

*Important note: The Articles of Association is prepared in both English and Chinese versions. In case of any discrepancies or inconsistencies, the Chinese version shall prevail.*

**ARTICLES OF ASSOCIATION  
OF  
SHENGHUA LANDE SCITECH LIMITED\***

# **Articles of Association of Shenghua Lande Scitech Limited\***

## **CHAPTER 1 GENERAL PROVISIONS**

1. Shenghua Lande Scitech Limited\* (浙江升華蘭德科技股份有限公司) (hereinafter referred to as the “Company”) is a joint stock limited company incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other relevant national laws and administrative regulations.

The Company, as approved by the document “Check and Approval on the Agreement to the Conversion and Establishment of Zheda Lande Scitech Limited\* (浙江浙大網新蘭德科技股份有限公司)” (Zhe Shang Shi [2001] No. 64) (《關於同意變更設立浙江浙大網新蘭德科技股份有限公司的批覆》(浙上市[2001]64號)) issued by the leading Group for Listing of Enterprise of the People’s Government in Zhejiang Province, was established through the initiation and changed from Hangzhou Lande Electronic Information Technology Co., Ltd.\* (杭州蘭德電子信息技術有限公司). Registration for the Company was completed in Zhejiang Provincial Market Supervision Administration on 20 September 2001, and its business license was issued with the unified social credit code: 91330000143203737M.

2. Registered Chinese name of the Company: 浙江升華蘭德科技股份有限公司 English name of the Company: Shenghua Lande Scitech Limited\*
3. Company address: No.9 Nanhu Road, Zhongguan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC  
Postal code: 313220  
Telephone No.: 86-572-8358333  
Fax No.: 86-572-8361222
4. The Company’s legal representative is the Chairman of the Board of Directors of the Company.
5. The Company is a joint stock limited company which has perpetual existence.
6. The Company is an independent legal person under the jurisdiction and protection of the laws of the PRC.
7. The Articles of Association come into effect by the passing of the relevant resolution at the shareholders’ general meeting of the Company, and replace the Articles of Association and amendments originally registered and filed with the Market Supervision and Administration Department.

8. The Articles of Association of the Company shall be a legally binding document that regulates the Company's organisation and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.
9. The Articles of Association are binding on the Company and its shareholders, Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel, all of whom may, in accordance with the Articles of Association, assert rights in respect of the affairs of the Company.

A shareholder may take action against the Company pursuant to the Articles of Association, and vice versa. A shareholder may also take action against another shareholder, the Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel of the Company pursuant to the Articles of Association.

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

10. The Company may invest in other limited liability companies and joint stock limited companies, and its liabilities thereon shall be limited to the amount of the capital invested.
11. All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.
12. Provided that all applicable laws and administrative regulations of the country are complied with, the Company has the power to raise capital and borrow money by way of, among other means, the issue of debentures, the charging or pledging of part or whole of the Company's business or assets, provide security for the debt of a third party (including but not limited to the subsidiaries or the associated companies of the Company) and other rights permitted by the laws and administrative regulations of the country, provided that the exercise of the aforesaid rights shall not prejudice or forfeit the rights of the shareholders of the Company.

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

13. The business objectives of the Company are: innovation, quality, excellence.
14. The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered.

Business scope of the Company includes: technology development and services, computer software development, network engineering, sales of self-produced products, economic information consulting, enterprise management consulting, financial information consulting, enterprise marketing planning, data processing technology services, design, production, agency for domestic advertising, domestic tourism business, inbound tourism business (operating with license), ticketing agent (excluding aviation), operation of value-added telecommunications business (operating with license), precious metals, knitted textiles, clothing, bags, shoes and hats, daily necessities, handicrafts, culture supplies, sporting goods, office supplies, photographic equipment, cosmetics, sanitary products, furniture, jewellery, instruments, ceramics, watches, glasses, primary edible agricultural products, pet supplies, household appliances, lamps, communication equipment and accessories, electronic products and accessories, sales of computer software and hardware and accessories, food business (operating with license), wholesale and retail of publications (operating with license), engagements in import and export business.

15. Subject to the approvals by the shareholders' general meeting of the Company's and relevant national authorities, the Company may adjust its scope of business, having regard to the changes in the domestic and international markets, the business needs in the country and overseas and the development potential of the Company itself.

### **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

16. There must, at all times, be ordinary shares in the Company; the Company may arrange other types of shares according to the needs of the Company, upon the approval of the company approval authority authorised by the State Council.
17. The shares issued by the Company shall each have a par value of RMB0.10 each.

“Renminbi (RMB)” aforementioned means the lawful currency of the PRC.

18. The Company may issue shares to Domestic Investors and Foreign Investors in accordance with the law. If the Company issues securities in the same overseas market, it must make filing with the China Securities Regulatory Commission (hereinafter referred to as the “China Securities Regulatory Commission”) in accordance with regulations.

“Foreign Investors” mentioned in the previous paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and Hong Kong Special Administration Region, Macau Special Administration Region and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company's shares and who are located within the territory of the PRC (except the areas referred to above).

19. Shares which the Company issue to the Domestic Investors for subscription in Renminbi are called the “Domestic Shares”; shares which the Company issue to the Foreign Investors for subscription in foreign currencies are called the “Foreign Shares”. Foreign Shares which are listed overseas are called the “Overseas Listed Foreign Shares”. Foreign Shares which are not listed overseas are called the “Unlisted Foreign Shares”. Domestic Shares and Unlisted Foreign Shares are collectively called the “Unlisted Shares”. The Unlisted Shares, having been complied with the relevant provisions of the China Securities Regulatory Commission and made filing with the China Securities Regulatory Commission by the Company, entrusting by the holders of the Unlisted Shares, can be listed and traded overseas, having gone through the registration procedures, together with the Overseas Listed Foreign Shares are collectively called the “Overseas Listed Shares”. The Unlisted Shareholders and Overseas Listed Shareholders are ordinary shareholders, and have the same obligations and rights.

“Foreign currencies” mentioned in the previous paragraph mean the legal currencies of countries or districts outside the PRC which are recognised by the foreign exchange authority of the State (other than Renminbi) and which can be used to pay the share price to the Company.

20. Overseas Listed Shares which have been admitted for listing on GEM of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), the par value of which are denominated in Renminbi and which are subscribed for and/or traded in Hong Kong dollars are called the “H Shares”.

After fulfilling the filing procedures with the China Securities Regulatory Commission, the Unlisted Shareholders of the Company can transfer all or part of the shares held to overseas investors, and be listed and traded on overseas stock exchanges. The conversion of all or part of the Unlisted Shares into Overseas Listed Shares and the listing and trading of the converted shares on overseas stock exchanges shall also comply with the regulations and requirements of the overseas stock markets. The overseas listing and trading of the afore-mentioned converted shares do not need to be voted at shareholders’ general meeting.

