

**Shanghai Qingpu Fire-Fighting Equipment Co., Ltd**

**(company limited by shares established in the People's Republic of China)**

**ARTICLES OF ASSOCIATION**

Approved by the shareholders' general meeting on Jan. 17<sup>th</sup>,2003

Embodied all amendments passed by Special Resolutions  
at the Shareholders' General Meeting up to 30 June 2022

The Articles of Association has been framed according to Essential Clauses in Articles of Association of Companies Listed Abroad, Opinion on supplement and amendment of Articles of Association of Companies Listed in Hong Kong, Measures on Further Promoting Standardized Operations and Deepening the Reform in Overseas-listed Companies, Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (GEM Listing Rules)

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## **CHAPTER 1 GENERAL PROVISIONS**

### **Article 1**

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd (the “Company”) is a company limited by shares established in accordance with the PRC, Company Law (Company Law), the State Council, Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the PRC Special Provisions (Special Provisions) and other relevant State laws and administrative regulations.

Following approval by Shanghai Municipal People’s Government [滬府体改审(2000) 035號], the Company was established by means of sponsorship, was registered with the Shanghai Industrial and Commercial Administrative Management Bureau on December 1st, 2000, and obtained a company’s business license. The number of the Company’s business license is 3100001006560.

### **Article 2**

Registered name of the Company:上海青浦消防器材股份有限公司.

English name: Shanghai Qingpu Fire-Fighting Equipment Co, Ltd (for recognition only)

### **Article 3**

Domicile of the Company, No.1988, Jihe Road, Huaxin Town, Qingpu District, Shanghai, 201708, PRC Telephone: 59796330 Fax: 59796330

### **Article 4**

The legal representative of the Company shall be the chairman of its board of directors.

### **Article 5**

The Company is a company limited by shares existing in perpetuity.

### **Article 6**

As an independent enterprise legal person, the company shall be governed and protected by the relevant laws and regulations of the PRC.

## **Article 7**

The 1st extraordinary shareholders' general meeting 2003 was convened on Jan. 17th, 2003 to amend the Articles of Association approved by the shareholders' general meeting on Oct. 18th, 2000 according to the Company Law, Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses, Proposals on Accelerating Standardized Operation of Companies Listed Overseas and Deepening Their Reforms (Proposals), Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (GEM Listing Rules) and other relevant State laws and administrative regulations.

The board of directors made resolutions on Jun. 10th, 2004 to amend the Articles of Association approved by the shareholders' general meeting 2003 on Jan. 17th, 2003, according to relevant authority of the shareholders' general meeting.

Where the company issued foreign capital stock listed abroad according to the approval of administrative authorities of the Chinese Government, the Articles of Association shall become effective on the day of the registration of modification.

## **Article 8**

The Articles of Association of the Company shall be a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders from the date on which they become effective.

## **Article 9**

The Articles of Association of the Company shall be binding upon the Company and its shareholders, directors, supervisors, manager and other senior management staff. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

Shareholders may sue the Company in accordance with the Articles of Association of the Company. The Company may sue shareholders in accordance with its Articles of Association. Shareholders may sue shareholders in accordance with the Articles of Association of the Company. Shareholders may sue directors, supervisors, manager and other senior management staff of the Company in accordance with the Articles of Association of the Company.

For the purposes of the above paragraph, the term "sue" shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

#### **Article 10**

The Company may invest in other limited liability companies and companies limited by shares. It shall be liable for such invested companies to the extent of the amount of investment.

#### **Article 11**

All the capital of the company is divided into equal shares, the shareholders are liable thereto to the extent of their capital contribution, and the company is liable for its debts to the extent of all of its assets.

#### **Article 12**

The company has the rights of financing or loaning, including (but not limited to) issuance of Company's bonds, mortgage of the total or partial assets or business of the company, and other rights permitted by laws and administrative regulations.

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

#### **Article 13**

The business purpose of the Company is: to become the leading manufacturer of fire-fighting and metalwork in Asia and the world and to return the shareholders.

