

# **Beijing Beida Jade Bird Universal Sci-Tech Company Limited**

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

## **Articles of Association**

**May 2021**

*In case of divergences between the Chinese version and the English version of the Articles of Association, the Chinese version will prevail in all circumstances.*

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**Articles of Association of  
Beijing Beida Jade Bird Universal Sci-Tech Company Limited**

**Chapter 1 General provisions**

Article 1

The Company (or “Company”) was established as a foreign investment joint stock company in the People’s Republic of China (the “PRC”) with limited liability in accordance with the “Company Law of the PRC” (the “Company Law”), the “Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Special Regulations”), the “Provisional Regulations on Certain Issues Concerning the Establishment of Joint Stock Limited Companies with Foreign Investment” and other relevant laws and administrative regulation of the PRC.

The Company was set up by way of promotion after approved by the document Wai Jing Mao Zi Shen Zi no.[2000] 0012 “Foreign Investment Enterprise of the PRC” issued by the Ministry of Commerce of the PRC (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC), and was registered at the Beijing Administration for Industry and Commerce on 29 March 2000 for incorporation. The registration number of the business license of the Company is 110000410145505.

The promoters of the Company are as follows:

Promoter 1:

Dynamic Win Assets Limited

Legal representative: Xu Zhendong

Legal address: Unit 02, 7<sup>th</sup> Floor, Asia Pacific Centre,  
8 Wyndham Street, Central, Hong Kong

Promoter 2:

Beijing Beida Jade Bird Software System Co., Ltd.

Legal representative: Yang Fuqing

Legal address: Area 8, Peking University, No.5 Haidian Road, Haidian District, Beijing

Promoter 3:

Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited

Legal representative: Xu Zhixiang

Legal address: No. 1 Yongdingmennei Dajie, Chongwen District, Beijing

Promoter 4:

Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd.

Legal representative: Hao Yilong

Legal address: Department of Microelectronics of Peking University, Haidian District,  
Beijing

Promoter 5:

Beijing Beida Jade Bird Limited

Legal representative: Yang Fuqing

Legal address: No.5 Haidian Road, Haidian District, Beijing (No.3 Building, Area 9,  
Beijing University)

Promoter 6:  
Hinet Company Limited  
Legal representative: Zhao Zhong  
Legal address: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Promoter 7:  
Asian Technology Investment Company Limited  
Legal representative: Anthony S W Yeung  
Legal address: P.O. Box 659, Road Town, Tortola, British Virgin Islands

Promoter 8:  
Dragon Air Investments Limited  
Legal representative: Wang Jianhua  
Legal address: No. 2 Commercial Center Square P.O. Box No. 71 Alofi, Niue

Promoter 9:  
New View Venture Limited  
Legal representative: Lo Lin Shing  
Legal address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands

Article 2      Mandatory Provisions Article 1  
The registered name of the Company:  
(In Chinese) : 北京北大青鳥環宇科技股份有限公司  
(In English) : Beijing Beida Jade Bird Universal Sci-Tech Company Limited

Article 3      Mandatory Provisions Article 2  
The Company's legal domicile: 3<sup>rd</sup> Floor, Beida Jade Bird Building, Yanyuan District Area 3, No.5 Haidian Road, Haidian District, Beijing  
Postal Code: 100080  
Telephone: 8610-62751795  
Facsimile: 8610-62758434

Mandatory Provisions Article 3

- Article 4 The Company’s legal representative is the Chairman of the Company.
- Mandatory Provisions Article 4
- Article 5 The Company is a joint stock limited company in perpetual existence.
- Mandatory Provisions Article 5
- Article 6 The Articles of Association shall become effective subject to the approval of the Foreign Trade and Economic Department and the securities regulatory authority of the State Council and upon the filing for registration with the company registration authority. From the date of the Articles of Association becoming effective, the Articles of Association constitute 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.
- Mandatory Provisions Article 6
- Article 7 The Articles of Association are binding on the Company and its shareholders, Directors, supervisors, general manager, deputy general manager and other senior management members, all of whom are entitled to claim rights regarding the Company’s affairs in accordance with the Articles of Association.
- In accordance with the Articles of Association, shareholders may sue the Company; whilst the Company may sue shareholders, and shareholders may sue shareholders; shareholders may sue the Directors, supervisors, general manager, deputy general manager and other senior management members of the Company.
- The term “sue” referred to in the preceding paragraph include court proceedings and arbitration proceedings.
- Mandatory Provisions Article 7
- Article 8 The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution. However, the Company shall not be a shareholder with unlimited liabilities of any other economic organizations.
- Mandatory Provisions Article 8
- Article 9 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 invested 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 the laws and administrative regulations of the PRC, the Company has the power to raise or borrow money. The Company’s rights of financing include (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. 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 10 The objective of the Company is to work with strategic partners with strong financial resources and extensive commercial network in the international platform for developing application-based embedded system products with the long-term financing channel established under the domestic and overseas financing environment, with a view to making contribution to the domestic economy and leading our high-technology industry to Asia and to the world.

Article 11 Mandatory Provisions Article 9  
The scope of business of the Company shall be consistent with and subject to the scope of business approved by the company registration authority of the People's Republic of China.

The scope of main operation of the Company shall include: production of embedded electronic products and integrated system chip, research, development and production of computer software and hardware, installment, testing, maintenance of self-produced products, technological consultation and training, and sales of self-produced products.

Article 12 Mandatory Provisions Article 10  
The Company may adjust its business scope or investment directions or approaches according to the changes in domestic and international markets, demand of domestic and international operations and the Company's own development capabilities, subject to the passing of resolution at shareholders' general meeting and the approval by the relevant authorities.

## **Chapter 3 Shares and Registered Capital**

Article 13 The Company may, at any time, issue ordinary shares. It may issue other kinds of shares according to needs, upon the approval of the company examination and approval authorities that are authorized by the State Council.

Article 14 Mandatory Provisions Article 11  
All the shares issued by the Company shall have a par value. The par value of the shares issued by the company upon its incorporation shall be RMB1.00. Upon approved by the examination and approval authority authorized by the State, the par value of each of the shares issued by the Company shall be changed to RMB0.1.

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

Mandatory Provisions Article 12

Article 15 Subject to the approval of the competent securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

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 People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 16 Mandatory Provisions Article 13  
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 foreign investors for subscription in foreign currency shall be referred to as foreign invested shares. Foreign invested shares which are listed outside the PRC shall be referred to as overseas listed foreign invested shares.

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

Upon completion of overseas offering and listing of the shares of the Company and upon approvals of the State Council or its securities regulatory authorities, the Company’s shareholders may transfer all or part of their Unlisted Shares (as defined below) to foreign investors and have such shares listed and traded overseas, or the transfer of all or part of the Unlisted Shares into overseas listed foreign invested shares and the listing and trading of such shares shall not be considered as the Company’s intention to vary or abrogate the rights of class shareholders. The said shares listed on or traded in an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the relevant overseas securities market.

Listing and trading of the said shares on an overseas stock exchange or the transfer from domestic shares to foreign invested shares and the listing and trading of such shares does not need resolution through voting at a class shareholders’ general meeting. The class of domestic shares and unlisted foreign invested shares (collective “Unlisted Shares”) held by the Company’s shareholders will be converted into overseas listed shares after obtaining the approval for overseas listing and trading, the class of which shall be the same as the overseas listed foreign shares.