21. As approved by the document “Check and Approval on the Agreement to the Conversion and Establishment of Zheda Lande Scitech Limited\*” (Zhe Shang Shi [2001] No. 64) issued by the leading Group for Listing of Enterprise of the People’s Government in Zhejiang Province, the Company could issue a total of 22,745,200 ordinary shares with par value of RMB1 each at the time of its establishment, and 22,745,200 domestic shares were issued to the promoters, which accounted for 100% of the total number of ordinary shares that the Company could issue. All promoters invested in the Company based on their attributable audited net assets of Hangzhou Lande Electronic Information Technology Co., Ltd.\* as at 30 June 2001 according to the proportion of their contribution. The promoters and their shareholding were: Chen Ping (陳平) (held 3,639,232 shares, representing 16%), Zhejiang Qware Information Technology Innovation & Consulting Company Limited\* (浙江快威信息技術投資諮詢有限公司) (held 3,411,780 shares, representing 15%), Beijing Guoheng High Technology Holding Co., Ltd.\* (北京國恒科技集團股份有限公司) (held 3,411,780 shares, representing 15%), Zhejiang University Innovation Information Holdings Company Limited\* (浙江浙大網新信息控股有限公司) (held 3,411,780 shares, representing 15%), Shi Chun-hua (施春華) (held 1,649,028 shares, representing 7.25%), Wu Zhong-hao (吳忠豪) (held 1,649,028 shares, representing 7.25%), Chen Guo-cai (陳國才) (held 1,023,534 shares, representing 4.5%), Liu Qiao-ping (劉巧萍) (held 1,023,534 shares, representing 4.5%), Bao Shu-xin (鮑曙新) (held 864,317 shares, representing 3.8%), Wang Jin-cheng (王金成) (held 750,591 shares, representing 3.3%), Wang Lei-bo (王雷波) (held 750,591 shares, representing 3.3%), Chen Chun (陳純) (held 409,413 shares, representing 1.8%), Huo Zhong-hui (霍忠會) (held 409,413 shares, representing 1.8%), Jin Lian-fu (金連甫) (held 341,179 shares, representing 1.5%).
22. With the approval of the securities regulatory authority of the State Council, the par value of the Company’s share was split into RMB0.10 per share, and the Company’s issued shares at the time of its establishment changed to 227,452,000 shares after the share split. Thereafter, the Company issued 279,094,170 ordinary shares, including 262,125,000 Overseas Listed Shares, which accounted for 51.75% of the total number of ordinary shares that the Company could issue, and 16,969,170 Domestic Shares issued to specific target.
- The Company’s capital structure is: 506,546,170 ordinary shares, of which the Domestic Shareholders hold 244,421,170 Domestic Shares, and the Overseas Listed Shareholders hold 262,125,000 Overseas Listed Shares.
23. The registered capital of the Company is RMB50,654,617.

24. The Company may, based on its operation and development needs, authorise the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by 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 and administrative regulations.

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

25. Unless otherwise stipulated in the laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien.
26. The Domestic Shares and Overseas Listed Shares of the Company shall be traded, donated, inherited and charged in accordance with the PRC laws and Articles of Association. The transfer and transmission of the shares of the Company shall undergo the transfer procedures in accordance with the relevant regulations.
27. Any H Shareholder shall use the standard transfer forms and documents specified by the Hong Kong Stock Exchange to transfer his/her/its shares in whole or in part. The transfer documents shall be signed by the transferor and transferee manually or by machine printed signature.

#### **CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

28. According to the provisions of the Articles of Association, the Company may reduce its registered capital.
29. 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 of the date of the shareholders meeting's resolution for reduction of capital and shall publish an announcement in the newspapers within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

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

30. The Company shall not purchase the Company's shares. However, under the following circumstances, the Company, approved by the procedures stipulated in the Articles of Association and reported to and approved by relevant State authorities, can repurchase its outstanding shares in accordance with the laws and regulations or relevant regulations of the place where the shares are listed:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for employee stock ownership plans or equity incentives;
- (4) shareholders disagreeing with the resolution for the merger and division of the Company made by the shareholders' general meeting, and requesting the Company to acquire their shares;
- (5) using the shares for redemption of convertible corporate bonds issued by the listed Company;
- (6) maintaining company value and shareholders' interests by the listed Company as and when necessary;
- (7) other circumstances permitted by laws and administrative regulations.

Where the Company acquires the shares of the Company due to the circumstances specified in items (1) and (2) of the preceding paragraph, it shall be subject to a resolution of the shareholders' general meeting; where the Company acquires the shares of the Company due to the circumstances specified in items (3), (5) and (6) of the preceding paragraph, it can be, in accordance with the provisions of the Articles of Association or authorisation by the shareholders' general meeting, resolved by a meeting of the Board of Directors with the attendance of more than two-thirds (2/3) of the Directors.

Where the listed Company acquires the shares of the Company, it shall fulfill the obligation of information disclosure in accordance with the provisions of the Securities Law of the People's Republic of China. Where the listed Company acquires the shares of the Company due to the circumstances specified in items (3), (5), and (6) of paragraph 1 of this Article, it shall proceed through an open centralised transaction.



31. The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:

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

32. The Company must obtain the prior approval of the shareholders in a general meeting in the manner stipulated in the Articles of Association before it can repurchase shares outside the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereof.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign any contract for the repurchase of its shares or any right contained in such agreement.

33. Upon repurchase of shares according to laws, the Company shall cancel those shares and apply to register the change of the registered capital with original companies' registration authorities within the period required by laws and administrative regulations.

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

34. Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;

- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a 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 book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its own shares;
  - (ii) payment for variation of any contract for the repurchase of its shares;
  - (iii) payment for the release of its obligations under any repurchase contract.
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's capital common reserve fund account.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES OF THE COMPANY**

35. The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company.

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to aforementioned Obligor for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances specified in Article 37 of this Chapter.

36. For the purpose of this Chapter, “financial assistance” includes (but not limited to) the following:

- (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), compensation (other than compensation in respect of the Company’s own default) or release or waiver of any rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights 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.

For the purposes of this Chapter, “assumption of obligations” includes the assumption of obligations by means of contract or by means of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his/her/its financial position.

37. The following acts shall not be deemed to be acts prohibited by Article 35 of this Chapter:

- (1) the Company provides financial assistance to others to acquire shares of the Company or its parent company for the benefit of the Company, and is subject to a resolution of the shareholders meeting or the Board of Directors (the resolution of the Board of Directors must be approved by more than two-thirds (2/3) of all Directors) in accordance with the Articles of Association or the authorisation of shareholders meeting, and the cumulative total financial assistance of the Company does not exceed ten per cent. (10%) of the total issued share capital;
- (2) the lawful distribution of the Company’s assets as dividend;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the shareholding structure of the Company effected in accordance with the Articles of Association;

- (5) the provision of loans by the Company within its scope of business and in the ordinary course of its business, where the provision of loans falls within part of the scope of business of the Company (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 distributable profits);
- (6) contributions made by the Company to the employee share ownership scheme (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 distributable profits).

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

38. The share certificates of the Company shall be in registered forms.

The share certificates of the Company shall contain the following particulars:

- (1) Name of the Company;
  - (2) Incorporation date of the Company;
  - (3) Class, par value and the number of the shares that each share certificate represents;
  - (4) Serial number of the share certificates;
  - (5) Other particulars required by the Company Law and stock exchange on which the Company's shares are listed.
39. The share certificates of the Company shall be signed by the Chairman of the Board of Directors. If the stock exchange where the Company's shares are listed requires the signature of other senior management personnel of the Company, they should also be signed by other related senior management personnel. The share certificates become effective upon being affixed with the Company seal or stamped in printed form. Company chop on share certificates should be authorised by the Board of Directors. Signatures of the Chairman or other related senior management personnel of the Company can be printed on the share certificates as well.
40. The Company shall keep a register of shareholders which shall contain the following items:
- (1) the name (title) and address (residence) of each shareholder;
  - (2) the class and quantity of shares held by each shareholder;
  - (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;

- (4) the share certificate numbers of the shares held by each shareholder;
- (5) the date on which each person was registered as a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company.

- 41. The Domestic Shares issued by the Company shall be registered and be in the custody of China Securities Depository and Clearing Corporation Limited, pursuant to the relevant regulations relating to the non-overseas listed shares of the overseas listed companies.

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain the Overseas Listed Shareholders register overseas and appoint overseas agents to manage such shareholders register. The original H Shareholders register shall be kept in Hong Kong.

A duplicate Overseas Listed Shareholders register shall be maintained at the Company's premises. The appointed overseas agents shall ensure consistency between the original and duplicate Overseas Listed Shareholders register at all times.

If there is any inconsistency between the original and duplicate copy of the Overseas Listed Shareholders register, the original register shall prevail.

- 42. The Company shall have a complete shareholders register.

It shall comprise the following parts:

- (1) the shareholders register which is maintained at the Company's premises (other than those shareholders registers which are described in sub-paragraphs (2) and (3) of this Article);
  - (2) the Overseas Listed Shareholders register maintained at the places of the securities exchanges on which the shares are listed;
  - (3) the shareholders register which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the Company's shares.
- 43. Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

44. All H Shares having been fully paid for can be transferred freely in accordance with the Articles of Association. However, the following conditions have to be fulfilled, failing which the Board of Directors has the right to reject any transfer document without giving any reason:
- (1) lowermost fee prescribed by the Hong Kong Stock Exchange or the Board of Directors having been paid to the Company, for the purpose of registration of any instrument of transfer and other documents which are related to or will affect the title to the shares;
  - (2) the instrument of transfer relates only to H Shares;
  - (3) payment in full of any stamp duty due on the instrument of transfer;
  - (4) provision of the relevant share certificates and any other evidence reasonably required by the Board of Directors to prove the transferor's right to make the transfer;
  - (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four (4);
  - (6) the relevant shares of the Company are free from all liens;
  - (7) transfer document shall be the standard transfer forms as stipulated by the Hong Kong Stock Exchange.

