circumstances set out in the first paragraph of this Article, the shares repurchased under item (1) shall be cancelled within ten (10) days from the date of acquisition and the registered capital shall be deducted accordingly; shares repurchased under items (2) and (4) shall be transferred or cancelled within six (6) months; and shares repurchased by the Company under items (3), (5) and (6) shall not exceed 10% of the Company's total issued shares, and the shares acquired shall be transferred or cancelled within three (3) years.

### **Section 3 Transfer of Shares**

#### **Article 25**

The Company's shares may be transferred in accordance with the law.

#### **Article 26**

The Company shall not accept its shares being held as security under a pledge.

## **Section 4 Shareholders**

### **Article 27**

The Company shall maintain a register of shareholders based on the certificates provided by the securities registrar. The register of shareholders is sufficient evidence to prove the shareholdings of shareholders in the Company. Shareholders shall enjoy rights and bear obligations according to the type of shares they hold; shareholders holding the same type of shares shall enjoy the same rights and bear the same obligations.

If at any time the share capital of the Company is divided into different classes of shares, the Company intends to change or abolish the rights of any class shareholders which shall be approved by way of special resolution of shareholders of the affected class at a separately convened shareholders' general meeting. Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meeting. The provisions of the Articles of Association relating to the manner for the holding of shareholders' general meeting are also applicable to class meetings.

The Company's branch register of shareholders in Hong Kong shall be open for inspection by shareholders during business hours. However, the Company may close the register in accordance with the terms equivalent to Section 632 of the Hong Kong Companies Ordinance (that is, a total of not more than 30 days per year by a Board resolution, or for an extension of up to 30 days by ordinary resolution).

### **Article 28**

If the Company convenes a general meeting, distributes dividends and carries out liquidation and other actions that require the identification of shareholders, the Board or the convener of the general meeting shall determine the record date, and shareholders whose name appears on the register of shareholders after market close at the record date have relevant interests.

### **Article 29**

The shareholders of the Company shall be entitled to the following rights:



- (1) the right to receiving dividends and other distributions in proportion to the number of shares held;
- (2) the right to file a petition to convene, to hold, attend or appoint a proxy to attend shareholders' general meetings and to exercise the right to speak and the corresponding voting right thereat (except where a shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration);
- (3) the right to supervise and manage the operation of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to inspect the Articles of Association, the register of shareholders, counterfoils of the Company's bonds, the minutes of the general meetings of shareholders, the resolutions of the board of directors, the resolutions of the supervisory committee and the published and disclosed financial and accounting reports;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division of the Company made at the general meetings;
- (8) other rights conferred by laws, administrative regulations and the Articles of Association.

Any shareholder requesting for inspection of the relevant information as set forth in this Article or for obtaining information shall furnish with the Company written document evidencing the class and number of shares of the Company he/she holds and the Company shall comply with such shareholder's request upon verification of the shareholder's identity.

### **Article 30**

The shareholders of the Company shall assume the following obligations:

- (1) To abide by the laws, administrative regulations and these Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) Not to withdraw their contribution unless required by the laws and administrative regulations;
- (4) Not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (5) Other obligations imposed by laws, administrative regulations and the Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation according to the laws. If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts owed by the Company.

## **CHAPTER 5 SHAREHOLDERS' GENERAL MEETINGS**

### **Article 31**

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

## Article 32

The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors, who are not staff representatives, and decide on matters relating to the remuneration of Directors;
- (3) to elect and replace the supervisors, who are not staff representatives, and decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the Supervisory Committee;
- (6) to examine and approve the Company's proposed annual financial budgets and final accounts;
- (7) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (8) to decide on increases or reductions in the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to adopt resolutions on the Company's appointments, dismissals or non-reappointments of accounting firms;
- (12) to amend the Articles of Association;
- (13) to examine the motions submitted by shareholders holding not less than 3% of the Company's voting shares;

- (14) other matters required by the relevant laws, administrative regulations, departmental rules and the Articles of Association to be resolved by the general meeting of shareholders.

### **Article 33**

Except in exceptional circumstances, such as when the Company is in crisis, unless prior approval by special resolution is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, general managers and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

### **Article 34**

General meetings of shareholders are divided into annual general meetings of shareholders and extraordinary general meetings of shareholders. An annual general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year and within six months after the end of the previous financial year.

The Board shall hold an extraordinary general meeting of shareholders within two months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total paid-up share capital;
- (3) upon request by shareholders individually or collectively holding not less than 10% of the Company's shares ;
- (4) the Board considers it necessary;
- (5) the Supervisory Committee proposes to convene;

- (6) other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

### **Article 35**

When the Company convenes a shareholders' annual general meeting, it shall notify the shareholders twenty-one (21) days prior to the meeting in relation to the time and place of the meeting as well as the matters to be examined at the meeting. When the Company convenes a shareholders' extraordinary general meeting, it shall notify the shareholders fifteen (15) days prior to the meeting in relation to the time and place of the meeting as well as the matters to be examined at the meeting.