Article 17 Mandatory Provisions Article 14  
Upon the approval of the company examination and approval authorities that are authorized by the State Council, the total number of ordinary shares issued by the Company was 1,514,464,000 shares, among which, the number of ordinary shares issued by the Company to promoters was 700,000,000 and were subscribed as follows:

220,000,000 shares subscribed by Dynamic Win Assets Limited, representing 31.429% of the total number of issuable ordinary shares of the Company upon its incorporation;

110,000,000 shares subscribed by Beijing Beida Jade Bird Software System Co., Ltd., representing 15.714% of the total number of issuable ordinary shares of the Company upon its incorporation;

85,000,000 shares subscribed by Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd., representing 12.143% of the total number of issuable ordinary shares of the Company upon its incorporation;



75,000,000 shares subscribed by Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited, representing 10.714% of the total number of issuable ordinary shares of the Company upon its incorporation;

40,000,000 shares subscribed by Beijing Beida Jade Bird Limited representing, 5.714% of the total number of issuable ordinary shares of the Company upon its incorporation;

50,000,000 shares subscribed by Asian Technology Investment Company Limited, representing 7.142% of the total number of issuable ordinary shares of the Company upon its incorporation;

30,000,000 shares subscribed by Dragon Air Investments Limited, representing 4.286% of the total number of issuable ordinary shares of the Company upon its incorporation;

20,000,000 shares subscribed by Hinet Company Limited, representing 2.857% of the total number of issuable ordinary shares of the Company upon its incorporation;

70,000,000 shares subscribed by New View Venture Limited, representing 10% of the total number of issuable ordinary shares of the Company upon its incorporation;

#### Mandatory Provisions Article 15

##### Note:

1. Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited transferred 75,000,000 promoters shares held by it to Beijing Beida Jade Bird Limited as agreed on 15 March 2004. The promoters shares of the Company held by Beijing Beida Jade Bird Limited increased from the initial amount of 40,000,000 shares to 115,000,000 shares, representing 16.429% of the issuable ordinary shares of the Company upon its incorporation.
2. Dynamic Win Assets Limited transferred 14,586,000 promoters shares held by it to New View Venture Limited as agreed on 11 March 2004. The promoters shares of the Company held by Dynamic Win Assets Limited changed from the initial amount of 220,000,000 shares to 205,414,000 shares, representing 29% of the issuable ordinary shares of the Company upon its incorporation, whereas the promoters shares of the Company held by New View Venture Limited changed from the initial amount of 70,000,000 shares to 84,586,000 shares, representing 12.084% of the issuable ordinary shares of the Company upon its incorporation;
3. Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd. transferred 85,000,000 promoters shares held by it to Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd. as agreed on 18 January 2008, representing 12.143% of the issuable ordinary shares of the Company upon its incorporation.
4. Hang Zhou Beida Jade Bird Sci-Tech Co., Ltd. transferred 85,000,000 promoters shares held by it to Beijing Beida High Technology Investment Co., Ltd. as agreed on 3 November 2009, representing 12.143% of the issuable ordinary shares of the Company upon its incorporation.

5. Beijing Beida High Technology Investment Co., Ltd. transferred 85,000,000 promoters shares held by it to Shenzhen Beida Jade Bird Technology Co., Ltd. as agreed on 15 April 2011, representing 12.143% of the issuable ordinary shares of the Company upon its incorporation.
6. Beijing Beida Jade Bird Software System Co., Ltd. transferred 110,000,000 promoters shares held by it to Grant East (H.K.) Limited as agreed on 15 April 2011, representing 15.714% of the issuable ordinary shares of the Company upon its incorporation.
7. On 2 November 2015, Shenzhen Beida Jade Bird Sci-Tech Co., Ltd. agreed to transfer 85,000,000 promoters shares held by it to Haikou Jade Bird Yuanwang Sci-Tech Development Co., Ltd., representing 12.143% of the issuable ordinary shares of the Company upon its incorporation.
8. On 6 April 2020, Haikou Jade Bird Yuanwang Sci-Tech Development Co., Ltd. agreed to transfer 85,000,000 promoters shares held by it to Beijing Rainbow Mountain Sci-Tech Development Co., Ltd., representing 12.143% of the issuable ordinary shares of the Company upon its incorporation.
9. On 6 April 2020, Beijing Beida Jade Bird Limited agreed to transfer 115,000,000 promoters shares held by it to Beijing Rainbow Mountain Sci-Tech Development Co., Ltd., representing 16.429% of the issuable ordinary shares of the Company upon its incorporation.

Article 18 The number of ordinary overseas listed foreign invested shares issued upon capital increase after incorporation of the Company was 814,464,000 shares. After the capital increase, the total number of ordinary shares issued by the Company was 1,514,464,000; among which, 700,000,000 shares were held by the promoters, accounting for 46.221% of the total number of ordinary shares issued by the Company, and 814,464,000 overseas listed foreign invested shares were held by shareholders of overseas listed foreign invested shares, accounting for 53.779% of the total number of ordinary shares issued by the Company.

Article 19 **Mandatory Provisions Article 16**  
 Upon the approval of the competent securities regulatory authority of the State Council of the Company's proposal for issue of overseas listed foreign invested shares and domestic shares, the Board of the Company may implement arrangements for separate issue.

The Company's proposal for separate issue of overseas listed foreign invested shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by the competent securities regulatory authority of the State Council.

Article 20 **Mandatory Provisions Article 17**  
 Where the Company issues overseas listed foreign invested shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several issues subject to the approval of the securities regulatory committee of the State Council.

**Mandatory Provisions Article 18**

- Article 21 The Company's registered capital is RMB137,872,000.
- Article 22 **Mandatory Provisions Article 19**  
The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.
- The Company may increase its capital in the following manners:
- (1) by offering new shares for subscription to unspecified investors;
  - (2) by placing new shares to its existing shareholders;
  - (3) by allotting bonus shares to its existing shareholders;
  - (4) by any other means which is permitted by laws, administrative regulations.
- The Company's increase in capital by issuing new shares shall, after being approved in accordance with the provisions of the Company's Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the State.
- Article 23 **Mandatory Provisions Article 20**  
Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.
- Article 24 **Mandatory Provisions Article 21**  
Upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered into the register of shareholders.
- Article 25 All issues and transfers of overseas listed foreign invested shares shall be registered in the register of holders of overseas listed foreign invested shares kept in Hong Kong in accordance with clause 2 of Article 42.
- Article 26 The transfer of all or part of the shares by any holders of overseas listed foreign invested shares shall be effected by the instrument of transfer in writing generally accepted in Hong Kong. The instrument of transfer shall be signed by hand or in a machine-imprinted format by the transferor and transferee.
- Article 27 The Company shall ensure that the share certificates of all overseas listed foreign invested shares carry the following representations, and instruct and cause the share registrar of the Company to refuse to register any person as holder of any subscribed, purchased or transferred shares of the Company unless and until the person has produced to the share registrar a share certificate carrying the following representations and has signed applicable forms:
- (1) The purchaser agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations as well as the Articles of Association;

- (2) The purchaser agrees with the Company, each shareholder, Director, supervisor and management members of the Company, and the Company on behalf of itself and each Director, supervisor and management member, agrees with each shareholder, to refer to arbitration according to the Articles of Association for all the disputes and claims concerning the Articles of Association or any rights or obligations provided for in the Company law and other relevant laws and administrative regulations, and to authorize the arbitration to be exposed to public hearing and the result of the arbitration to be publicly announced;
- (3) The purchaser and the Company and each shareholder of the Company agree that shares of the Company can be transferred freely by shareholders;
- (4) The purchaser authorizes the Company to represent him/her to enter into an agreement with each of the Directors and management members of the Company whereby the Directors and management members promise to bear and comply with their duties to shareholders provided for in the Articles of Association.