If the Board of Directors shall refuse to register a transfer of any share, it shall, within two (2) months after the date on which the formal application for transfer was lodged with the Company, send to the transferor and the transferee a written notice of refusal to register the transfer of such share.

45. While there are requirements by the PRC laws and regulations and relevant stock exchanges or regulatory authorities of the places where the Company's shares are listed on the book closure arrangement prior to convening of shareholders' general meetings or the record dates for the Company's dividend distributions, the Company should comply with the requirements.
46. When the Company needs to convene a shareholders' general meeting, undergo dividend distribution, liquidation or any other actions which need to determine shareholdings, the Board of Directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date.

47. Any person who disputes the register of shareholders and asks for inclusion of his/her/its name in or removal of his/her/its name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.
48. A person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of shareholders in respect of shares in the Company may, if his/her/its share certificate (the “original certificate”) relating to the shares is lost, he may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of Domestic Shares, who has lost his/her/its share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant provisions of the Company Law.

Application by a Overseas Listed Shareholder, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original Overseas Listed Shareholders register is maintained.

49. Where the Company issues a replacement share certificate pursuant to the Articles of Association, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a owner of the shares (in case of a bona fide purchaser), his/her/its name (title) shall not be removed from the register of shareholders.
50. The Company shall not be liable for any damages sustained by any person from his/her/its cancellation of the original share certificate or the issuance of the replacement share certificate unless the party is capable to prove that the Company has acted in a deceitful manner.

## **CHAPTER 7 SHAREHOLDERS’ RIGHTS AND OBLIGATIONS**

51. A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

For the joint shareholders, if one of the joint shareholders has passed away, the surviving shareholders shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the shareholders’ register. For joint shareholders, only the shareholder named first in the shareholders’ register has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the shareholders’ general meeting and exercise his voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholder of the related shares.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

52. The shareholders of ordinary shares of the Company shall enjoy the following rights:
- (1) the right to receive dividends and other distributions in proportion to their shareholdings;
  - (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;
  - (3) the right to supervise the Company's business operations, the right to present proposals or raise queries;
  - (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
  - (5) the right to obtain relevant information in accordance with the Articles of Association, including:
    - (i) the right to obtain a copy of the Articles of Association, subject to payment of costs;
    - (ii) the right to inspect and copy, subject to payment of a reasonable fee:
      - (a) all parts of the register of shareholders;
      - (b) personal publicly disclosed particulars of each of the Company's Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel;
      - (c) statement of the Company's share capital;
      - (d) minutes of shareholders' general meeting, resolutions of the Board of Directors, resolutions of the Supervisory Committee and financial and accounting reports;
  - (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number shares held;
  - (7) other rights conferred by laws, administrative regulations and the Articles of Association.



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

53. The shareholders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with the Articles of Association;
- (2) to pay subscription money 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 according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

The shareholder of the Company, who holds no less than five per cent. (5%) of the voting rights of the Company, shall notify the Company in writing on the day when he/she/it pledges his/her/its share(s).

54. In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder or shareholders controlled by the actual controller shall not exercise his/her/its voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

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

55. For the purpose of the preceding provision, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) shareholders whose shares account for more than fifty per cent. (50%) of the total capital of the Company;
- (2) shareholders whose shareholding proportion is less than fifty per cent. (50%), but the voting rights they enjoy based on their shares held are sufficient to have a significant impact on shareholders meeting resolutions.

For the purpose of the preceding provision, a “actual controller” 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 of Directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise thirty per cent. (30%) or more or has power to control the exercise of thirty per cent. (30%) or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds thirty per cent. (30%) 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 dominance of the Company act in any other way.

## **CHAPTER 8 SHAREHOLDERS’ GENERAL MEETINGS**

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

57. The shareholders’ general meeting shall exercise the following functions and powers:

- (1) to elect and replace Directors and to decide on matters relating to emolument of Directors;
- (2) to elect and replace the Supervisors who are to be appointed from among the non-employee representatives and decide on matters concerning the emolument of Supervisors;
- (3) to consider and approve reports of the Board of Directors;
- (4) to consider and approve reports of the Supervisory Committee;
- (5) to consider and approve the Company’s profit distribution plans and plans for making up losses;

- (6) to resolve on the increase or reduction of the Company's registered capital;
  - (7) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
  - (8) to resolve on the issuance of debentures by the Company;
  - (9) to resolve on the appointment, removal or non-renewal of the services of an accounting firm for the Company;
  - (10) to amend the Articles of Association;
  - (11) other matters which are required by laws, administrative regulations and the Articles of Association to be resolved by the shareholders' general meeting.
58. The Company shall not enter into any contract with any person other than a Director, Supervisor, General Manager, Deputy General Manager or other senior management personnel of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of shareholders in a general meeting.
59. Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual shareholders' general meeting shall be convened once a year, and shall take place within six (6) months of the end of the previous accounting year.

The Board of Directors shall convene an extraordinary general meeting within two (2) months after the occurrence of any one of the following circumstances:

- (1) where the number of Directors is less than the number stipulated in the Company Law or is no more than two-thirds (2/3) of the number required by the Articles of Association;
- (2) where the accrued losses of the Company amount to one-third (1/3) of its total share capital;
- (3) where shareholders holding ten per cent. (10%) or more of the Company's issued shares carrying the right to vote make a request in writing to convene an extraordinary general meeting;
- (4) where the Board of Directors considers it necessary or the Supervisory Committee proposes to call for such a meeting.

60. A twenty (20) days' (including the date the meeting notice is issued, but excluding the date the meeting is held, the same below) prior written notice for convening an annual general meeting, and a fifteen (15) days' prior written notice for convening an extraordinary general meeting, shall be given to notify all registered shareholders the matters to be considered, date and place of the meeting.
61. When the Company convenes an annual general meeting of the shareholders, shareholders holding more than one per cent. (1%) (including 1%), in aggregate or alone, of total voting shares of the Company are entitled to propose new resolutions to the Company in written form ten (10) days before the meeting. The Company shall include those matters which are within the scope of duties of the general meeting into the agenda of such meeting.
62. An extraordinary general meeting shall not decide on matters which are not specified in the notice.
63. Notice of general meetings shall comply with the following requirements:
  - (1) make in writing;
  - (2) specify place, date and time of the meeting;
  - (3) state the motions to be discussed at the meeting;
  - (4) provide such information and description as are necessary for the shareholders to exercise an informed judgment on the proposals 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 reorganise its share capital, or to restructure the Company in any other manner, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such a proposal must be properly explained;
  - (5) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, General Manager or other senior management personnel in the transaction proposed and the effect of the proposed transaction on him/her in his/her capacity as shareholder in so far as it is different from the effect on the other shareholders of the same class;
  - (6) contain the full text of any special resolution proposed for the meeting;
  - (7) contain a specific statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him/her/it and that a proxy need not be a shareholder;

- (8) state the time within which and the address to which the relevant instruments appointing the proxies for the meeting are to be delivered.
64. Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholder as shown in the register of shareholders, or, in compliance with the relevant regulations of the laws, regulations and listing rules of the place where the Company's shares are listed, by email or publishing on the website designated by the Company and the stock exchange where the Company's shares are listed.
65. The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.
66. Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his/her/its proxies to attend and vote instead of him/her/it. A proxy so appointed shall enjoy the following rights pursuant to authorisation by that shareholder:
- (1) the shareholders' right to speak at the general meeting;
  - (2) the right to demand or join in demanding a poll;
  - (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If a shareholder is a recognised clearing house (or its proxy) defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (hereinafter referred to as the "Recognised Clearing House"), it could authorise one or more persons it considers appropriate as its representative at any shareholders' general meeting or any class meeting; however, if more than one person are so authorised, the authorisation letter should specify the number and class of shares relating to each of the authorised persons. The authorised person can represent the Recognised Clearing House to exercise its rights in the same manner as he/she is an individual shareholder of the Company.