### **Article 36**

The contents of the motions to be raised should be within the scope of duties of the shareholders' general meetings. It should have a specified subject and specific resolution to be decided, in compliance with the laws, administrative regulations and the Articles of Association.

### **Article 37**

When the Company convenes a shareholders' general meeting, the Board of Directors and the Supervisory Committee as well as shareholder(s), who hold more than 3% of the Company's shares individually or in aggregate, shall have the right to propose motions.

Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a provisional motion in writing to the convener ten (10) days before the general meeting is convened; the convener shall issue a supplementary notice of the general meeting to announce the content of the provisional motion within two (2) days after receipt of the motion .

Except for circumstances stipulated in the preceding paragraph, upon announcement of the notice of shareholders' general meeting, the convener shall not amend the motions set out in the notice of shareholders' general meeting or insert new motions.

### **Article 38**

A shareholders' general meeting shall not vote on or pass the resolutions which are not stated in the notice convening the general meeting or do not meet the motions as stipulated in the Articles 36 and 37 of the Articles of Association.

### **Article 39**

A notice of the shareholders' general meeting shall be in writing and including the following contents:

- (1) the place, date and duration of the meeting;
- (2) the matters and motions raised for consideration at the meeting;
- (3) a clear statement to state that: all ordinary shareholders (including the preferred shareholders who has resumed their voting rights ) are entitled to attend the shareholders' general meeting and entrust a proxy in writing to attend the meeting and vote, and that such proxy need not be a shareholder;
- (4) the date of registration of equity entitlements for shareholders entitled to attend the shareholders' general meeting;
- (5) other matters specified in laws, administrative regulations, departmental rules or the Listing Rules.

### **Article 40**

Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders (whether such addresses are within Hong Kong or in regions outside Hong Kong).

Notice of shareholders' general meeting issued to holders of domestic shares can also be made in the form of announcement. Announcements to holders of

domestic shares shall be published on the media that meets the conditions prescribed by CSRC. Once the announcement has been published, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Notice of the shareholders' general meeting issued to the holders of overseas listed shares may be published on the designated website of the Hong Kong Stock Exchange and the Company's website. Once the announcement has been published, all holders of overseas listed shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

#### **Article 41**

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. Any shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting and, where a corporation is so represented, it shall be treated as being present at any meeting in person. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right which the shareholder has to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

If the said shareholder is a recognized clearing house by the Law of Hong Kong, the shareholder may authorize suitable representative or corporate representative to act as its representative at any shareholders' general meeting and creditors' meeting; representative or corporate representative so authorized shall have the same statutory rights as other shareholders, including the right to speak and vote.

#### **Article 42**

The instrument appointing a proxy must be in writing under the hand of the

shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its director or attorney or officer duly authorized in writing. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.

#### **Article 43**

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

#### **Article 44**

Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

#### **Article 45**

The Company is entitled to ask the proxy who represents an individual shareholder to attend the shareholders' general meeting to provide his identification document as well as the power of attorney signed by the appointer or the representative authorized by the appointer.



In the case of a corporate shareholder appoints its legal representative to attend the meeting, the Company is entitled to ask the legal representative to provide the valid copy of the resolution or the power of attorney by which the board of directors or other authoritative department of the corporate shareholder appoints the legal representative and which has been notarized (other than a recognized clearing house) as well as valid copy of the corporate shareholder's identification document and power of attorney.

#### **Article 46**

Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

#### **Article 47**

There shall be two (2) types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

A shareholder (including his proxy) attending the meeting shall vote in favour of or against each resolution relating to every matter which has been put to vote at the relevant meeting. If such shareholder or his proxy abstains from voting, which will be deemed that the voter has waived his rights to vote, the Company shall not treat it as vote with voting right when calculating the voting results of the such matter.

#### **Article 48**

A shareholder (including proxy) when voting at a shareholders' general

meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

Shares held by the Company have no voting rights. This portion of shares is not considered as part of the total number of shares with voting rights and present at the shareholders' general meetings.

Where any shareholder is, under the Hong Kong Listing Rules and/or any applicable laws and regulations, required to abstain from voting on a particular resolution or restricted to voting only in favour of or 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 49**

Except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all votes of the shareholders at the Company's general meeting shall be taken by poll.

#### **Article 50**

When the shareholders' general meeting resolves on the related party transactions of the Company or on a particular resolution for which any shareholders shall be refrained from voting or shall be restricted to vote for (or against) in accordance with the Hong Kong Listing Rules, any votes cast by such shareholders or their representative in contravention of such requirement or restriction shall not be counted in the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-related shareholders.

#### **Article 51**

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the Board and the Supervisory Committee;

- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) the appointment and removal of members of the Board and their remuneration and payment methods;
- (4) the appointment and removal of members of the Supervisory Committee and their remuneration and payment methods;
- (5) the Company's annual budgets plan and final accounting plan;
- (6) the Company's annual report;
- (7) matters other than these required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolutions.