Article 28 The overseas listed foreign invested shares of the Company may be listed and traded on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

#### **Chapter 4 Reduction of Capital and repurchase of shares**

Article 29 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Mandatory Provisions Article 22

Article 30 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. A creditor has the right, within thirty (30) days of receiving the notice, or for those who do 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 capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Mandatory Provisions Article 23 Company Law 178

Article 31 The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merger with another company that holds shares in the Company;

- (3) other circumstances as permitted by laws and administrative regulations.

Article 32                   Mandatory Provisions Article 24  
The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) to make an offer of repurchase to all of its shareholders at the same proportion;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement;

Article 33                   Mandatory Provisions Article 25  
Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

In respect of the redeemable shares that the Company has the rights to repurchase, if the repurchases are not made on the market or by an offer, the prices shall be limited to a maximum price; if repurchases are made by an offer, such offer should be made available to all shareholders equally.

Article 34                   Mandatory Provisions Article 26  
Shares repurchased in accordance with laws by the Company shall be cancelled within the period prescribed by laws and administrative regulations. The Company shall apply to the original company registration authority for registration of the change of its registered capital.

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

Mandatory Provisions Article 27

Article 35                   Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose;
  2. if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the amount of the Company's premium account (including the premiums on the new issue) at the time of the repurchase;
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
1. acquisition of rights to repurchase shares of the Company;
  2. variation of any contract for repurchasing shares of the Company;
  3. release of its obligation under any contract for repurchasing its shares;
- (4) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account.

Mandatory Provisions Article 28

#### **Chapter 5 Financial Assistance for acquisition of the Company's shares**

Article 36

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or proposes to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by such person.

This provision does not apply to the circumstances stated in Article 38.

Mandatory Provisions Article 29

Article 37 The financial assistance referred to in this Chapter includes, (without limitation), the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or execution of any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression "assuming an obligation" referred to in this Chapter includes the assumption of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 38 Mandatory Provisions Article 30  
The following activities shall not be deemed to be activities as prohibited in Article 36:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

Mandatory Provisions Article 31

## **Chapter 6 Share certificates and register of members**

Article 39 Share certificates of the Company shall be in registered form.

The following major items shall be specified on the share certificate of the Company:

- (1) the Company's name;
- (2) the date of registration of the Company;
- (3) the class of the shares, nominal value and the number of shares represented;
- (4) the serial number of the share certificate;
- (5) other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

Article 40 **Mandatory Provisions Article 32**  
The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such other senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

Article 41 **Mandatory Provisions Article 33**  
The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder; and
- (6) the date on which a person ceases to be a shareholder;

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

**Mandatory Provisions Article 34**



Article 42 The Company may, in accordance with the mutual understanding and agreements made between the competent securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign invested shares in Hong Kong and appoint overseas agents to manage such register. The Company shall maintain a duplicate of the register of holders of overseas listed foreign invested shares at the Company's domicile; the appointed overseas agents shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign invested shares at all times.

If there is any inconsistency between the original and the duplicate of the register of holders of overseas listed foreign invested shares, the original version shall prevail.

Article 43 Mandatory Provisions Article 35  
The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

- (1) the register of shareholders maintained at the Company's domicile (other than those parts as stipulated in clause (2) and (3) of this Article);
- (2) the register of shareholders for the holders of overseas listed foreign invested shares of the Company maintained at the place where the overseas listed foreign invested shares are listed;
- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Article 44 Mandatory Provisions Article 36  
Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

Article 45 Mandatory Provisions Article 37  
All fully paid up overseas listed foreign invested shares are freely transferable pursuant to the Articles of Association.

However, in respect of the fully paid-up overseas listed foreign invested shares which are listed on Hong Kong Stock Exchange, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfills the following conditions:

- (1) A fee of HK\$2.5 per instrument of transfer of such higher amount as the Board may from time to time require but no more than the amount prescribed from time to time by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents related to which will affect the right of ownership of the shares;
- (2) the instrument of transfer involves only the overseas listed foreign invested shares listed on the Hong Kong Stock Exchange;

- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);
- (6) the relevant shares are not subject to any lien of the Company.

Article 46 Laws and regulations of the PRC and the provisions in the relevant rules governing the listing of securities of The Stock Exchange of Hong Kong Limited regulating the arrangement of close of register of shareholders before shareholders' general meeting being convened or the record date being set by the Company for the purpose of distribution of dividends shall prevail.

Article 47 When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall decide on a date for the determination of shareholdings. Shareholders whose names appear in the register of shareholders at the close of business of such date shall be shareholders of the Company.

Mandatory Provisions Article 39  
 Article 48 Any person who objects to the register of shareholders and requests to have his name entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Mandatory Provisions Article 40  
 Article 49 Any shareholder who is registered in or any person who requests to have his name entered in the register of shareholders may (if his share certificates (the "original certificates") are lost) apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 144 of the Company Law.

If a holder of overseas listed foreign invested shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign invested shares is maintained.

If a holder of overseas listed foreign invested shares which are listed on Hong Kong Stock Exchange loses his share certificates and applies for their replacements, the issue of replacement share certificates to such holders shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.

- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company comes to a decision to issue the replacement share certificate.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate,
  1. delivered to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.
  2. In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.
- (5) If, upon expiration of the 90-day period referred to in clause (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) Where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original share certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Mandatory Provisions Article 41 Company Law 144

Article 50 Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Mandatory Provisions Article 42

Article 51 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has committed fraudulent act.

Mandatory Provisions Article 43

## Chapter 7 Shareholders' rights and obligations

Article 52 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered into the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

For joint holding of any shares, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders. In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice which is delivered to the aforesaid shareholder shall be considered as having been delivered to all the joint shareholders of the relevant shares.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share just because the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

### Mandatory Provisions Article 44

Article 53 The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other forms of profit distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right thereat;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;

2. to inspect and copy, subject to payment of a reasonable charge:
  - (i) all parts of the register of shareholders;
  - (ii) personal particulars of each of the Company's Directors, supervisors, general manager, deputy general manager and other senior management members, including:
    - (a) present name and alias and any former name and alias;
    - (b) principal address (domicile);
    - (c) nationality;
    - (d) primary and all other part-time occupations;
    - (e) identification document and its number;
3. report on the state of the Company's share capital;
4. reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
5. minutes of shareholders' general meetings
- (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) other rights conferred by laws, administrative regulations and the Articles of Association.

Mandatory Provisions Article 45

Article 54

The ordinary shareholders of the Company shall assume the following obligations:

- (1) To abide by the Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) Other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

Mandatory Provisions Article 46

Article 55 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

Mandatory Provisions Article 47

Article 56 The term "controlling shareholder" referred to in the preceding Article means a person who satisfies any one of the following conditions:

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

Mandatory Provisions Article 48

**Chapter 8 Shareholders' general meetings**

Article 57 The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

Mandatory Provisions Article 49

Article 58 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 and decide on matters relating to the remuneration of Directors;
- (3) to elect and replace the supervisors who are representatives of shareholders 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 and liquidation 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 proposals submitted by shareholders individually or in aggregate holding 3% (inclusive) or more of the Company's voting shares;
- (14) other matters required by laws, administrative regulations and the Articles of Association to be resolved at the general meeting of shareholders.