67. The appointment of a proxy by a shareholder shall be in writing and signed by the appointer or his/her attorney duly authorised in writing, or in the case of a legal person, shall be either affixed with its legal person seal or signed by a director or an officer or a duly authorised attorney. The number of Shares represented by a proxy shall clearly be stated in the proxy form.

68. The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than twenty-four (24) hours prior to the meeting at which the proxy is authorised to vote or twenty-four (24) hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointor, that power of attorney or other authorisation documents shall be notarially certified. The notarially certified power of attorney and other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting.

If the appointor is a legal person, its legal representative or a person appointed by its board of directors or other decision-making body shall be entitled to attend a shareholders' general meeting of the Company on behalf of the appointor as its proxy.

69. Any form issued to a shareholder by the Directors for use by him/her/it for appointing a proxy to attend and vote at a shareholders' general meeting of the Company shall be in such form so as to enable the shareholder, according to his/her/its intention, to instruct the proxy to vote in favor of or against each resolution and dealing with each business to be transacted at the meeting. Such a form should contain a statement that in default of instructions the proxy may vote as he/she thinks fit.
70. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer shall have been received by the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.
71. The Company has the power to request a proxy representing any shareholders to attend the shareholders' general meeting to produce his or her own identification document. If a corporate shareholder appoints its representatives to attend a meeting, the Company has the power to request such representatives to produce his or her own identification document and copies of notarised resolutions or power of attorney authorised by its board of directors or other competent body of such corporate shareholders (except for Recognised Clearing House or its agents).
72. Resolutions of a shareholders' general meeting can be divided to ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than half (1/2) of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies). A special resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds (2/3) of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

73. When a shareholder (including a shareholder's proxy) votes at a shareholders' general meeting, the voting rights are exercised on the basis of the number of shares with voting rights it represents, and each share has one vote.

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

When a connected transaction is subject to the approval of the shareholders' general meeting, the connected shareholders of the Company shall abstain from voting; any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted. The announcement relating to the poll results of the shareholders' general meeting shall fully disclose the poll results of the non-connected shareholders.

74. At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded, before or after a vote is carried out by a show of hands:

- (1) by the Chairman of the meeting;
- (2) by at least two shareholders present in person or by proxy entitled to vote thereat;
- (3) by one or more shareholders (including proxies) present in person or by proxy and representing ten per cent. (10%) or more of all shares carrying the right to vote at the meeting singly or in aggregate.

Unless a poll is demanded, a declaration by the Chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

75. A poll demanded on the election of the Chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs before the end of this meeting, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.
76. On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his/her/its votes in the same way.

77. The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:
- (1) work reports of the Board of Directors and the Supervisory Committee;
  - (2) profit distribution plans and loss recovery plans formulated by the Board of Directors;
  - (3) appointment and removal of members of the Board of Directors and Supervisory Committee, their emolument and manner of payment;
  - (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
  - (5) matters other than those which are required by laws and administrative regulations or by the Articles of Association to be adopted by special resolution.
78. The following matters shall be resolved by means of a special resolution of the shareholders' general meeting;
- (1) increase or reduction of the Company's share capital and the issuance of shares of any class, warrants and other similar securities;
  - (2) issuance of debentures by the Company;
  - (3) division, merger, dissolution and liquidation of the Company;
  - (4) amendment of the Articles of Association;
  - (5) other matters which, according to an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by means of a special resolution;
  - (6) other matters stipulated in laws, administrative regulations and the Articles of Association.
79. Shareholders seeking to convene an extraordinary general meeting or a class meeting shall proceed in accordance with the following procedure:
- (1) Shareholders holding, individually or in aggregate, ten per cent. (10%) or more of the shares carrying the right to vote at the meeting sought to be held may, by signing one or more counterpart requisitions stating the object of the meeting, require the Board of Directors to convene an extraordinary general meeting or a class meeting. The Board of Directors and Supervisory Committee shall make a decision on whether to convene an extraordinary general meeting within ten (10) days after receiving the aforementioned written request.



The shareholdings referred to shall be calculated as at the date of the delivery of the requisitions.

- (2) If the Board of Directors fails to issue a notice of such a meeting within thirty (30) days from the date of the receipt of the requisition, the Supervisory Committee shall convene in time. If the Supervisory Committee fails to convene, the requisitionists, individually or collectively holding more than ten per cent. (10%) of the Company's voting shares for more than ninety (90) consecutive days, may themselves convene such a meeting in a manner as nearly as possible as where meetings are to be convened by the Board of Directors.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board of Directors and Supervisory Committee duly to convene a meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

80. A shareholders' general meeting shall be presided over by the Chairman of the Board of Directors as the chairman of the meeting. If the Chairman is unable to perform duties for any reason, the Vice-Chairman of the Board of Directors shall take the chair of the meeting. If both the Chairman and Vice-Chairman of the Board of Directors are unable to perform duties, then a Director of the Company shall be recommended by more than half of the Directors to host the meeting. If a host has not been designated, to be presided over by the Supervisory Committee and if not being presided over by the Supervisory Committee, shareholders attending the meeting may elect a person to act as the host. If for any reason the shareholders cannot elect a host, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as the host.

If the Board of Directors cannot perform or fails to perform the duties of convening a general meeting of the shareholders, the Supervisory Committee shall convene and preside over the meeting in a timely manner. If the Supervisory Committee does not convene and preside over the meeting, shareholders who hold more than ten per cent. (10%) of the Company's shares individually or collectively for more than ninety (90) consecutive days may convene and preside over the meeting themselves.

81. Where the chairman of a shareholders' general meeting has doubt about the results of the resolution tabled for voting, he/she may count the number of votes cast. If no counting is made by the chairman of the meeting, any shareholder who queries the results as announced by the chairman shall have the right to immediately demand a counting of the votes. The chairman shall forthwith conduct a counting of the votes as demanded.

82. If votes are counted at a shareholder's general meeting, the result of the count shall be recorded in the minute books.

Minutes shall be kept in respect of all resolutions passed at a shareholder's general meeting and signed by the host and Directors present at the meeting. The minutes, together with the shareholders' attendance list and powers of attorney for attending by proxy, shall be kept at the domicile of the Company.

83. Copies of the minutes shall be available to inspection during office hours of the Company to any shareholders without charge. If a shareholder demands from the Company a copy of such minutes hereof, the Company shall send a copy to him/her/it within seven (7) days upon receiving such demand and the shareholder shall be responsible for reasonable charges as may be imposed.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

84. Those shareholders who hold different classes of shares are class shareholders. The Domestic Shareholders and Overseas Listed Shareholders are all ordinary shareholders and are not subject to the special procedures of this provision.

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

85. Any proposal by the Company to vary or abrogate the rights conferred on any class shareholders must be approved by a special resolution of the shareholders' general meeting and by the class shareholders affected at respective shareholders' meetings convened in accordance with Articles 87 to 90 of the Articles of Association.
86. Except as otherwise provided by the laws, administrative regulations and Articles of Association, the rights of class shareholders are deemed to be varied or abrogated in the following circumstances:
- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights or other privileges equal or superior to the shares of such class;
  - (2) the conversion of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into the shares of such class or conferring such rights of conversion;
  - (3) the removal or reduction of rights to accrued dividends or cumulated dividends attached to the shares of such class;
  - (4) the reduction or removal of rights for a dividend preference or a liquidation preference attached to the shares of such class;

- (5) the increase, removal or reduction of conversion, option, voting, transfer, pre-emptive rights, and rights to acquire securities of the Company attached to the shares of such class;
  - (6) the removal or reduction of rights to receive amounts payable by the Company in specific currencies attached to the shares of such class;
  - (7) the creation of a new class of shares having voting or equity rights or other privileges equal or superior to the shares of such class;
  - (8) the imposition of restrictions or additional restrictions on the transfer or ownership of the shares of such class;
  - (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
  - (10) the increase in rights or privileges of shares of another class;
  - (11) the restructuring scheme of the Company which will result in shareholders of different classes bearing disproportionate responsibilities of such restructuring;
  - (12) the variation or abrogation of the provisions of this Chapter.
87. Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meeting in respect of matters concerning Articles 86 (2) to (8) and (11) to (12), but Interested Shareholders shall not be entitled to vote at class meeting.