## **Article 52**

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) increase or reduction of the registered share capital of the Company;
- (2) division, merger, dissolution, liquidation of the Company;
- (3) amendments to the Articles of Association;
- (4) other matters which are provided for by the laws, administrative regulations or these Articles of Association and considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and require approval by a special resolution.

## **Article 53**

Shareholders who request for the convening of an extraordinary general meeting shall comply with the following procedures:

- (1) Shareholders individually and jointly holding more than 10% of the shares shall have right requiring the Board to convene a shareholders' extraordinary general meeting, and shall make such request to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written feedback on approval or disapproval of the convening of an extraordinary general meeting within 10 days after receiving the request .

If the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

- (2) If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding more than 10% of the shares shall be entitled to propose and request in writing to the Supervisory Committee to convene an extraordinary general meeting.

If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the request. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

- (3) If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, shareholders who individually or collectively hold more than 10% of the shares for more than 90 consecutive days may convene and preside over the meeting themselves.

#### **Article 54**

The Supervisory Committee shall have right requiring the Board to convene a shareholders' extraordinary general meeting, and shall make such request to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written feedback on approval or disapproval of the convening of an extraordinary general meeting within

10 days after receiving the request.

If the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Board does not agree to hold an extraordinary general meeting or fails to give a reply within 10 days after receipt of the request, the Board shall be considered to be unable or fail to perform the duty of convening an extraordinary general meeting. The Supervisory Committee can convene and preside over the meeting on its own.

If the Supervisory Committee or shareholders convene a general meeting on their own, the Company shall bear the reasonable expenses incurred thereby.

#### **Article 55**

Shareholders' general meetings convened by the Board shall be presided over by the Chairman of the Board. If the Chairman cannot or fails to fulfill the duty thereof, one Director shall be elected to preside over the meeting with the approval of not less than half of the Directors.

Shareholders' general meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee shall preside over such meeting. When the chairman of the Supervisory Committee cannot or fails to fulfill the duty thereof, one supervisor shall be elected to preside over the meeting with the approval of not less than half of the supervisors.

A shareholders' general meeting convened by shareholders themselves shall be presided over by a representative elected by the convener.

#### **Article 56**

The chairman of the meeting shall announce the vote and result of each proposal and the decision on whether a resolution of the shareholders' general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

## **Article 57**

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

## **Article 58**

In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes of the meeting and the summary minutes of the meeting along with the signature book of the shareholders attending the meeting and the power of attorney for the proxies shall be kept in the Company.

# **CHAPTER 6 BOARD OF DIRECTORS**

## **Article 59**

The Company sets a Board which is responsible for the shareholders' general meeting. The Board shall comprise 7 Directors, including three independent Directors. The Board shall have a Chairman.

## **Article 60**

Directors shall be elected or replaced at shareholders' general meeting and may be removed from office prior to the expiry of their tenure. The term of office of each session of the Board shall be three (3) years. Upon maturity of the term of office, a Director shall be eligible to offer himself for re-election and reappointment.

The written notice of an intention to nominate a candidate of director and that of a willingness to accept the nomination by the candidate shall be delivered no earlier than one (1) day after the dispatch of the notice of the meeting for election of the relevant director and end no later than seven (7) days prior to the date of such meeting.

The Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman shall be three (3) years, renewable upon re-election.

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his term of office (but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance with relevant laws and administrative regulations.

Any person who has been appointed by the Board to fill any casual vacancy in the office of the Board or serve as an additional Director, his term of office shall expire at the next shareholders' annual general meeting and such person shall be eligible for election for successive terms.

The Directors shall not be required to hold shares of the Company.

#### **Article 61**

A Director may resign before the expiry of his/her term of office, subject to submission of a written resignation report to the Board.

The Board shall make disclosure of relevant information within 2 days. Where the number of members of the Board falls below the quorum due to the resignation of any director, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Except for the circumstances specified in the preceding paragraph, the resignation of a director shall become effective when the resignation report is delivered to the Board.

#### **Article 62**

The Board shall report to the shareholders' general meeting and exercises the following powers:

- (1) to convene shareholders' general meetings and report its work to the

shareholders' general meeting;

- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans (including final dividends plan) and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (7) to formulate plans for merger, division, dissolution and change the form of the Company;
- (8) to determine the establishment of the Company's internal management structure;
- (9) to appoint or remove the general manager of the Company and to appoint or remove the deputy manager and other senior management members of the Company based on the nomination by the general manager and to decide on their remunerations and incentives and penalties;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) within the scope authorized by the shareholders' general meeting, to decide the Company's external investment, acquisition and disposal of assets, assets pledge, external guarantees, consigned financial management, connected transactions, external donations and such matters;



- (13) to propose the appointment or removal of the Company's auditors to the general meetings of the shareholders;
- (14) other duties conferred by the provisions of the laws, administrative regulations, departmental rules and the Articles of Association.