#### **Article 14**

The business scope of the Company shall be in accordance with the items approved by the company registry.

The business scope of the Company shall include: to manufacture fire-fighting equipment and metalwork, leasing and management of non-residential properties.

The business scope may be adjusted according to the change of domestic and overseas market, customer demands and company's development after being approved by the shareholders' general meeting and administrative authority of PRC.

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

#### **Article 15**

The Company shall have ordinary shares at all times. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

#### **Article 16**

All the shares issued by the Company shall have a par value which shall be RMB1 for each share. Each share may be split into RMB0.1 per share after being approved by the State Council Securities Commission.

RMB above-mentioned is the legal currency of PRC.

Republic of China and to investors outside the People's Republic of China following approval from the State Council authorities in charge of securities.

For the purposes of the preceding paragraph, the term "investors outside the People's Republic of China" shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term "investors from inside the People's Republic of China" shall refer to investors inside the People's Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

#### **Article 18**

Shares issued by the Company to investors inside the People's Republic of China and to be subscribed for in Renminbi shall be referred to as "domestic investment shares". Shares issued by the Company to investors outside the People's Republic of China and to be subscribed for in foreign currency shall be referred to as "foreign investment shares". Foreign investment shares listed outside the People's Republic of China shall be referred to as "foreign investment shares listed outside the People's Republic of China".

The foreign investment shares issued by the company in Hongkong shall be referred to as "H Shares". H Shares refers to the shares of companies incorporated in mainland China that are traded on the Hong Kong Stock Exchange. H Shares have par value in RMB and are subscribed and exchanged in Hong Kong currency.

Foreign currency above-mentioned is the legal currency approved by state foreign exchange appropriate body, which can be paid to company as capital except for RMB in other countries and areas.

## **Article 19**

The foreign investment shares issued by the company can be listed on the Growth Enterprise Market (GEM) after being approved by the State Council Securities Commission.

## **Article 20**

Following approval of the State Council authorities in charge of securities, the total amount of ordinary shares that the Company may issue is 13,187,000, with par value RMB1 per share. The number of shares issued to the sponsors at the time of establishment is 1,318,000, representing 100 percent of the total number of ordinary shares that may be issued by the Company.

After its establishment, the Company shall issue not less than 56,516,000 ordinary shares (H Shares), accounting for not less than 30 percent of the total number of ordinary shares that may be issued by the Company.

After stock split and capital increases by issuing new shares, the composition of the Company's share capital shall be: Liancheng Fire-Protection Group shall hold 131,870,000 domestic investment shares accounting for 70.36%, and holders of H Shares shall hold 55,560,000 shares, accounting for 29.64%. The par value is 0.1 per share.

Every change of registered capital above-mentioned, Company shall confirm the actual amount according to Capital Verification Report issued by CPA, and shall apply to Shanghai Industrial and Commercial Administrative Management Bureau for registration of the change in registered capital and put on record with relevant administrative authorities.

## **Article 21**

After the plan for issuing foreign investment shares listed outside the People's Republic of China and domestic investment shares has been approved by the State Council authorities in charge of securities, the board of directors of the Company may arrange for implementation of such plan by means of separate issues.

The Company's plan for separate issues of foreign investment shares listed outside the People's Republic of China and domestic investment shares in accordance with the preceding paragraph may be implemented separately within 15 months of being approved by the State Council Securities Commission.

## **Article 22**

Where the Company issues foreign investment shares listed outside the People's Republic of China and domestic investment shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for in one time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval of the State Council Securities Commission.

## **Article 23**

The registered capital of the Company shall be Renminbi 18,743,000, the data registered with Shanghai Industrial and Commercial Administrative Management Bureau shall be the standard data.

## **Article 24**

The Company may approve capital increases depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association of the Company.

The Company may increase its capital by the following methods:

1. offer of new shares to non-specific investors;
2. rights issue to existing shareholders;
3. allotment of new shares to existing shareholders; and
4. other methods permitted by laws and administrative regulations. The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

After capital increases, the company shall apply to the company registration authority for the registration of modification in its capital and shall make an announcement thereafter.