Mandatory Provisions Article 50 Company Law 103

Article 59 Unless a prior approval is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, general manager, deputy general manager 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 60 Mandatory Provisions Article 51  
 General meetings of shareholders shall be annual general meetings and special general meetings. A general meeting of shareholders shall be convened by the Board. Annual general meeting shall be held once every year within six months after the end of the previous accounting year.

The Board shall hold a special general meeting 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 reach of one third of the Company's total share capital;
- (3) shareholders individually or in aggregate holding not less than ten percentage (10%) (inclusive) of the Company's issued shares with voting rights request in writing to hold a special general meeting;
- (4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;
- (5) two or more Independent Directors propose to hold such a meeting.

Mandatory Provisions Article 52 Company Law 101

Article 61 When the Company convenes a shareholders' general meeting, notice stating the date and place of and matters to be examined at the meeting shall be given to all shareholders twenty (20) days before the meeting. Notice of shareholders' special general meetings shall be given to all shareholders fifteen (15) days prior to the meeting.

Company Law 102

Article 62 When the Company convenes a general meeting, shareholder(s) individually or in aggregate holding 3% (inclusive) or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place such proposed motions on the agenda for such general meeting if they are matters falling within the functions and powers of the general meetings.

Mandatory Provisions Article 54 Company Law 103

Article 63 A shareholders' general meeting may not resolve on any matters in respect of those not set out in the notice or supplemental notice issued for the meeting.

Company Law 102

Article 64 A notice of the general meeting shall meet the following requirements:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;



- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, supervisor, general manager, deputy managers and other senior management members in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging the instrument of proxies for the relevant meeting.

Mandatory Provisions Article 56

Article 65

Notice of 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 post to the address of the shareholder as shown in the register of shareholders. For the holders of domestic shares, notice of the general meetings may also be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more newspapers designated by the competent securities regulatory authority of the State Council within the interval of twenty (20) days to twenty-five (25) days before the date of the shareholders' annual general meeting, or within the interval of fifteen (15) days to twenty (20) days before the date of the shareholders' special general meeting. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Sufficient notice shall be given by the Company to ensure that the holders of foreign invested shares with their registered address in Hong Kong would have sufficient time to exercise their rights or act in accordance with the terms of the notice.

Mandatory Provisions Article 57 Company Law 102

Article 66

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Mandatory Provisions Article 58

Article 67

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/her proxy to attend and vote at the meeting on his/her behalf. 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 general 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 as defined in the Securities and Futures Ordinance (Hong Kong Law Chapter 420), the shareholder may authorize one (1) or more suitable persons to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and class of the share certificates involved by way of the said authorization. The persons after such authorization may represent the recognized clearing house (or its nominee) to exercise the rights, as if they were the individual shareholders of the Company.

Article 68                      Mandatory Provisions Article 59  
The instrument appointing a proxy must be in writing under the hand of the principal or his attorney duly authorized in writing; for a legal person, the instrument of proxy must be affixed with the common seal or signed by its Director or attorney duly authorized in writing. The instrument of proxy shall contain the number of the shares to be represented by the proxy. If several persons are authorized as the proxies for the shareholder, the instrument of proxy shall specify the number of the shares to be represented by each proxy.

Article 69                      Mandatory Provisions Article 60  
The instrument of proxy shall be lodged with the domicile of the Company or other places specified in the notice of meeting twenty-four (24) hours before the relevant meeting for voting according to the instrument of proxy, or 24 hours before the designated time of voting. Where the instrument of proxy is signed by a person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarized copy of that power of attorney or other authorization documents, together with the instrument of proxy, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

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

Article 70                      Mandatory Provisions Article 61  
Any instrument of proxy issued to a shareholder by the Board for use by him/her for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favor of or against each resolution related 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/her proxy may vote as he/she thinks fit.

Mandatory Provisions Article 62

Article 71 Where the principal 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 instrument of proxy 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 72 Mandatory Provisions Article 63  
Individual shareholders attending the shareholders' general meeting in person shall produce their own identification documents and evidence of shareholding. If a shareholder appoints others to attend the meeting, the proxy shall produce his/her own identification document and the instrument of proxy. If a legal person shareholder appoints a proxy to attend the shareholders' general meeting, such proxy shall produce his identification documents and a notarized copy of the resolution of the Board of Directors of the legal person appointing such proxy.

Article 73 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 not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor 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 favor of the resolution in order for it to be passed.

A shareholder (including his proxy) attending the meeting shall vote in favor 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, any vote by such shareholder or his proxy shall not be treated as having a voting right in counting the voting results.

Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be treated as having a voting right.

Article 74 Mandatory Provisions Article 64  
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.

Mandatory Provisions Article 65

Article 75 A resolution shall be decided by a show of hands at any general meeting unless required by the laws and administrative regulations applicable to the Company, the relevant regulatory authorities and the stock exchange of the place where the Company is listed or a poll is demanded by the following persons before or after any vote by a show of hands:

- (1) the Chairman of the meeting;
- (2) at least two (2) shareholders entitled to vote or their proxies;
- (3) one (1) or more shareholders (including proxies) individually or jointly holding more than ten percent (10%) (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

Article 76 **Mandatory Provisions Article 66**  
A poll demanded on such matters as the election of the Chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the Chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution passed at that meeting.

Article 77 **Mandatory Provisions Article 67**  
On a poll, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.

Article 78 **Mandatory Provisions Article 68**  
When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or by poll, the Chairman of the meeting shall be entitled a casting vote.

Article 79 **Mandatory Provisions Article 69**  
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 the Supervisory Committee and their remuneration and payment methods;

- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolutions.

Article 80                   Mandatory Provisions Article 70  
The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) the division, merger, dissolution, liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) Other matters 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 81                   Mandatory Provisions Article 71  
Shareholders who request for the convening of a special general meeting or a class meeting shall comply with the following procedures:

- (1) Shareholders individually or in aggregate holding 10% (inclusive) or more of the shares carrying the right to vote at the meeting sought to be held shall sign one (1) or more counterpart requisitions stating the object of the meeting and requiring the Board to convene a shareholders' special general meeting or a class meeting thereof. The Board shall as soon as possible proceed to convene the special general meeting of shareholders or a class meeting thereof after receipt of such requisition(s).

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

- (2) If the Board fails to issue a notice of such a meeting within thirty (30) days from the date of receipt of the requisition(s), the shareholders who lodge the request(s) may request in writing the Supervisory Committee to call and convene the meeting in time. If the Supervisory Committee fails to do so, shareholders individually or in aggregate holding more than ten (10) percent shares in not less than ninety (90) consecutive days can call and convene such a meeting themselves (in a manner as similar as possible to the manner in which shareholders' general meetings are convened by the Board).

Any reasonable expenses incurred by the shareholders to call and convene a meeting by reason of failure by the Board or Supervisory Committee to duly do so as described above shall be borne by the Company and any sum so repaid shall be set-off against sums owned by the Company to the defaulting Directors.