Except for the Board resolutions in respect of the matters specified in items (6), (7) and (11) of the preceding paragraph which shall be passed by more than two-thirds of the Directors, the above Board resolutions in respect of all other matters may be passed by more than one-half of the Directors.

Board resolutions in respect of the Company's related party transactions must be endorsed by Independent (non-executive) Director before they can become effective.

#### **Article 63**

The Chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and review the implementation of resolutions of the Board;
- (3) to sign the share certificates, bonds or other marketable securities issued by the Company;
- (4) to sign important documents of the Board and other documents that require signing by the Company's authorized representative;
- (5) to exercise the power of authorized representative;
- (6) to exercise the power to handle corporate affairs in accordance with the law and the Company's interests in cases of emergency caused by natural disasters or other force majeure, and report to the Board and shareholders' general meeting thereafter;
- (7) to exercise other powers conferred by the Board.

If the Chairman is unable or fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman.

#### **Article 64**

The Board of the Company shall establish an audit committee, and establish strategic, remuneration, nomination and other special committees where necessary. The Board shall seek the opinion of the relevant special committees before making any resolutions.

The members of the special committees under the Board are all composed of directors and elected by the Board.

Each special committee has a convener who is responsible for convening special committee meetings. The composition, responsibilities and operating mechanism of each special committee shall be determined by the Board and shall comply with the relevant laws and regulations of the PRC and the relevant stipulations of the Hong Kong Stock Exchange.

#### **Article 65**

Meetings of the Board shall be held at least twice every year and shall be convened by the Chairman of the Board. All of the Directors and supervisors shall be notified in writing about the meeting ten (10) days beforehand.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Board or the Supervisory Committee may propose to hold an extraordinary Board meeting. The chairman should convene and preside over a Board meeting within ten (10) days after the proposal is received.

#### **Article 66**

Regular and extraordinary Board meetings shall be noticed by way as follows:

- (1) A notice of a Board meeting includes the following contents: date and place of meeting, duration of the meeting, reasons and discussion items, date of

issuance of notice.

- (2) If the Board has not decided the time and place of the Board meeting in advance, the Chairman of the Board shall, at least ten (10) days beforehand, inform the Directors and Supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.
- (3) If there is a need to hold a Board meeting in case of emergency, the Chairman of the Board shall ask the Secretary to the Board to, not less than three (3) days and not more than five (5) days prior to the day when the special Board meeting is held, inform all the Directors and supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.
- (4) The notice shall be written in Chinese, if necessary, the English version can be attached, including the agenda for the meeting. Any Director may waive the right of receiving the notice of Board meeting.

#### **Article 67**

Notice of a meeting shall be deemed to have been given to any Director who attends the meeting without protest against, before or at its commencement, any lack of notice.

#### **Article 68**

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

#### **Article 69**

The Board meeting may not be held unless not less than half of the Directors are present. Voting on board resolutions shall be on a one vote per person basis.

Resolutions of the Board shall be passed by more than half of all Directors,

unless otherwise required by the Articles of Association.

In the case of equal division of votes, the Chairman of the Board of Directors is entitled to a casting vote.

Where a Director who has associated relationship with the enterprises involved in any resolution proposed at a Board meeting shall abstain from voting for the Board resolution and shall not represent another Director in exercise of voting rights. The Board meeting may be held with the quorum of a simple majority of unrelated Directors, and resolutions passed by the Board meeting shall require a simple majority of votes of unrelated Directors. Where the number of unrelated Directors present at the Board meeting is less than three, the said matter shall be tabled at a shareholders' general meeting for deliberation.

#### **Article 70**

The Board resolutions shall be voted by way of poll in registered form or other voting methods permitted by laws and regulations and the regulatory rules of the place where the Company's shares are listed.

Under the premise of ensuring that the directors can fully express their opinions and with the consent by the convener (chairman), the extraordinary Board meeting can be convened by means of video conference, telephone conference or signature in written form, and the Directors attending the meeting shall sign accordingly. The Board meetings may also be convened on site in parallel with other methods.

#### **Article 71**

Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall specify the name of the proxy, the matters to be authorised, the extent of authorization and validity period and shall be signed by the appointor or a chop shall be affixed.

A Director appointed as the representative 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 Board meeting 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.

## **Article 72**

In respect of any matter which needs to be determined by the Board at an extraordinary Board meeting, where the Board has already sent out written notice of matters to be decided at such meeting to all Directors and the number of Directors who have given their written consent thereto reaches the quorum required for making a resolution pursuant to Article 69, a valid resolution shall be deemed to be passed and there is no need to hold a Board meeting.

## **Article 73**

The Board shall keep minutes of resolutions passed at Board meetings. The minutes shall be signed by the Directors present at the meeting and the person who recorded the minutes. The minutes of Board meeting shall be kept as corporate files for a period of not less than ten years.

## **Article 74**

Minutes of a Board meeting shall include the following content:

- (1) the date, venue and name of the convener of the meeting;
- (2) the names of the directors present at the meeting and the names of the directors (proxies) appointed by others to attend the meeting;
- (3) agenda of the meeting;
- (4) summaries of the speeches of Directors;
- (5) the voting methods and results of each resolution (the voting results shall specify the number of votes for, against or abstention).