## **Article 25**

Except otherwise provided by laws and administrative regulations shares in the Company may be transferred freely with no lien attached. Selling, donation, inheriting and mortgage of domestic investment shares and foreign investment shares shall be according to law and related regulation in China and the Article of Associations. Company shall apply to the registrar for registration of stock transfer and transfer according to related regulations.

## **Article 26**

The name of the shares transferee shall be listed in the register of shareholders once the shares are transferred and the shares transferee becomes the holder of the shares.

## **Article 27**

All the issuance and transfer of foreign investment shares listed outside the People's Republic of China, which is listed in Hong Kong shall be registered in the register of shareholders which is kept in Hong Kong according to Article 45 of this part.

## **Article 28**

Where any holders of foreign investment shares listed outside the People's Republic of China transfer all or portion of shares, the standard form of transfer as prescribed by the HKEx shall be used. The transfer document shall be signed in handed or printed form.

## **Article 29**

That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:

1. during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention.

## **Article 30**

The Company has the right to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on 2 consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

## **CHAPTER 4 REDUCTION OF CAPITAL AND BUY-BACK OF SHARES**

### **Article 31**

The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

### **Article 32**

When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in newspapers at least three times within 30 days of the said date. Creditors shall, within 30 days of receiving a written notice or within 90 days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum.

### **Article 33**

The Company may, in the following circumstances, buy back its own issued and outstanding shares following the adoption of a pertinent resolution in accordance with the procedures provided for in its Articles of Association, and submission to and approval by the relevant State authorities:

1. cancellation of shares in order to reduce its capital;
2. merger with another company holding shares in the Company; or
3. other circumstances where laws and administrative regulations or so permit.

### **Article 34**

After the Company is approved by relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

1. making of a buy-back offer in the same proportion to all shareholders;
2. buy-back through open transactions on a securities exchange; or
3. buy-back by an agreement outside a securities exchange.

### **Article 35**

where the issuer has the power to purchase for redemption a redeemable share:

1. purchases not made through the market or by tender shall be limited to a maximum price; and
2. if purchases are by tender, tenders shall be available to all shareholders alike.

### **Article 36**

When the Company is to buy back shares by an agreement outside a securities exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided for in the Company's Articles of Association. Upon prior approval of the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the buy-back of shares shall include (but not limited to) agreements whereby buy-back obligations are undertaken and buy-back rights are acquired.

The Company may not assign contracts for the buy-back of its own shares or any of its rights thereunder.

### **Article 37**

After the Company has bought back its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original company registry for registration of the change in registered capital.

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

After capital reduction and the registration of the change in capital with the company registration authority, Company shall make a public announcement.

### Article 38

Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

1. where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares;
2. where the Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (1) where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - (2) where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account or capital common reserve amount (including the premiums from the fresh share issue) at the time of buy-back;
3. the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  - (1) acquisition of the right to buy back its own shares;
  - (2) modification of any contract for buy-back of its own shares;
  - (3) release from any of its obligations under any buy-back contract.
4. After the par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at the par value of the bought back shares shall be included in the Company's premium account or capital common reserve amount.

**CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE  
OF COMPANY SHARES**

**Article 39**

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligators in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 41 of this Part.

**Article 40**

For the purposes of this Part, this term “financial assistance” shall include (but not limited to) the financial assistance in the forms set out below:

1. gift;
2. guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
3. provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
4. financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Part, the term “undertake obligations” shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

#### **Article 41**

The acts listed below shall not be regarded as acts prohibited under Article 39 of this Part:

1. where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
2. lawful distribution of the Company's property in the form of dividends;
3. distribution of dividends in the form of shares;
4. reduction of registered capital, but-back of shares, shareholding structuring, etc., in accordance with the Articles of Association of the Company;
5. provision of a loan by the Company within its scope of business and in the ordinary course of its business provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits); and
6. the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

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

#### **Article 42**

The Company's shares shall be in registered form. The shares of the company shall certify the shares held by its shareholders. The following main items shall clearly be indicated on a share certificate:

1. the name of the company;
2. the date of the company's incorporation;
3. the class of the shares, the par value and the number of shares represented by the certificate;
4. the serial number of the share certificate;

5. other items prescribed by the Company Law and the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies.
6. other items prescribed by the securities exchange(s) on which the Company's shares are listed.