Article 82                   Mandatory Provisions Article 72   Company Law 101 & 102  
Shareholders' general meeting shall be convened and chaired by the Chairman of the Board of Directors. If the Chairman is unable to attend the meeting for any reason, the Chairman may designate a Director of the Company, on behalf of him, to convene and hold the meeting. If no Chairman of the meeting has been so designated, shareholders present may elect a person to be the Chairman of the meeting. If for any reason, the shareholders fail to elect a Chairman, then the shareholder (including proxy) present and holding the largest number of shares carrying the right to vote shall be the Chairman of the meeting.

Article 83                   Mandatory Provisions Article 73  
The Chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting shall be adopted. His/her decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

Article 84                   Mandatory Provisions Article 74  
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/she 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 to be counted immediately after the declaration of the voting result. The Chairman of the meeting shall have the votes counted immediately.

Article 85                   Mandatory Provisions Article 75  
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.

Article 86                   Mandatory Provisions Article 76  
Minutes of shareholders' general meetings shall be compiled with the decisions of the businesses thereof signed by Directors present at the meeting. The minutes of meetings and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's domicile.

Article 87                   Mandatory Provisions Article 76  
Copies of the minutes of the meetings shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company for a copy of such minutes, the Company shall send a copy to him/her within seven (7) days after receipt of reasonable charges.

Mandatory Provisions Article 77

## **Chapter 9 Special procedures for voting by a class of shareholders**

- Article 88 Shareholders holding different classes of shares shall be class shareholders.
- Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the law, administrative regulations and the Articles of Association.
- Article 89 **Mandatory Provisions Article 78**  
Except for the listing and trading of shares on an overseas stock exchange and the transfer of Unlisted Shares into overseas listed foreign invested shares as prescribed in the third and fourth circumstances under Article 16 of the Articles of Association, any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 91 and 95 of the Articles of Association.
- Article 90 **Mandatory Provisions Article 79**  
The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:
- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
  - (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
  - (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
  - (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
  - (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquiring securities of the Company attached to shares of such class;
  - (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
  - (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
  - (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;

- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) to vary or abrogate the terms provided in this chapter.

Mandatory Provisions Article 80

Article 91

Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 90 of the Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 32 of the Articles of Association, "interested shareholder" shall refer to the controlling shareholders as defined in Article 56 of the Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 32 of the Articles of Association, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested shareholder" shall refer to a shareholder within a class who bears liabilities less than the proportional burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Mandatory Provisions Article 81

Article 92

A resolution of the class meeting shall be passed in accordance with Article 89 of the Articles of Association by shareholders present in the meeting representing not less than two-thirds of voting rights.

Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of the class meeting or restricted to voting only for or only against any particular resolution of the class meeting, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be treated as having a voting right.

Mandatory Provisions Article 82



Article 93 Written notice period of a class meeting convened by the Company shall be the same as the written notice period of a non-class meeting proposed to be convened on the same date of the class meeting. Written notice shall be dispatched to shareholders of such class whose names appear on the register of shareholders, specifying the matters to be examined and the date and place of the meeting. The notice period shall exclude the date of the notice and the date of the meeting.

The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

Article 94 Mandatory Provisions Article 83 Company Law 102  
Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

Article 95 Mandatory Provisions Article 84  
Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders.

The special procedures for approval by class shareholders shall not apply to the following circumstances:

- (i) where the Company issues, upon approval by special resolution of the shareholders in a general meeting, either separately or concurrently once every twelve months, not more than 20% of each of the existing issued domestic shares and overseas listed foreign invested shares of the Company;
- (ii) where the Company's plan to issue domestic shares and overseas listed foreign invested shares upon its establishment is implemented within 15 months from the date of approval by China Securities Regulatory Commission or other securities authority under the State Council; or
- (iii) the listing and trading of shares on an overseas stock exchange and the transfer of Unlisted Shares into overseas listed foreign invested shares as prescribed in the third and fourth circumstances under Article 16 of the Articles of Association.

## Chapter 10 Board of Directors

Article 96 The Company sets a Board, which shall comprise eight (8) Directors of which one (1) is the Chairman, including four (4) executive Directors, four (8) external Directors (herein meaning those Directors who do not hold office in the Company, including independent Directors. Among the external Directors, three (3) of them are independent Directors (herein meaning those Directors who are independent from the shareholders and do not hold office in the Company).

### Mandatory Provisions Article 86

Article 97 Directors shall be elected at shareholders' general meeting. The term of office of the Directors shall be three (3) years. Upon maturity of the current 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 to the Company seven (7) days prior to the date of the convening of the shareholders' general meeting. The delivery of such written notice shall be made no earlier than the day after the dispatch of the notice of the meeting for election of the relevant Director and no later than seven (7) days prior to the date of such meeting.

The Chairman and executive Directors of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and executive Directors shall be three (3) years. They shall be eligible to offer themselves for re-election and reappointment.

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.

The Chairman and executive Directors may concurrently serve as the general manager, deputy general manager or other senior management members (except for supervisor) of the Company. Directors are not required to hold any shares of the Company.

### Mandatory Provisions Article 87

Article 98 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 proposals;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issuance of bonds of the Company;

- (7) to formulate plans for substantial acquisition or disposal and merger, division and dissolution 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 general manager and the financial officer of the Company based on the nomination by the general manager and to decide on their remunerations; to appoint or replace the members of the Board of Directors and the Supervisory Committee of the Company's wholly-owned subsidiaries, appoint, replace or recommend the shareholders' proxies, directors and supervisors of its subsidiaries which are controlled or invested by the Company;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) under the premise of observing relevant laws and regulations and the Articles of Association, to exercise the Company's rights of financing and borrowing and to determine pledge, hypothecation, lease, contracting or transfer of the Company's important assets; and to authorize the general manager and deputy general manager, to a certain extent authorized, to exercise the rights mentioned herein;
- (13) other duties according to the provisions of the Articles of Association or conferred by the shareholders' general meeting.

Except for the Board resolutions in respect of the matters specified in clauses (6), (7) and (11) of this Article which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors.

#### Article 99

##### Mandatory Provisions Article 88

In case where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

##### Mandatory Provisions Article 89

Article 100 The Board of Directors shall perform its duties in accordance with the State Law, administrative regulations, the Articles of Association and the resolutions of the shareholders' general meetings.

Article 101 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 check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the Board.

If the Chairman is unable or fails to perform his duties, the Chairman may designate executive Director to do so on behalf of him.

Article 102 Mandatory Provisions Article 90 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 about the meeting fifteen (15) days beforehand. In case of emergency, a special Board meeting may be held if it is so requested by one-thirds (inclusive) or above of the Directors or the general manager of the Company.

The reasonable expenses incurred by the Directors who attend Board meetings shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a Director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

Article 103 Mandatory Provisions Article 91 Company Law 111 Regular and special Board meetings shall be noticed by way as follows:

- (1) If the Board has specified the time and place of the regular Board meeting in advance, no service of notice is required.
- (2) If the Board has not specified the time and place of the Board meeting in advance, the Chairman of the Board shall, at least ten (10) to fourteen (14) 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 hand.
- (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 two (2) days and not more than ten (10) 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 hand.

- (4) The notice shall be written in Chinese with the agenda for the meeting attached. If necessary, the English version can be attached, any Director may waive the right of receiving the notice of Board meeting.
- (5) 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.
- (6) 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 via such equipment. All such Directors shall be deemed to be present in person at the meeting.
- (7) The Board of Directors may accept written resolution in lieu of the Board meeting. The Board of Directors shall send the draft resolution to all the Directors either by hand, mail, telegram or facsimile. If the Board has served the resolution on all the Directors and the number of the Directors who sign to approve the resolution reaches the quorum for approval, the resolution so delivered to the secretary to the Board shall become the resolution of the Board of Directors and no physical Board meeting is required to be held.