An “Interested Shareholder” mentioned in the preceding paragraph has the following meaning:

- (1) in the case of a repurchase by a general offer made to all shareholders in equal proportions or through open transactions on a stock exchange under Article 31, a Controlling Shareholder within the meaning of Article 55 is an Interested Shareholder;
- (2) in the case of a repurchase of shares by contract made outside the stock exchange under Article 31 a holder of the shares to which the contract relates is an Interested Shareholder;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class is an Interested Shareholder.

88. Resolution of any class meeting shall be passed by votes of not less than two-thirds (2/3) of the voting rights of shareholders of that class represented at that meeting who, according to Article 87, are entitled to vote at class shareholders' meeting.
89. When the Company convenes a class meeting, the time limit for issuing the written notice shall be the same as the time limit for the written notice for non-class general meeting to be convened together with the class meeting. The written notice shall inform all registered class the matters to be considered, time and place of the meeting.
90. Notices of class meeting need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted as nearly as possible as shareholders' general meetings. Provisions in the Articles of Association which relate to any shareholders' general meeting shall apply to class meeting.

## **CHAPTER 10 BOARD OF DIRECTORS**

91. The Company sets the Board of Directors which consists of seven (7) Directors, and one (1) Chairman and one (1) Vice-Chairman are elected. There shall be three (3) Independent Non- executive Directors (Directors who are independent from the members of the Company and do not hold any office in the Company).
92. Directors shall serve a term of three (3) years. The Directors may, after the expiry of their term of office, hold a consecutive term upon re-election.

The minimum notice period for the written notice as regards the intention to nominate a candidate to be appointed as a Director and the willingness of such candidate to accept the nomination shall not be less than seven (7) days. Such period shall commence no earlier than the day after the despatch of the notice to convene a shareholders' general meeting until no later than seven (7) days before the date of such meeting.

The Chairman and Vice-Chairman of the Board of Directors is elected and removed by a majority of all the Directors. The Chairman and Vice-Chairman of the Board of Directors shall be appointed for a term of three (3) years, and may serve consecutive terms if re-elected.

Subject to the relevant laws and administrative regulations, the shareholders' general meeting may remove any Director by ordinary resolution prior to the expiration of such Directors' term, but without prejudice to any claim for damages which such Director may have under any contract.

Directors are not required to hold shares in the Company.

93. The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to formulate the Company's profit distribution plans and plans for making up losses;
- (4) to formulate plans for the increase or reduction of the registered capital of the Company and plans for the issuance of debentures of the Company;
- (5) to draft plans for the merger, division or dissolution of the Company;
- (6) to decide on the establishment of the Company's internal management organisation;
- (7) to appoint or remove the Company's General Manager, and to appoint or remove the Deputy General Manager (or Deputy General Managers) and the financial officers based on the nominations of the General Manager, and to decide on their emoluments;
- (8) to formulate the Company's basic management system;
- (9) to formulate plans for any amendment of the Articles of Association;
- (10) to decide on other major issues of the Company other than the matters to be resolved by the shareholders' meeting as stipulated by the Company Law and Articles of Association, and to sign relevant important documents;
- (11) other functions and powers as authorised in the shareholders' meeting or as stipulated in the Articles of Association.

Except in relation to items (4), (5), and (9) which require the affirmative vote of more than two-thirds (2/3) of the Directors, resolutions on any other items may be approved by the affirmative vote of more than half (1/2) of the Directors.

Where the number of vacancy of Directors is lower than the number fixed by the Company Law, before a new Director is elected, the original Director shall still perform his/her duties as a director in accordance with relevant regulations until a new Director is elected at the next general meeting of the shareholders.

Independent Directors may directly report circumstances to the shareholders' general meeting, China Securities Regulatory Commission and other relevant authorities.

94. The Board of Directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the sum of estimated value of fixed assets to be disposed of and the value of such fixed assets disposed of within four (4) months immediately preceding the proposed disposition exceeds thirty-three per cent. (33%) of the value of fixed assets shown in the latest balance sheet considered by shareholders' general meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of interests in assets, but excludes the provision of guarantee by fixed assets.

The validity of a disposition on fixed assets made by the Company shall not be affected by any breach of the first paragraph of this Article.

95. The Board of Directors shall abide by national laws and administrative regulations and perform duties pursuant to the Articles of Association and the resolution of the shareholders' general meeting.
96. The Chairman of the Board of Directors shall exercise the following functions and powers:
- (1) to preside over shareholders' general meetings and convene and preside over Board of Directors meetings;
  - (2) to review on the implementation of resolutions passed by the Board of Directors;
  - (3) to sign the securities certificates issued by the Company;
  - (4) to exercise other functions and powers granted by the Board of Directors.

When the Chairman is not available to exercise his/her functions and powers, he/she can assign a Vice-Chairman to exercise such functions and powers on his/her behalf.

97. The Board of Directors shall hold at least two (2) meetings each year, which shall be convened by the Chairman, and all Directors and Supervisors shall be notified ten (10) days prior to the convention of the meeting. When there is an emergency, a special Board of Directors meeting can be convened when proposed by shareholders representing more than one tenth (1/10) of the voting rights, more than one-third (1/3) of the Directors or Supervisory Committee, more than three (3) Directors, more than two (2) Independent Directors or the General Manager. The Chairman of the Board of Directors shall convene and preside over the Board of Directors meeting within ten (10) days after receiving the proposal.

For any important matter subject to decision by the Board of Directors, all of the Directors must be given advance notice by the statutory time and provided with sufficient information. The Directors may demand that supplementary materials be provided. If one-quarter (1/4) or more of the Directors or two (2) or more of the external Directors believe that there is insufficient information or that the arguments are inconclusive, they may jointly propose that the Board of Directors meeting be postponed or that some of the matters to be discussed at the Board of Directors meeting be discussed at a later time. In such circumstances the Board of Directors shall accept the proposal.

98. Notice of meetings and special meetings of the Board of Directors shall be delivered by the means and at the times as follows:

- (1) If the Board of Directors has not decided on the timing and venue of the meetings in advance, the Chairman shall, through the secretary of the Board of Directors, send the notices of the meetings specifying the time and venue of the meetings to all Directors and Chairman of the Supervisory Committee by telex, cable, facsimile, express delivery service, registered mail or by hand. Such notice shall be delivered at least ten (10) days before the meeting.
- (2) If the situation is urgent and a special meeting of the Board of Directors needs to be convened as soon as possible, a notice of the meeting may be sent by telephone at any time, but the convener should make an explanation at the meeting.
- (3) Such notice shall be in Chinese, and accompanied by the English version when necessary. It shall include the meeting agenda.

Notice of a meeting shall be deemed to be served to any Directors who attend the meeting without protesting against any lack of notice before or at its commencement.

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

99. Meetings of the Board of Directors may be held only if more than half of the Directors attend.

Each Director shall be entitled to one vote. Resolutions of the Board of Directors must be adopted by the affirmative vote of more than half of all the Directors.

The opinions expressed by an Independent Director shall be clearly recorded in the Board of Directors resolutions. The Company's transactions with its affiliates must be endorsed by two (2) or more Independent Directors before they can become effective.

A Director shall not vote on any Board of Directors resolution approving any matters in which the Director or any of his/her associates has an interest nor shall such Director be counted in the quorum present at the same Board of Directors meeting.

100. Directors shall attend the Board of Directors meetings in person. Where a Director isn't available to attend a meeting for any reason, he/she may appoint another Director in written power of attorney to attend the Board of Directors meeting on his/her behalf. The power of attorney shall set out the authorisation scope.