## **CHAPTER 7 SECRETARY TO THE BOARD**

### **Article 75**

The Company shall have a Secretary to the Board, who is a senior management member of the Company.

### **Article 76**

Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/ her primary responsibilities are:

- (1) to ensure that the Company has complete organisational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) be responsible for the information disclosure to ensure the timely, accurate, legal, true and complete disclosure of the Company's information;
- (5) to perform other duties as specified under the Articles of Association and the listing rules of the stock exchange where the shares of the Company are listed.

### **Article 77**

The Company's Director or other senior management members may concurrently hold the post of the secretary to the Board. The accountant(s) of the accounting firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

Where the office of the secretary to the Board is held concurrently by a Director,

and an act is required to be done by a Director and the secretary to the Board separately, the person who holds the office of Director and secretary to the Board may not perform the act in dual capacity.

## **CHAPTER 8 GENERAL MANAGER**

### **Article 78**

The Company shall have one general manager, who shall be appointed and dismissed by the Board.

### **Article 79**

The general manager shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, organize resources to carry out the Board's resolutions and report to the Board;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager(s), chief financial officer and other senior management staff;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to exercise other powers conferred by the Articles of Association and the Board.

#### **Article 80**

The general manager of the Company shall attend Board meetings. The general manager who is not a Director does not have any voting rights at Board meetings.

#### **Article 81**

In exercising the duties, the general manager and the deputy general manager shall not alter the resolutions of the shareholders meeting and the Board meeting or act beyond his scope of authority.

#### **Article 82**

The general manager and the deputy general manager, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations and the Articles of Association.

### **CHAPTER 9 SUPERVISORY COMMITTEE**

#### **Article 83**

The Company shall have a supervisory committee which shall be composed of 3 Supervisors. One of the members of the Supervisory Committee shall act as the chairman of the Committee. The term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by not less than one-half of its members.

#### **Article 84**

The Supervisory Committee shall include one staff representative. The staff representative shall be democratically elected and dismissed by the Company's staff. All other supervisors shall be elected and dismissed by the shareholders' general meeting.



## **Article 85**

The Directors, general managers and other senior management members of the Company shall not assume the position of supervisors.

## **Article 86**

Meetings of the Supervisory Committee shall be held at least once every six months and convened by the Chairman of the Supervisory Committee. Supervisors may propose to convene extraordinary meetings of the Supervisory Committee.

## **Article 87**

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with the laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise Directors, general managers and other senior management members on the violation of laws, administrative regulations or the Articles of Association in performing their duties to the Company;
- (3) to demand rectification from a Director, the general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of a shareholders' extraordinary general meeting;
- (6) to deal with or take legal actions against Directors on behalf of the Company.

The supervisors shall attend Board meetings.

## **Article 88**

The resolutions of the Supervisory Committee shall be approved by more than one half of the supervisors. The Supervisory Committee shall keep minutes of resolutions passed at meetings of Supervisory Committee. The minutes shall be signed by the supervisors present at the meeting.

Supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be kept as corporate files for a period of not less than 10 years.

## **Article 89**

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

## **Article 90**

A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

# **CHAPTER 10 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

## **Article 91**

A person may not serve as a Director, supervisor, general manager or any other senior management member of the Company if any of the following circumstances applies:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery,

infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- (3) a person who is a former director, factory manager, general manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked or is ordered to close down due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who was prohibited by the CSRC from entering the securities market and the prohibition period has not expired;
- (7) other content as stipulated by laws, administrative regulations or departmental rules;

Where the Company elects or appoints Directors, supervisors or engages senior management staff in violation of the provisions of the preceding paragraph, the election, appointment or engagement shall be ineffective. The Company shall remove the Directors, supervisors and senior management staff from their positions if any of the circumstances set out in the first paragraph of this Article occurs during their term of office.

## **Article 92**

The validity to a third party acting in good faith of a Director, general manager and any other senior management member on behalf of the Company shall not be affected by any irregularity in his office, election or any defect in his qualification.

### **Article 93**

Directors shall comply with the laws, administrative regulations and the Articles of Association and bear the following fiduciary obligations towards the Company:

- (1) shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;
- (2) shall not misappropriate the Company's funds;
- (3) shall not deposit the Company's assets or funds into an account opened in his own name or the name of another individual;
- (4) shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantee for others using the Company's assets without the consent of a shareholders' general meeting or the Board of Directors;
- (5) shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of a shareholders' general meeting;
- (6) shall not make use of powers to seek business opportunities which rightfully belong to the Company for himself/herself or others without the consent of a shareholders' general meeting, or engage in the same type of businesses as the Company on his own or for others;
- (7) shall not pocket commissions of transactions with the Company;
- (8) shall not disclose Company secrets without authorization;
- (9) shall not make use of their relationships to compromise the interests of the Company;
- (10) any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Income derived by a Director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the Director shall be liable for compensation.