Mandatory Provisions Article 92

Article 104 The Board meeting may not be held unless not less than half of the Directors are present.

Each Director shall have a ballot for voting. Resolutions of the Board shall be passed by a simple majority of all the Directors. In the case of equal division of votes, the Chairman of the Board of Directors is entitled to a casting vote.

When more than a quarter of Directors or more than two (2) external Directors consider the materials for resolutions so provided are not sufficient or the argument contained therein is not clear, they may suggest jointly to defer the Board meeting or defer the discussion of such matter, and the Board shall accept such suggestion.

Mandatory Provisions Article 93

Article 105 Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he/she may by a written power of attorney appoint another Director to attend the meeting on his/her behalf. The power of attorney shall specify the extent of authorization.

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/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

Mandatory Provisions Article 94

Article 106 The Board shall keep minutes of resolutions passed at Board meetings. The minutes shall be signed by the Directors present at the meeting, the secretary to the Board and the person who recorded the minutes. Opinions of the independent Directors shall be clearly stated in the resolutions of the Board. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as a result thereof, the Directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

Mandatory Provisions Article 95

### **Chapter 11 Secretary to the Board**

Article 107 The Company shall have a secretary to the Board, who is a senior management member of the Company.

Mandatory Provisions Article 96

Article 108 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 organizational 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;

Mandatory Provisions Article 97

Article 109 Director or other senior management members may concurrently hold the post of the secretary to the Board. The accountant(s) of the certified public accountants' 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.

Mandatory Provisions Article 98

## Chapter 12 General manager

Article 110 The Company shall have one general manager and certain deputy general managers, who shall be appointed and dismissed by the Board. The term of their office shall be three (3) years and they shall be eligible to offer themselves for re-election and re-appointment.

Article 111 **Mandatory Provisions Article 99**  
The general manager of the Company 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;
- (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 basic rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy general manager, financial officer;
- (7) to appoint or dismiss management members other than those required to be appointed or dismissed by the Board;
- (8) to determine the reward and penalty, promotion and demotion, increase or decrease of salary, appointment, employment, dismissal and termination of the staff of the Company;
- (9) to deal with important external affairs on behalf of the Company in accordance with the authorization granted by the Board;
- (10) to exercise other powers conferred by the Articles of Association and the Board.

Article 112 **Mandatory Provisions Article 100**  
The general manager and the deputy general manager of the Company shall attend the Board meetings. The general manager and the deputy general manager who are not a Director do not have any voting rights at the Board meetings.

Article 113 **Mandatory Provisions Article 101**  
In exercising the powers, the general manager and the deputy general manager shall not alter the resolutions of the shareholders' general meeting and the Board or act beyond his scope of authority.

Article 114 The general manager and the deputy general manager, when performing his/her functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

**Mandatory Provisions Article 102**

### Chapter 13 Supervisory Committee

- Article 115 The Company shall have a Supervisory Committee responsible for supervising the Board of Directors and its members, and the management members such as the general manager and the deputy general manager and the operations and management of the Company, so as to prevent any abuse of their functions and powers and violation of the rights and interests of the shareholders, the Company and its employees.
- Article 116 **Mandatory Provisions Article 103**  
The Supervisory Committee shall be composed of five (5) supervisors with the term of office of three years (3) and they shall be eligible for re-election and re-appointment.
- The Supervisory Committee shall have one (1) Chairman and shall be appointed and dismissed by the voting of two-third (2/3) (inclusive) or more of the Supervisory Committee members. The Chairman of the Supervisory Committee may offer himself/herself for re-election and re-appointment.
- Article 117 **Mandatory Provisions Article 104**  
The Supervisory Committee shall comprise three (3) shareholder representatives and two (2) employee representatives. The representatives of the shareholders shall be elected and dismissed in the shareholders' general meeting, whereas the representatives of the employees shall be democratically elected and dismissed by the Company's employees.
- The Supervisory Committee shall consist of external supervisors (that is, supervisors who do not hold an internal office in the Company) who account for one half of the Supervisory Committee members. External supervisors shall include at least two (2) independent supervisors (that is, supervisors who are independent from the shareholders of the Company and who do not hold an internal office in the Company). External supervisors are entitled to report independently to the shareholders' general meeting the performance of the management members of the Company in relation to their fiduciary performance and diligence.
- Article 118 **Mandatory Provisions Article 105 Company Law 118**  
The Directors, general manager, deputy general manager and financial officer of the Company shall not assume the position of supervisors concurrently.
- Article 119 **Mandatory Provisions Article 106**  
Meetings of the Supervisory Committee shall be held at least twice a year and convened by the Chairman of the Supervisory Committee.
- Article 120 **Mandatory Provisions Article 107**  
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 manager, deputy general manager 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 Directors, general manager, deputy general manager and any other senior management members when the acts of such person(s) 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 special general meeting;
- (6) to deal with or take legal actions against Directors on behalf of the Company;
- (7) to exercise other powers specified in the Articles of Association.

The supervisors shall attend Board meetings.

Article 121 Mandatory Provisions Article 108  
 A Supervisory Committee meeting shall be convened with written notice of not less ten (10) days but not more than thirty (30) days being served to all supervisors. Meetings of the Supervisory Committee shall be held only if not less than two-third (2/3) (inclusive) of the supervisors are present.

Resolution at a Supervisory Committee meeting shall be passed by two-thirds (2/3) (inclusive) or more of the Supervisory Committee members by vote.

Article 122 Mandatory Provisions Article 109  
 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 123 Mandatory Provisions Article 110  
 A supervisor shall carry out his/her duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

Mandatory Provisions Article 111

**Chapter 14 Qualifications and duties of the Directors, supervisors, general manager, deputy general manager and other senior management members of the Company**

Article 124 A person may not serve as a Director, supervisor, general manager, deputy 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/her 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 or manager of a company or enterprise which has entered into insolvent liquidation as a result of improper operations and management and 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 insolvency and 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 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 licence;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction.

Mandatory Provisions Article 112

Article 125

The validity of an act of a Director, general manager, deputy general manager and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Mandatory Provisions Article 113

Article 126

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, general manager, deputy general manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;

- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save for a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

Mandatory Provisions Article 114

Article 127 Each of the Company's Directors, supervisors, general manager, deputy general manager and other senior management members owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory Provisions Article 115

Article 128 Each of the Company's Directors, supervisors, general manager, deputy general manager and other senior management members shall exercise his/her powers or carry out his/her duties in accordance with the fiduciary principle and shall not put himself/herself in a position where his/her interests and his/her duty may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her authority and not to exceed those powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except otherwise stipulated in the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in a general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;

- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets in respect of their liabilities;
- (12) unless otherwise permitted by informed consent of shareholders given in a general meeting, to keep in confidence information relating to the Company acquired by him/her in the course of and during his/her tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. disclosure is made under compulsion of law;
  2. disclosure is required as a result of the public's interests;
  3. disclosure is required as a result of the interests of the relevant Director, supervisor, general manager, deputy general manager and other senior management member.

Article 129

Mandatory Provisions Article 116

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

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

Mandatory Provisions Article 117

Article 130 The fiduciary duties of the Directors, supervisors, general manager, deputy 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.