The Director so appointed as a proxy of another Director to attend the meeting shall exercise the rights of a Director within the scope of power of attorney. Where a Director doesn't attend or appoint a proxy to attend a Board of Directors meeting on his/her behalf, he/she shall be deemed to waive his/her voting right at the meeting.

In the case of matters requiring approval by a special Board of Directors meeting, if the resolution in question is sent to all Directors by the Board of Directors and is affirmatively signed and accepted by the number of Directors necessary to make such a decision as stipulated in Article 93, then such matters can be deemed as a resolution and do not need to convene the Board of Directors meeting.

101. The Board of Directors shall keep minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by both the Directors present at the meeting and the person who recorded the minutes. Directors shall be liable for resolutions of the Board of Directors. If a resolution is against the laws, administrative regulations or the Articles of Association, and thus causing the Company suffers any loss, the Directors who participate in voting shall assume the liability to compensate to the Company; but those Directors who are proved to have cast a dissenting vote which is recorded in the minutes shall be exempted from liability.

## **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY**

102. The Company shall have one (1) Secretary to the Board of Directors. The Secretary to the Board of Directors shall be the senior management personnel of the Company.
103. The Secretary to the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He/she shall be appointed by the Board of Directors. His/her main duties shall be as set forth below:
- (1) to guarantee that the Company has complete organisational documents and records;
  - (2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;



- (3) to guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner;
  - (4) subject to the authorisation from the Board of Directors, to coordinate and organise the disclosure of the information of the Company and to liaise with the investors, securities regulatory institutions and the media.
104. A Director or the senior management personnel of the Company may concurrently act as the Secretary to the Company's Board of Directors. No accountant of the accounting firm engaged by the Company may concurrently act as the Secretary to the Company's Board of Directors.

In the case of a Director acting concurrently as the Secretary to the Board of Directors and an action has to be taken by a Director and the Secretary to the Board of Directors respectively, the Director acting concurrently as the Secretary to the Board of Directors may not act in his/ her capacity as both the Director and the Secretary to the Board of Directors.

## **CHAPTER 12 GENERAL MANAGER OF THE COMPANY**

105. The Company shall have one (1) General Manager who shall be appointed or dismissed by the Board of Directors; several Deputy General Managers assisting the General Manager, who shall be nominated by the General Manager and employed or dismissed by the Board of Directors. The Directors of the Company may take concurrently the posts of General Manager and Deputy General Manager.
106. The Company's General Manager shall be accountable to the Board of Directors and shall exercise the following duties and powers.
- (1) to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board of Directors;
  - (2) to organise 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 draft the Company's basic regulations;
  - (6) to propose the appointment or dismissal of the Company's Deputy General Manager and financial officers);

- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
  - (8) other duties and powers conferred by the Articles of Association and Board of Directors.
107. The General Manager shall attend Board of Directors meetings, but do not have any voting rights at Board of Directors meetings.
108. In performing their functions and powers, the General Manager and Deputy General Manager should not change the resolutions of shareholders' general meeting and the Board of Directors or exceed the limits of functions and powers.
109. In performing their functions and powers, the General Manager and Deputy General Manager shall act honestly and diligently in accordance with the laws, administrative regulations and Articles of Association.

### **CHAPTER 13 SUPERVISORY COMMITTEE**

110. The Company shall have a Supervisory Committee.
111. The Supervisory Committee consists of three (3) Supervisors. The Supervisory Committee shall have one (1) Chairman.

Supervisor has a term of three (3) years and can be re-elected.

The election or removal of the Chairman of the Supervisory Committee shall be decided by two-thirds (2/3) or more of the Supervisors. The Chairman of the Supervisory Committee shall serve for a term of three (3) years and is eligible for re-election.

112. The members of the Supervisory Committee shall comprise two (2) representatives of shareholders and one (1) representative of staff and workers. The election and removal of the representatives of shareholders shall be approved by shareholders' general meeting, while the representative of staff and workers shall be elected and removed by staff and workers of the Company in a democratic way.
113. Directors, General Manager, Deputy General Manager, Secretary to the Board of Directors and financial officers may not act concurrently as Supervisors.
114. Meetings of the Supervisory Committee shall be held at least every six (6) months, and called by the Chairman of the Supervisory Committee.

115. The Supervisory Committee shall be responsible to the shareholders' general meeting and exercise the following functions and powers in accordance with the law:

- (1) to review the Company's financial matters;
- (2) to supervise the Directors, General Manager, Deputy General Manager and other senior management personnel to ensure that they do not act in contravention of any law, administrative regulations or the Articles of Association during their performance of duties;
- (3) to demand the Directors, General Manager, Deputy General Manager and other senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
- (4) to check and inspect the financial information such as the financial report, business report and plans for profits distribution to be submitted by the Board of Directors to the shareholders' general meetings, and to authorise, in the Company's name, certified public accountants and practicing auditors to assist in the review on such information should any doubt arise in respect thereof;
- (5) to propose to convene an extraordinary shareholders' general meeting;
- (6) to represent the Company in negotiations with or in bringing actions against a Director;
- (7) other duties and powers as may be specified by the Articles of Association.

The Supervisory Committee may directly report circumstances to the China Securities Regulatory Commission and other relevant authorities. A Company's external Supervisors shall independently report to the shareholders' general meeting on the senior management personnel's performance in respect of their fiduciary obligation and duty of due diligence.

Supervisors shall attend Board of Directors meetings.

116. Resolutions of the Supervisory Committee shall be passed by affirmative votes from more than two-thirds (2/3) of all the Supervisors.

117. All reasonable fees incurred in respect of the employment of professionals (such as lawyers, certified public accountants or practicing auditors) which are required by the Supervisory Committee in the exercise of its functions and powers shall be borne by the Company.

118. A Supervisor shall carry out his/her duties faithfully and bona fide in accordance with the laws, administrative regulations and Articles of Association.

**CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,  
SUPERVISORS, GENERAL MANAGER, DEPUTY GENERAL MANAGER  
AND OTHER SENIOR MANAGEMENT PERSONNEL  
OF THE COMPANY**

119. A person may not serve as a Director, Supervisor, General Manager, Deputy General Manager or other senior management personnel (including Secretary to the Board of Directors and the financial officer, similarly hereinafter) of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has committed corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, or a person who has been deprived of his/her political rights and not more than five (5) years have lapsed since the sentence was served and the person is sentenced to probation, it has not been more than two (2) years since the expiration of the probation period;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked and the company was ordered to close due to violation of law and who are personally liable therefor, where less than three (3) years have elapsed since the date of the cancellation of the business licence and being ordered to close;
- (5) a person who has a relatively large amount of debts which have become due and outstanding and is listed as a person subject to execution for breach of trust by the People's Court;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;

- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have lapsed from the date of such conviction;
  - (10) other situations stipulated by laws, administrative regulations and listing rules of stock exchange.
120. The validity of an act carried out by a Director, General Manager, Deputy General Manager or other senior management personnel of the Company on its behalf shall, as against a bona fide third party, not be affected by any irregularity in his/her office, election or any defect in his/her qualification.
121. In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's Directors, Supervisors, General Manager, Deputy General Manager or other senior management personnel owes the following duties to each shareholder, in the exercise of the duties and powers of the Company entrusted to him:
- (1) not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business licence;
  - (2) to act honestly and in the best interests of the Company;
  - (3) not to expropriate the Company's property in any way, including (but not limited to) usurpation of opportunities which may benefit the Company;
  - (4) not to deprive of the individual interest of shareholders, including (but not limited to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.
122. Each of the Company's Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel owes a duty, in the exercise of his/her powers and in the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
123. Each of the Company's Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle, and shall not put himself/herself in a position where his/her duty and interest may conflict. This principle includes (but not limited to) performance of the following obligations:
- (1) to act bona fide in the best interests of the Company;
  - (2) to act within the scope of his/her powers and not to exceed such 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' general meeting, not to transfer the right of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his/her own benefit, without the informed consent of the shareholders' general meeting;
- (7) not to abuse his/her position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders' general meeting;
- (9) to comply with the Articles of Association, to perform his/her official duties faithfully, to protect the Company's interests and not to exploit his/her position and power in the Company to advance his/her own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders' general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he/her has obtained during his/her term of office, without the informed consent of the shareholders' general meeting; nor shall he/she use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
  - (i) disclosure is required by law;
  - (ii) the public interest so demands;
  - (iii) the interests of the relevant Director, Supervisor, General Manager, Deputy General Manager or other senior management personnel so demand.