The provisions relating to the fiduciary obligation of this Article are also applicable to senior management members.

#### **Article 94**

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duty of diligence towards the Company:

- (1) exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;
- (2) treat all shareholders fairly;
- (3) get a timely grasp of the status of the Company's business and management;
- (4) issue a written confirmation for regular reports of the Company to ensure the truthfulness, accuracy and completeness of the information disclosed.
- (5) provide the relevant information and materials to the Supervisory Committee truthfully, and shall not hinder exercise of powers by the Supervisory Committee or the supervisors;
- (6) any other duty of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The provisions of item (4), item (5) and item (6) of the preceding paragraph regarding the duty of diligence are also applicable to senior management members.

## **Article 95**

Each of the Company's Directors, supervisors, general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## **Article 96**

Each Director, supervisor, general manager and other senior management members of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, supervisor, general manager and other senior management members;
- (2) a person acting in the capacity of trustee of that Director, supervisor, general manager and other senior management members or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor, general manager and other senior management members or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director, supervisor, general manager and other senior management members, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, president, general manager, deputy general manager and other senior management members of the Company have a de facto controlling interest; and
- (5) the Directors, supervisors, general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

## **Article 97**

The fiduciary duties of the Directors, supervisors, general manager and other

senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

## **CHAPTER 11 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Article 98**

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant regulatory departments of the PRC.

### **Article 99**

At the end of each fiscal year, the Company shall compile a financial accounting report which shall be audited by an accounting firm in compliance with the laws. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the provisions of the Ministry of Finance of the PRC.

### **Article 100**

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

### **Article 101**

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall at least deliver or send to each shareholder by prepaid mail the abovementioned reports together with the report of directors not later than twenty-one (21) days before the date of every annual shareholders' general meeting. The address of the recipient shall be the address registered in the share register.

#### **Article 102**

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

#### **Article 103**

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC Accounting Standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

#### **Article 104**

The Company shall release two financial reports for each accounting year.

The Company shall undergo the necessary procedures and publish the completed interim accounting reports and annual accounting reports in accordance with the relevant securities laws and regulations of the PRC and the listing rules of the stock exchange where the shares of the Company are listed.

#### **Article 105**

The Company shall not keep accounts other than those provided by law. No assets of the Company shall be deposited under any account opened in the name of any individual.



#### **Article 106**

The Company shall implement an internal audit system, and shall retain full-time audit personnel to conduct internal audit of its income and expenditure and economic activities.

#### **Article 107**

The internal audit system and responsibilities of the audit personnel of the Company shall be implemented after the approval by the Board. The head of audit shall be accountable and reported to the Board.

#### **Article 108**

Profit after taxation of the Company is used in the following order:

- (1) to offset losses;
- (2) to provide for statutory reserve fund;
- (3) to provide for discretionary reserve fund as resolved at shareholders' general meeting;
- (4) to pay for dividends of ordinary shares.

The Company shall not distribute dividends or proceed with other distributions in the form of bonuses before offsetting against losses and allocation to the statutory reserve fund.

#### **Article 109**

The Company's reserve fund includes surplus reserve fund and capital reserve fund. The surplus reserve fund is divided into statutory surplus reserve fund and discretionary surplus reserve fund.

#### **Article 110**

When distributing each year's after-tax profits, the Company shall set aside 10

per cent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

Where the Company's statutory surplus reserve fund is not enough to make up losses of the Company for the previous years, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may set aside funds for the discretionary surplus reserve fund.

The remaining profit after making up of losses and appropriation of surplus reserve fund shall be distributed to shareholders in proportion to their shareholdings.

If a shareholders' general meeting violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

The Company's shares held by the Company are not entitled to any profit distribution.

#### **Article 111**

Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value;  
and
- (2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.

#### **Article 112**

The common reserve funds of the Company can be used for making up the

Company's losses, expansion of the Company's production and operation or conversion to increase the capital of the Company. However, the capital reserve fund shall not be used to make up for the losses of the Company.

When the statutory reserve fund is converted into capital, such retained reserve shall not be less than 25% of the Company's registered capital before conversion.

### **Article 113**

Dividends shall be distributed in proportion to the shareholdings of the shareholders within six (6) months after the end of each fiscal year. Annual dividends shall be approved by shareholders' general meeting, and the amount of any dividends to be distributed is recommended by the Board.

After approval by the shareholders' general meeting, the Board may decide to distribute interim dividend or bonus.

After the shareholders' general meeting of the Company makes a resolution on the profit distribution plan, the Company's Board shall complete the distribution of dividends (or shares) within two months after the general meeting of shareholders.

### **Article 114**

The Company shall pay dividends and other amounts to holders of Foreign-Invested Shares in accordance with the relevant foreign exchange control regulations of the State. If there is no applicable regulation, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China during the week prior to the announcement of payment of dividend and other amounts.