Article 131 Mandatory Provisions Article 118  
Except for circumstances prescribed in Article 55 of the Articles of Association, a Director, supervisor, general manager, deputy general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Article 132 Mandatory Provisions Article 119  
Where a Director, supervisor, general manager, deputy general manager and other senior management member of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

A Director shall not vote on any contract or arrangement or on any other proposed board resolution in which he/she or through any of his/her associates (as defined in the GEM Listing Rules of Hong Kong Stock Exchange) has material interests; nor shall he/she be counted in the quorum of the corresponding Board meeting.

Unless the interested Director, supervisor, general manager, deputy general manager and other senior management member discloses his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, general manager, deputy general manager and other senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, general manager, deputy general manager and other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, general manager, deputy general manager and other senior management member.

A Director, supervisor, general manager, deputy general manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him/her is interested.

Mandatory Provisions Article 120

Article 133 Where a Director, supervisor, general manager, deputy general manager and other senior management member of the Company gives to the Board a general notice in writing

stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 134 Mandatory Provisions Article 121  
The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, general manager, deputy general manager and other senior management members.

Article 135 Mandatory Provisions Article 122  
The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, general manager, deputy general manager and other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following circumstances are not subject to the preceding paragraph:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, general manager, deputy general manager and other senior management members to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;
- (3) the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, general manager, deputy general manager and other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantees.

Article 136 Mandatory Provisions Article 123  
A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Mandatory Provisions Article 124

Article 137 A loan guarantee provided by the Company in breach of clause 1 of Article 135 shall be unenforceable against the Company, provided that:

- (1) a loan guarantee was advanced to an associate of any of the Directors, supervisors, general manager, deputy general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 138 Mandatory Provisions Article 125  
For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 139 Mandatory Provisions Article 126  
In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager, deputy general manager and other senior management member of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the Director, supervisor, general manager, deputy general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, supervisor, general manager, deputy general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, general manager, deputy general manager and other senior management members);
- (3) demand the Director, supervisor, general manager, deputy general manager and other senior management members to surrender the profits made by him/her in breach of his/her duties;
- (4) recover any monies received by the Director, supervisor, general manager, deputy general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, supervisor, general manager, deputy general manager and other senior management members on the monies that should have been paid to the Company.

Mandatory Provisions Article 127

Article 140 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his/her emoluments are stipulated, including;

- (1) emoluments in respect of his/her service as Director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his/her service as Director, supervisor or senior management member of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;
- (4) compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

Article 141 **Mandatory Provisions Article 128**  
The contract for emoluments entered into between the Company and its Directors and supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as mentioned in above means refers to:

- (1) a takeover offer made by any person to all shareholders;
- (2) a takeover offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 56.

If the relevant Director or supervisor does not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

**Mandatory Provisions Article 129**

### **Chapter 15 Financial and accounting system and profit distribution**

Article 142 The Company shall establish its financial and accounting system and internal auditing system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the competent financial department of the State Council.

**Mandatory Provisions Article 130**



Article 143 At the end of each accounting year, the Company shall prepare a financial report which shall be audited in compliance with the laws.

The financial report of the Company shall include the following financial statements and breakdown analysis:

- (1) Balance sheet;
- (2) Profit and loss account;
- (3) Statement of changes in financial position;
- (4) Description of the financial situation;
- (5) Statement of profit distribution.

Article 144 **Mandatory Provisions Article 131**  
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 local governmental and competent authorities to be prepared by the Company.

Article 145 **Mandatory Provisions Article 132**  
The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual 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 of overseas listed foreign-invested shares by prepaid mail the abovementioned reports (including the printed copy of the report of the Directors) no later than twenty-one (21) days before the date of every annual general meeting. The address of the recipient shall be the address registered in the share register.

Article 146 **Mandatory Provisions Article 133**  
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. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Mandatory Provisions Article 134**

Article 147 The interim and quarterly 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 that of the overseas listing place.

Article 148 **Mandatory Provisions Article 135**  
The Company shall release four (4) financial reports for each accounting year, namely three interim financial reports within 45 days after the end of the first three, six and nine months of each accounting year and an annual financial report within 120 days after the end of each accounting year.

Article 149 **Mandatory Provisions Article 136**  
The Company shall not keep accounting records other than those provided by law.

Article 150 **Mandatory Provisions Article 137**  
The Company shall implement an internal audit system, and shall establish internal audit department or retain internal auditors to conduct internal audit of its income and expenditure and economic activities under the leadership of the Board.

Article 151 Profit after taxation of the Company is allocated in the following order:

- (1) to offset losses;
- (2) to provide for statutory surplus reserve fund;
- (3) to provide for discretionary surplus reserve fund;
- (4) to pay for dividends of ordinary shares.

Article 152 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 153 When distributing each year's after-tax profits, the Company shall set aside 10 per cent (10%) 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 (50%) or more of the Company's registered capital, the Company needs 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 preceding year, 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 tax, after recovery of losses and appropriation of reserve fund, shall be distributed to shareholders in proportion to their shareholdings.

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

Article 154 Capital reserve fund includes the following items:

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

Mandatory Provisions Article 138  
Article 155 The reserve funds of the Company can only be used for the following purposes:

- (1) making up losses;
- (2) expansion of the Company's production and operation or contribution to the capital of the Company

The Company may convert its reserve fund into capital upon a resolution adopted in shareholders' general meeting and issue new shares to existing shareholders in proportion to their respective shareholdings, provided, however, that when the statutory surplus reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below twenty-five percentage (25%) of the Company's registered capital;

Article 156 Dividends shall be distributed in proportion to the shareholdings of the shareholders within six (6) months after the end of each accounting year.

Unless otherwise determined by the shareholders' meeting, the shareholders' meeting may authorize the Board to distribute interim dividend. Unless otherwise prescribed by the laws and regulations, the amount of interim dividend shall not exceed fifty percentage (50%) of the profit available for distribution in the interim income statement of the Company.

Article 157 The Company may distribute dividends in the following manner.

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

Mandatory Provisions Article 139  
Article 158 The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares and holders of overseas listed foreign invested shares on Stock Connect in Renminbi within 3 months after the date on which the dividend is declared. The Company shall calculate and declare dividends and other payments which are payable to holders of foreign-invested shares (save for holders of overseas listed foreign invested shares on Stock Connect) in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date on which the dividend is declared.

According to the exchange rate calculated based on the average closing price of the exchange rate of relevant foreign currency to Renminbi in the preceding 5 business days as announced by the People's Bank of China, the Company shall pay dividends and other amounts to holders of foreign-invested shares (save for holders of overseas listed foreign invested shares on Stock Connect) in accordance with the relevant foreign exchange control regulations of the State.

Article 159 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 160 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.

Mandatory Provisions Article 140

#### **Chapter 16 Appointment of accountants' firm**

Article 161 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

Article 162 Mandatory Provisions Article 141  
The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting of the Company at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Article 163 Mandatory Provisions Article 142  
The certified public accountants' firm appointed by the Company shall have the following rights:

- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;

- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm;
- (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.

Mandatory Provisions Article 143

Article 164 Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, other surviving or continuing firm, if any, may act.

Mandatory Provisions Article 144

Article 165 The shareholders in general meeting may, by ordinary resolution, remove a certified public accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the firm and the Company, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Mandatory Provisions Article 145

Article 166 The remuneration of a certified public accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of a certified public accountants' firm appointed by the Board shall be determined by the Board.