#### **Article 43**

The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management staff of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior management staff. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The Company seal shall be affixed with the authorization of Board of Directors. The signature of the chairman of the board of directors or of other senior management staff on the share certificates may also be in printed form.

#### **Article 44**

The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

1. the name, address (domicile), profession or nature of each shareholder;
2. the category and number of shares held by each shareholder;
3. the amount paid or payable for the shares held by each shareholder;
4. the serial number of the shares held by each shareholder;
5. the date on which each shareholder is registered as a shareholder; and
6. the date on which each shareholder ceases to be a shareholder.

#### **Article 45**

The Company may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside the People's Republic of China, keep outside the People's Republic of China its register of shareholders of foreign investment shares listed outside the People's Republic of China, and entrust the administration thereof to an agent outside the People's Republic of China. The part of the register of holders of overseas listed foreign shares relating to holders of shares listed on the Exchange shall be maintained in Hong Kong and entrust the administration thereof to an agent in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of foreign investment shares listed outside the People's Republic of China. The appointed agent outside the People's Republic of China (including the appointed agent in Hong Kong) shall ensure that the register of holders of foreign investment shares listed outside the People's Republic of China and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of foreign investment shares listed outside the People's Republic of China are inconsistent, the original shall prevail.

#### **Article 46**

The Company shall keep a complete register of shareholders.

1. The register of shareholders shall include the following parts:
2. a register kept at the Company's domicile other than those provided for under items (2) and (3) of this paragraph;
3. the register(s) of holders of foreign investment shares listed outside the People's Republic of China kept in the place(s) of the stock exchange(s) outside the People's Republic of China on which the shares are listed; and registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

#### **Article 47**

The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.



#### Article 48

All the fully-paid foreign investment shares listed outside the PRC, which is listed in Hong Kong, shall be transferred freely in accordance with the Articles of Association. Unless the following requirements are met, the board of directors has the right to refuse to recognize any transfer documents without any statement of the reasons.

1. pay the Company 2 HK dollars (per transfer document) or the fee required by the board of directors from time to time (such fee or fees shall not exceed the maximum fees prescribed by the Exchange from time to time in the GEM Listing Rules). That transfers and other documents relating to or affecting the title to any registered securities shall be registered;
2. the transfer documents only involve foreign investment shares listed outside the PRC, which is listed in Hong Kong;
3. the stamped tax of transfer document has been paid;
4. provide relevant stock and the evidence required reasonably by the board of directors that the shares endorser has the right to transfer shares.
5. where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of 4 persons.
6. the shares shall be free from all lien.

If the Company refuses to register the shares transfer, it shall give a written notice to the endorser and transferee within 2 months as of the application date of the transfer.

Shares held by the promoters of a company shall not be transferred within one year from the date the company is incorporated.

Directors, supervisors, general/deputy general manager and other senior management of the Company shall declare to the company the numbers of the company's shares held by them and shall not transfer the shares during their term of office.

The transfer above-mentioned may use the standard form of transfer as prescribed by the HKEx. The transfer document shall be signed in handed or printed form by the endorser and transferee.

#### **Article 49**

No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends.

#### **Article 50**

When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirming of equity interests, the board of directors shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

#### **Article 51**

Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent people's court for correction of the register.

#### **Article 52**

Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (Relevant Shares) if his share certificate (Original Share Certificate) is lost. No new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

Applications for the replacement of share certificates from holders of domestic investment shares who have lost their certificates shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of foreign investment shares listed outside the People's Republic of China who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of foreign investment shares listed outside the People's Republic of China is kept.

Where holders of foreign investment shares of a company listed outside the People's Republic of China, which is listed in Hong Kong, apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

1. the applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate, other details which support the reason for the application and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares;
2. the Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;
3. if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;
4. before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days.