### **Article 115**

When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the tax payable on their dividend income.

#### **Article 116**

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

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas-listed foreign invested shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

### **CHAPTER 12 APPOINTMENT OF ACCOUNTING FIRM**

#### **Article 117**

The Company shall appoint accounting firm which meets the requirements of the Securities Law to audit the Company's accounting statements, verify the net assets of the Company and to provide other relevant consultation services. The accounting firm shall be engaged for a term of one year, which shall be renewable upon reappointment.

The appointment or removal of an accounting firm for the Company must be approved by a majority of the Company's shareholders or by other body that is independent of the Board.

#### **Article 118**

The Company shall ensure that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any refusal, concealment or false statement.

## **Article 119**

The remuneration of the accounting firm shall be determined by a majority of the Company's shareholders or by other body that is independent of the Board.

## **Article 120**

In the event of termination or the non-renewal of the appointment of an accounting firm, the Company shall notify the accounting firm at least 15 days in advance. When the Company's general meeting of shareholders votes on termination of appointment of an accounting firm, the accounting firm shall be entitled to make its representation. Where the accounting firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

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

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every shareholder by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

Where the notice of resignation of an accounting firm contains a statement of any matters of which an account should be given, the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its

resignation.

## **CHAPTER 13 INSURANCE**

### **Article 121**

The Company's various types of insurance shall be taken out with the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts, periods and other terms shall be discussed and decided by the Board by reference to the practices of peer companies in other countries and the practices and legal requirements in the PRC.

## **CHAPTER 14 LABOUR MANAGEMENT**

### **Article 122**

The Company establishes a staff policy that is applicable to the actual conditions of the Company, based on the relevant requirements under the "Labour Law of the People's Republic of China".

### **Article 123**

The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State and implement the contract system.

### **Article 124**

The Company may formulate its labour and payroll systems and payment methods in accordance with the relevant laws and regulations of the State and the economical benefits of the Company.

#### **Article 125**

The Company shall endeavour to improve its employee benefits and to continually improve the working environment and living standards of its employees.

#### **Article 126**

The Company shall provide medical, retirement and unemployment insurance for its employees and put in place a labour insurance system, in accordance with the relevant laws and regulations of the State.

### **CHAPTER 15 PARTY ORGANIZATION**

#### **Article 127**

As required by the Constitution of the Communist Party of the PRC, the Company shall establish an organization of the Communist Party of the PRC, in which the Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation, and discussing and determining major issues of enterprises in accordance with the regulations. The Company shall establish the working institutions of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

#### **Article 128**

The Board shall hear the opinions of the Party Committee of the Company before making decisions on material issues of the Company.

#### **Article 129**

The Company shall set up the Party Committee. The Party Committee shall consist of one secretary and certain other members. The Chairman of the Board and the secretary to the Party Committee shall be held by the same individual and the Company shall appoint a deputy secretary who shall be mainly responsible for Party construction. Eligible members of the Party Committee may join the Board, Supervisory Committee and management through statutory procedures. Eligible

members in the Board, Supervisory Committee and management may join the Party Committee in accordance with relevant requirements and procedures. Meanwhile, the Company shall set up a discipline committee according to relevant requirements.

### **Article 130**

The Party Committee of the Company shall perform its duties pursuant to the Constitution of the Communist Party of China and other regulations of the Party.

- (1) To ensure and supervise the effective implementation of directions and policies of the Party and the State as well as the execution of material strategic decisions of the Party Central Committee and the State Council and the arrangement on relevant material works of the Party Committee of the SASAC and Party organizations of higher levels;
- (2) To adhere to the principle of the Party exercising leadership over the cadres, the principle of the legitimate selection of operators by the Board, and the exercise of power as regards the right of cadres' appointment by the operators in accordance with laws. The Party Committee shall deliberate and give opinions on the proposed candidates nominated by the Board or the President or recommend candidates to be nominated to the Board or the President as well as assess the proposed candidates and give opinions collectively upon inspection over such candidates with the Board;
- (3) To study and discuss reform, development and stability of the Company, and substantial matters on operation and management decided by the Company as well as material issues relating to the interests of the Company's staff, and provide advice and recommendations in this regard;
- (4) To assume full responsibility for enforcing strict discipline of the Party. To lead the Company's ideological and political work, united front work, creation of spiritual civilization, creation of corporate culture as well as mass organizations such as the labor union and the Communist Youth League. To play a leading role in the construction of a clean and honest government and support the disciplinary committee in fulfilling its responsibility of supervision in practice.



## **CHAPTER 16 TRADE UNION**

### **Article 131**

The employees of the Company may organize trade union and carry out activities of the union in accordance with the Trade Union Law of the PRC and other laws and regulations of the State, and to protect the lawful interests of the employees. The Company shall provide the requisite facilities for the activities of the labor union of the Company.