Mandatory Provisions Article 146

Article 167 The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the competent securities regulatory authority of the State Council.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to replace an existing accountant's firm or to fill a casual vacancy in the office of the certified public accountants' firm, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant accounting year before notice of meeting is given to the shareholders. Leaving includes leaving by removal, resignation and retirement.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave;

2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the firm's representations are not sent in accordance with clause (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:
  1. the shareholders' general meeting relating to the expiry of its term of office;
  2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  3. any shareholders' general meeting convened on its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

#### Mandatory Provisions Article 147

#### Article 168

Prior to the removal or the non-renewal of the appointment of a certified public accountants' firm, notice of such removal or non-renewal shall be given to the certified public accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the certified public accountants' 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.

Any certified public accountants' firm may resign from its office by depositing at the Company's legal domicile 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;
- (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 notice to the competent authority. If the notice contains a statement referred to in clause (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement to every holder overseas listed foreign invested shares and every shareholder having the right to obtain the financial status of the Company.

Where the notice of resignation of a certified public accountants' 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 special general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

#### Mandatory Provisions Article 148

## **Chapter 17 Insurance**

Article 169 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 and periods 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 18 Labour management**

Article 170 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".

## **Chapter 19 Trade union**

Article 171 The Company may organize and carry out activities of the union in accordance with the Trade Union Law of the PRC.

Article 172 The Company shall allocate two percent. (2%) of the total amount of the employees' actual wages to the trade union every month. 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 20 Merger and division of the Company**

Article 173 In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price.

A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders. The aforesaid document should also be dispatched to the holders of overseas listed foreign-invested shares by post.

Mandatory Provisions Article 149

Article 174 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 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 from the date of the Company's resolution on merger and shall make a newspaper announcement within thirty (30) days. Creditors may, within thirty (30) days after receipt of such notice, or for these who do not receive the notice, within forty five (45) days from the date of the announcement, have the power to demand that the Company repays its debts to that creditor or provide a corresponding guarantee for such debts. Merger shall not take place if the Company fails to repay its debts to such creditor or provide a corresponding guarantee for such debts.

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 175 Mandatory Provisions Article 150 Company Law 174  
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 from the date of the Company's resolution on division and shall make a newspaper announcement within thirty (30) days.

Debts incurred by the Company before its division shall be borne by the companies after the division according to the respective agreement reached, except for those provisions regarding settlement of debts included in written agreement entered into between the Company and the creditors before division of the Company.

Article 176 Mandatory Provisions Article 151 Company Law 176&177  
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.

Mandatory Provisions Article 152

### **Chapter 21 Dissolution and Liquidation of the Company**

Article 177 The Company shall be dissolved and liquidated lawfully upon the occurrence of any of the following events:

- (1) a resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is declared bankrupt in accordance with the law due to its inability of discharging its due debts;



- (4) the Company is ordered to close down in accordance with law as a result of violations of the law and administrative regulations.

Mandatory Provisions Article 153

Article 178

Where the Company is dissolved under clause (1) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days and its members shall be determined by way of ordinary resolution 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.

Where the Company is dissolved under clause (3) of the preceding Article, a liquidation committee comprising shareholders, relevant authorities and related professional personnel shall be set up in pursuance to the provisions of relevant laws by the people's court so as to proceed with the liquidation.

Where the Company is dissolved under clause (4) of the preceding Article, a liquidation committee comprising shareholders, relevant authorities and related professional personnel shall be set up by the relevant competent authority so as to proceed with the liquidation.

Mandatory Provisions Article 154

Article 179

Where the Board proposes to dissolve and liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

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

Mandatory Provisions Article 155

Article 180

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days. Creditors shall, 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 announcement, declare their claims to the liquidation committee. Any undeclared claims after the due date shall be deemed to have it waived.

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

Mandatory Provisions Article 156 Company Law 186

Article 181 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;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

Mandatory Provisions Article 157

Article 182 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 the shareholders' general meeting or the relevant competent authority for confirmation.

If the Company's assets are sufficient to pay its debts in full, such assets shall be applied to payment of the liquidation expense, the wages and labour insurance premium of staff and workers and the outstanding taxes, and to full payment of the debts of the Company, respectively.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall not carry out any new business activities.

Mandatory Provisions Article 158

Article 183 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 immediately apply to the people's court for a declaration of bankruptcy.

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.

Mandatory Provisions Article 159

Article 184 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall, within thirty (30) days from the date of confirmation made at the shareholders' general meeting or by the relevant competent authority, deliver the documents aforesaid to the company registration department, proceed to the procedures on the cancellation of the Company's registration and announce the Company ceases to exist.

Mandatory Provisions Article 160

### **Chapter 22 procedures for amendment to the Articles of Association**

Article 185 The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

Mandatory Provisions Article 161

Article 186 Any amendment to the Articles of Association shall be made in the following procedures:

- (1) the Board shall, in accordance with the Articles of Association, adopt a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;
- (2) the foregoing proposal shall be notified to shareholders in writing, and a shareholders' general meeting shall be convened to vote on the amendments;
- (3) the amendments submitted to the general meeting for approval shall be approved by way of special resolution.
- (4) the amendments shall be submitted to the Foreign Economy and Trade Department and the securities regulatory authority of the State Council for approval.

The Board of Directors may be authorized by an ordinary resolution of a shareholders' general meeting: (1) in the event that the Company increases its registered capital, to amend the Articles of Association of the Company in respect of the registered capital of the Company according to specific situations; and (2) in the event that the Articles of Association of the Company approved by shareholders' general meeting need to be altered in letter and sequence of articles when submitted to the Foreign Economy and Trade Department and the securities regulatory authority of the State Council to examine and approve, to make relevant amendments according to the requirements of the above-mentioned authorities.

Article 187 Amendment of the Company's Articles of Association which involves the content of the Mandatory Provisions shall become effective upon receipt of approvals from the Foreign Economy and Trade Department and the securities regulatory authority of the State Council. If there is any change relating to the change of the name, domicile, legal representative, registered capital, corporate category, scope of operation, promoters' name of the Company, application shall be made to the company registration authority for change in registration in accordance with law.

Mandatory Provisions Article 162

## **Chapter 23 Settlement of disputes**

Article 188 The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas listed foreign-invested shares and the Company, holders of the overseas listed foreign-invested shares and the Company's Directors, supervisors, general manager, deputy general manager or other senior management members, or holders of the overseas listed foreign-invested shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, general manager, deputy general manager or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders need not be referred to arbitration.

- (2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

Mandatory Provisions Article 163

## **Chapter 24 Notice**

Article 189 Unless otherwise stated in the Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign invested shares listed on Hong Kong Stock Exchange shall be despatched to such shareholders by hand or by post to the registered addresses of the overseas listed foreign shareholders. Notices given to the shareholders of the overseas listed foreign invested shares listed on Hong Kong Stock Exchange 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 the securities regulatory authority of the State Council; once the announcement is published, the holder of domestic Shares shall be deemed to have received the relevant notice.

Article 190 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 191 Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered post to the legal address of the Company.

Article 192 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 26 Supplementary provisions**

Article 193 “Accountant’s firm” in these Articles of Association shall have the same meaning as “auditors”.

Mandatory Provisions Article 165

Article 194 All numbers appearing in the Articles of Association include themselves.