124. Each Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company shall not direct the following persons or institutions (herein refers to as the “associates”) to act in a manner which a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel is prohibited from so acting:
- (1) the spouse or minor children of the Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company;
  - (2) the trustee of the Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel or of any person described in sub-paragraph (1) of this Article;
  - (3) partners of Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel or of any person described in sub-paragraphs (1) and (2) of this Article;
  - (4) a company in which a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel, whether alone or jointly with persons referred to in sub-paragraphs (1), (2) and (3) of this Article or other Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel, has de facto controlling interest;
  - (5) the Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel of a company which is being controlled in the manner set out in sub-paragraph (4) of this Article.
125. The duty of a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company to act in good faith does not necessarily terminate on the expiration of their term of office. His/Her duty of confidentiality in respect of trade secrets of the Company survives the termination of his/her tenure. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship between the relevant Director, Supervisor, General Manager, Deputy General Manager and the senior management personnel on one hand and the Company on the other hand was terminated.
126. A Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company may be relieved of liability for specific breaches of his/her duty with the informed consent of the shareholders’ general meeting, save under the circumstances of Article 54 of the Articles of Association.
127. Where a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company is in any way, 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 of Directors at the earliest opportunity, whether or not the relevant matter is otherwise subject to the approval of the Board of Directors.

Unless the interested Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company discloses his/her interests in accordance with the preceding paragraph of this Article and the matter is approved by the Board of Directors at a meeting in which the Director, Supervisor, General Manager, Deputy General Manager or senior management personnel is not counted as part of the quorum and refrains from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested senior personnel.

A Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his/her associate is interested.

128. Where a Director, Supervisor, General Manager, Deputy General Manager or other senior management personnel of the Company gives to the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such 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 by the Company.
129. The Company shall not pay taxes for or on behalf of a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel in any manner.
130. 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 personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to its Directors, Supervisors, General Manager, Deputy General Manager and other senior management personnel 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' general meeting;



- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel and his/he associates on normal commercial terms.
- 131. Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.
- 132. A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 130 shall not be enforceable against the Company, save in respect of the following circumstances:
  - (1) the guarantee was provided in connection with a loan which was made to an associate of a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company or the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan;
  - (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.
- 133. For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided by the obligor to secure his/her performance of obligations.
- 134. In addition to any rights and remedies provided by laws and administrative regulations, where a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel of the Company breaches the duties which he/she owes to the Company, the Company has a right:
  - (1) to demand such a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel to compensate it for losses sustained by the Company as a result of such breach;
  - (2) to rescind any contract or transaction which has been entered into between the Company and such a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel or between the Company and a third party (where such third party knows or should have known that such a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel representing the Company has breached his/her duties owed to the Company);
  - (3) to demand such a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel to surrender the gains made as result of the breach of his/her obligations;

- (4) to recover any monies which should have been received by the Company and which were received by such a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel instead, including (but not limited to) commissions;
  - (5) to demand repayment of interest earned or which may have been earned by a Director, Supervisor, General Manager, Deputy General Manager and other senior management personnel on money that should have been paid to the Company.
135. The Company shall make written contract with a Director or Supervisor in relation to emoluments. The emoluments shall be approved in advance by shareholders' general meeting. The aforesaid emoluments include:
- (1) emoluments in respect of his/her service as Director, Supervisor, or senior management personnel of the Company;
  - (2) emoluments in respect of his/her acting as a Director, Supervisor or a senior management personnel of any subsidiary of the Company;
  - (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
  - (4) payment by means of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No proceedings may be brought by a Director or Supervisor against the Company for anything due to him/her in respect of the aforementioned matters except pursuant to the aforementioned contract.

136. The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Company's Directors and Supervisors shall, subject to the prior approval of shareholders' general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (1) an offer made by any person to the general body of shareholders;
- (2) an offer made by any person with a view to making the offerer becoming a "controlling shareholder" or "actual controller" within the meaning of Article 55 hereof.

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 such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant Director or Supervisor and shall not be paid out of such sum.

## **CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

137. The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC enterprise accounting standards formulated by the finance regulatory department of the State Council.
138. At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

Financial reports of the Company shall incorporate the following financial accounting statements and schedules:

- (1) Balance sheet;
  - (2) Income statement;
  - (3) Statement of change in financial position (or cash flow statement);
  - (4) Explanation statement of financial conditions;
  - (5) Statement of profit appropriation.
139. The Board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent local government and authorities require the Company to prepare.
140. The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of shareholders' annual general meeting. Each shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send to each Overseas Listed Shareholder by paid mail at the address registered in the shareholders register the aforementioned reports not later than twenty-one (21) days before the date of a annual general meeting of the shareholders, or by email or publishing on the website designated by the Company and the stock exchange where the Company's shares are listed, subject to the relevant procedures of the laws, regulations and listing rules of the place where the Company's shares are listed.

141. The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and legal requirements. Besides, the Company should also adopt the international accounting standards or local accounting standards of the overseas place where the Company's shares are listed to prepare its financial statements if deemed necessary by the Company. Any significant discrepancies between the financial statements prepared in accordance with the two sets of accounting standards shall be explicitly stated in the financial statements. Profit distribution of the Company for a particular financial year shall be based on the lesser of the profit after taxation stated in the two sets of financial statements.
142. Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with the PRC accounting standards and legal requirements, and also in accordance with either international accounting standards or local accounting standards of the overseas place where the Company's shares are listed.
143. The Company shall publish its annual and interim financial reports in each fiscal year. Annual financial report shall be published within four (4) months after the expiration of each fiscal year, interim financial report shall be published within three (3) months after the expiration of first six (6) months of each fiscal year.
144. The Company shall not keep accounting books other than those required by law.
145. The Company shall implement an internal audit system and establish an internal auditing organisation or provide internal auditing personnel to undertake the internal auditing and supervision over the Company's income and expenses and other economic activities under the leadership of the Board of Directors.
146. Profits after tax of the Company shall be applied in the following order of priority:
  - (1) to make up for losses;
  - (2) allocation to the statutory common reserve fund;
  - (3) allocate the arbitrary common reserve fund;
  - (4) payment of dividends for ordinary shares.

The Board of Directors of the Company shall determine the specific proportion of distributed profit referred to in Item (2) to Item (4) in the Article, and submit to the shareholders' general meeting for approval.

Dividends shall not be distributed before making up the loss and making provision for statutory common reserve fund.

147. Capital common reserve fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

148. The common reserve fund of the Company shall be applied only for the following purposes:

- (1) making up for losses;
- (2) expansion of production and operation of the Company;
- (3) increase of capital by conversion.

The Company may subject to a resolution of shareholders' general meeting convert the common reserve fund into share capital by issuing new shares in proportion to the shareholders' existing shareholding or increasing the par value of each share. However, when the statutory common reserve fund is converted to increase share capital, the remaining statutory common reserve fund after such conversion shall be no less than twenty-five per cent. (25%) of the registered capital.

149. Dividends are distributed as per the equity proportion of the shareholders.

Except for annual dividends, the Board of Directors may distribute interim dividends upon authorisation of shareholders' general meeting. However, the amount of interim dividends shall not exceed fifty per cent. (50%) of the distributable profit in the interim income statement.

That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared. Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until after the expiration of the applicable limitations period of six (6) years.

150. The Company may distribute dividends in the following forms:

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

151. The dividends and other payments payable by the Company to the Domestic Shareholders shall be denominated and declared in Renminbi, and paid in Renminbi. The dividends and other payments payable by the Company to the Overseas Listed Shareholders shall be denominated and declared in Renminbi, and paid in the currency of the place of listing of the Company's Overseas Listed Shares (if the Company has more than one listing place, in the currency of the main listing place of the Foreign Shares as determined by the Company's Board of Directors).

Foreign currency required by the Company for payments to Overseas Listed Shareholders shall be handled in accordance with the relevant regulations of the State on foreign exchange control.