### **Article 132**

If the employees have established a trade union, the Company shall allocate certain fund to the trade union every month based on the actual situation. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

## **CHAPTER 17 MERGER AND DIVISION OF THE COMPANY**

### **Article 133**

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

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement specified by the CSRC within thirty (30) days of the date of the Company's resolution on merger.

Creditors may require the Company to repay the debts or to provide

corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

#### **Article 134**

When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make a newspaper announcement within thirty (30) days of the date of the Company's resolution on division.

Debts incurred by the Company before its division shall be borne by the companies jointly and severally after the division, except as otherwise stated in the written agreement entered into between the Company and the creditors for debt settlement prior to the division.

#### **Article 135**

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

### **CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

#### **Article 136**

The Company shall be dissolved due to the following reasons:

- (1) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of

Association;

- (2) a special resolution on dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law.
- (5) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company.

#### **Article 137**

Under the circumstances specified set out in item (1) of Article 136 of the Articles of Association, it may subsist by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph must be approved by shareholders who hold more than two-thirds of the voting rights present at the shareholders' general meeting.

#### **Article 138**

Where the Company is dissolved under items (1), (2) (4), (5) of the Article 136, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events and commence liquidation afterwards, and its members shall be determined by Directors or determined at a general meeting. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

## **Article 139**

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days of that date.

Creditors should, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the first announcement, declare their claims to the liquidation committee.

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period for declaration of creditor's rights, the liquidation committee shall not make repayment to creditors.

## **Article 140**

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and

(7) to represent the Company in any civil proceedings.

#### **Article 141**

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a shareholders' general meeting or the people's court for confirmation.

The Company's assets shall be applied respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts. The remaining assets of the Company thereafter shall be distributed in accordance with the shareholders' percentage of the shareholdings.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

#### **Article 142**

In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall apply to the people's court for a declaration of bankruptcy in accordance with the laws.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

#### **Article 143**

Following the completion of liquidation, the liquidation committee shall compile a liquidation report which shall be submitted to the shareholders' general meeting or the people's court for confirmation and shall also be submitted to the company registration authorities for the cancellation of the registration of the Company and announce the termination of the Company.

#### **Article 144**

The members of the liquidation committee shall devote themselves to their duties and fulfill their obligations of liquidation according to laws. None of the members of the liquidation committee may take any bribe or any other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate any of the properties of the Company.

Where any members of the liquidation committee cause any loss to the Company or any creditor with intention or due to gross negligence, he/she shall be liable to make indemnification.

#### **Article 145**

Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

### **CHAPTER 19 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION**

#### **Article 146**

The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

In any of the following circumstances, the Company shall amend the Articles of Association:

- (1) if upon amendments to the Company Law, relevant laws, administrative regulations, any terms contained in the Articles of Association become inconsistent with the provisions of the amended laws and administrative regulations;
- (2) a change in the Company causes inconsistency with those contained in the Articles of Association;

- (3) a special resolution passed at the shareholders' general meeting to amend the Articles of Association.

#### **Article 147**

Where the approval from the competent authority is required for the amendments to the Articles of Association passed by the shareholders' general meetings, such amendments shall be submitted to the competent authority for approval. Where an amendment to the Articles of Association involves the Company's registration particulars, change registration formalities shall be completed pursuant to the law.

#### **Article 148**

The Board shall amend the Articles of Association pursuant to the special resolution of the shareholders' general meeting on amendment of Articles of Association and the examination and approval opinion of the authorities in charge.

#### **Article 149**

If any amendment to the Articles of Association contains information required to be disclosed by laws and regulations, an announcement shall be made pursuant to the provisions.

### **CHAPTER 20 NOTICE**

#### **Article 150**

Unless otherwise stated in this Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign shares listed in Hong Kong shall be despatched to such shareholders by hand or by mail to the addresses of such shareholders as shown in the register of the overseas listed foreign shareholders (whether such registered addresses are within Hong Kong or in regions outside Hong Kong). Notices given to the shareholders of the overseas listed foreign shares listed in Hong Kong shall, to the practicable extent, be sent in Hong Kong.

As to the notices to be issued by the Company to the holder of Domestic Shares, the Company shall publish an announcement on one or more newspaper designated by CSRC; once the announcement is published, the holder of Domestic Shares shall be deemed to have received the relevant notice.

#### **Article 151**

Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and any such notice is deemed to be served to shareholders five (5) days after the date of dispatch.

#### **Article 152**

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

#### **Article 153**

Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

### **CHAPTER 21 MISCELLANCES**

#### **Article 154**

All “over”, “within” and “under” in these Articles of Association include themselves;

“less than”, “except” does not include themselves.



#### **Article 155**

The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions thereof. Such detailed rules shall not contravene the provisions in the Articles of Association.

#### **Article 156**

The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languages or different versions and the Articles of Association, the latest Chinese version approved for registration with the Nanjing Municipal Administration for Industry & Commerce shall prevail.

#### **Article 157**

The Board shall be responsible for the interpretation of the Articles of Association.

(no text below)

Legal person (Signed)

Nanjing Sample Technology Company Limited  
29 June 2023