152. The Company shall withhold tax payable in respect of dividend to be received by shareholders and pay such tax on behalf of such shareholders in accordance with the provisions of the tax laws of the PRC.

## **CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRM**

153. The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and other financial reports of the Company.
154. The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders.
155. The accounting firm appointed by the Company shall be entitled to the followings:
- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the Directors, General Manager, Deputy General Manager and other senior management personnel of the Company to supply relevant information and explanations;
  - (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 discharge of its duties;
  - (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.
156. If there is a vacancy in the position of the accounting firm, the Board of Directors is necessary to nominate a suitable accounting firm in a timely manner and recommend it to the shareholders' general meeting for approval of the appointment.

157. The shareholders' general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.
158. The emolument of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting.
159. The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting.
160. Prior notice should be given to the accounting firm in advance if the Company decides to remove or not to renew appointment of such accounting firm. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position as the Company's auditors, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's 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 and 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 circumstances that should be stated.

## **CHAPTER 17 INSURANCE**

161. The purchase of and the type, amount and period of coverage of the various types of insurance of the Company shall be determined by the Board of Directors of the Company in accordance with the laws and administrative regulations of the State, the conventions and practice of the same industry in the PRC and other countries, and the actual circumstances of the Company.

## **CHAPTER 18 LABOR SYSTEM**

162. The Company shall establish a labor system that is applicable to the specific circumstances of the Company, in accordance with the Labor Law of the People's Republic of China and other relevant laws and administrative regulations of the country.

## **CHAPTER 19 ORGANISATION OF LABOR UNION**

163. In accordance with the Labor Union Law of the People's Republic of China, the Company shall organise a labor union and conduct labor union activities.

In accordance with the Labor Union Law of the People's Republic of China, the Company shall allocate funds to the union for its operation, and shall be used by the labor union of the Company in accordance with the Regulations on Use of Labor Union Funds formulated by the Federation of Labor Unions of the People's Republic of China.

## **CHAPTER 20 MERGER AND DIVISION OF THE COMPANY**

164. In the case of merger or division of the Company, the Board of Directors shall propose a proposal, and, upon approval in accordance with the procedures under the Articles of Association, deal with the relevant approval procedures pursuant to laws. A shareholder who objects to the proposal of merger or division shall have the right to demand the Company or the shareholders who consent to the proposal of merger or division to acquire such dissenting shareholders' shareholding at a fair price.
165. 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 merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date on which the Company's merger resolution is passed, and shall publish an announcement in a newspaper within thirty (30) days. Creditors are entitled to claim full payment of the debts by the Company or require the provision of appropriate assurances within thirty (30) days of receipt of the notice, or forty-five (45) days of publication of the notice if such creditors did not receive the notice. The Company may not be merged unless debts are fully paid or appropriate assurances are provided.

After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

166. Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date on which the Company's division resolution is passed, and shall publish an announcement in a newspaper within thirty (30) days. Creditors are entitled to claim full payment of the Company's debts or require the provision of appropriate assurances within thirty (30) days of receipt of the notice, or within forty-five (45) days of publication of the announcement if such creditors did not receive the notice. The Company may not be divided unless debts are fully paid or appropriate assurances are provided.



Debts owing by the Company before the division shall be agreed to undertake by the companies in accordance with the relevant division agreement with the creditors. If no agreement is reached with creditors, the post-division company will be jointly and severally liable for the debts incurred before the division.

167. The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **CHAPTER 21 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

168. The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) a resolution regarding the dissolution is passed by shareholders' general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared bankruptcy due to its failure to repay debts as they become due;
- (4) the Company is ordered to revoke the business license, close by law or be revoked because of its break of laws and administrative regulations, and required to be dissolved and liquidated by other laws and regulations.

169. Should the Company be dissolved due to provision mentioned in clause (1) of the preceding Article, the Company should establish a liquidation committee within fifteen (15) days. Members of the liquidation committee should be selected at the shareholders' general meeting in the form of ordinary resolution. If the liquidation committee is not established within the time limit, the creditors may apply to the People's Court to designate relevant professionals to establish a liquidation committee to carry out the liquidation.

Should the Company be dissolved due to provision mentioned in clause (3) of the preceding Article, the People's Court will, subject to related laws, organise shareholders, relevant organisations and professionals to establish a liquidation committee so as to carry out the liquidation.

Where the Company is dissolved due to provision mentioned in clause (4) of the preceding Article, the relevant authorities shall organise the shareholders, relevant organisations and professionals to establish a liquidation committee to carry out the liquidation.

170. Where the Board of Directors proposes to liquidate the Company for any reason other than the Company's declaration of bankruptcy, the Board of Directors 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 of Directors is of the opinion that the Company will be capable 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' general meeting in relation to the liquidation of the Company, all functions and powers of the Board of Directors 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 income and expenses, 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.

171. The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish an announcement in the newspapers. A creditor shall, within thirty (30) days of receipt of the notice, or for creditors who have not received such notice, within forty-five (45) days of the date of the announcement, claim its rights to the liquidation committee.

In claiming its rights, the creditor shall provide details about its creditor's rights and supporting documents. The liquidation committee shall register the creditor's rights.

172. During the liquidation period, the liquidation committee shall exercise the following functions and powers:

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

173. After cleaning the Company's assets and preparing the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to shareholders' general meeting or to the relevant authority for confirmation.

Should the Company's assets be able to pay off the debts, it shall be paid off as follows: pay for liquidation expense, pay for staff wages, pay for social insurance fees and statutory compensation, pay for outstanding taxes, and pay off corporate debts.

The remaining assets of the Company after payment has been made under the provision of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business during the process of liquidation.

174. Upon completion of the cleaning of the Company's assets and preparation a balance sheet and an inventory of assets in connection with the liquidation of the Company, if the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy.

After the Company is declared bankruptcy by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

175. Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or relevant authorities for confirmation.

The liquidation committee shall, within thirty (30) days after the confirmation of shareholders' general meeting or relevant authorities, submit the documents referred to in the preceding paragraph to the company registration authorities and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **CHAPTER 22 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

176. The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.
177. To amend the Articles of Association, the following procedures should be followed:
- (1) the Board of Directors shall pass a resolution in accordance with the Articles of Association and formulate a plan to amend the Articles of Association;

- (2) notify shareholders of the amendment plan and convene a shareholders' general meeting for voting;
- (3) amendments submitted to the shareholders' general meeting for voting shall be passed by special resolution.

## **CHAPTER 23 SUPPLEMENTARY PROVISIONS**

178. Unless otherwise stipulated in the Articles of Association, the notices, documents, information or written statements issued by the Company to the shareholders shall be delivered in the following forms:

- (1) by courier, according to the address of the shareholder registered in the shareholders register;
- (2) by mail, according to the address registered in the shareholders register, to each shareholder. The notices to H Shareholders should be mailed in Hong Kong wherever possible;
- (3) on the premise of complying with laws, administrative regulations and relevant regulations of the securities regulatory authorities and stock exchanges where the shares are listed, by email or publishing on the website designated by the Company and the stock exchange where the Company's shares are listed; or
- (4) by other means specified in the Articles of Association.

The newspapers, periodicals and website used to post the announcements in accordance with the Articles of Association should be those specified or required by the relevant State laws or administrative regulations, listing rules of stock exchange and Articles of Association. Once the Company sends or publishes the announcement, all relevant shareholders will be deemed to have received the relevant notices, documents, information or written statements on the day it is sent as published.

179. In the Articles of Association, references to "accounting firm" shall have the same meaning as "auditors". The terms "General Manager" and "Deputy General Manager" mentioned in the Articles of Association have the same meaning as "Manager" and "Deputy Manager", respectively. The "notices, documents, information or written statements issued to shareholders" as mentioned in the Articles of Association include but are not limited to the Board of Directors' report and the issuer's annual accounts together with the auditor's report and (if applicable) financial summary report, interim report and (if applicable) interim summary report, meeting notice, listing documents, proxy form, application document, etc.

180. The Articles of Association are written in Chinese. If there is any discrepancy between the Chinese version and that in any other languages, the Chinese version shall prevail.

27 June 2024

\* For identification purposes only