If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

5. at the expiration of the 90-day period provided for in items 3) and 4) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
6. when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and

7. all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

#### **Article 53**

After the Company has issued a replacement share certificate in accordance with its Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

#### **Article 54**

The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

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

#### **Article 55**

The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

For joint shareholders, if one of the joint shareholder dead, only the remained shareholders are regarded as the owner of the shares. The board of directors has the right to require the appropriate death certificate to amend the register of shareholders. For joint shareholders of any shares, only the first rank shareholder in the register of shareholders has the rights to accept stocks of relevant shares, to receive the notice of the Company, and to attend the shareholders' meeting and vote. Any notice sent to the first rank shareholder is deemed to have been sent to all the joint shareholders.

No powers 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.

When 2 or more persons are registered as the joint shareholders of any shares, they are deemed to be the common owners of the shares and shall comply with the following requirements:

1. the Company doesn't need to register joint shareholders of any shares for more than 4 people.
2. All the joint shareholders of any shares shall take commonly and respectively the responsibility to pay all the amount of the shares.

if one of the joint shareholder dead, only the remained shareholders are regarded as the owner of the shares. The board of directors has the right to require the appropriate death certificate to amend the register of shareholders.

For joint shareholders of any shares, only the first rank shareholder in the register of shareholders has the rights to accept stocks of relevant shares, to receive the notice of the Company, and to attend the shareholders' meeting and vote. Any notice sent to the first rank shareholder is deemed to have been sent to all the joint shareholders.

#### **Article 56**

Holders of ordinary shares of the Company shall enjoy the following rights:

1. collect dividends and other profit distributions on the basis of the number of shares held by them;
2. participate or to appoint proxies to participate in shareholders' meetings and exercise voting rights;
3. supervise and control the Company's business activities, and raise suggestions and inquiries;
4. transfer shares in accordance with laws, administrative regulations and the Company's Articles of Association;
5. obtain relevant information in accordance with the Articles of Association of the Company, which shall include:
  - (1) obtaining the Articles of Association of the Company after payment of a charge to cover costs;

- (2) being entitled to browse and make a copy, after payment of reasonable charges, of:
  - 1) all parts of the register of shareholders;
  - 2) personal information on the directors, supervisors, manager and other senior management staff of the Company, including:
    - (2.1) current and previous names and aliases;
    - (2.2) main address (domicile);
    - (2.3) nationality;
    - (2.4) full-time and all other part-time occupations and duties; and
    - (2.5) identification documents and their numbers.
  - 3) the status of the Company's share capital;
  - 4) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and
  - 5) the minutes of shareholders' meetings;
6. participate in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated; and
7. other rights conferred by laws, administrative regulations and the Company's Articles of Association.

#### **Article 57**

Holders of ordinary shares of the Company shall have the following obligations:

1. to abide by the Articles of Association of the Company;
2. to pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; and
3. other obligations imposed by laws, administrative regulations and the Company's Articles of Association. Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

## **Article 58**

In addition to obligations imposed by laws, administrative regulations or the listing rules of the securities exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

1. relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
2. approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favourable to the Company; or
3. approving a director or supervisor (for his own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

## **Article 59**

For the purposes of the preceding Article, the term "controlling shareholder" shall refer to a person that satisfies any of the following conditions:

1. he, acting alone or in concert with others, has the power to elect more than half number of the directors;
2. he, acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Company's voting rights;
3. he, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or
4. he, acting alone or in concert with others, actually controls the Company in any other manner.

## CHAPTER 8 SHAREHOLDERS' GENERAL MEETING

### **Article 60**

The shareholders' general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

### **Article 61**

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

1. decide on the business policies and investment plans of the Company;
2. elect and replace directors and decide on matters concerning the remuneration of directors;
3. elect and replace the supervisors who are to be appointed from among the shareholders' representatives and decide on matters concerning the remuneration of supervisors;
4. examine and approve reports of the board of directors;
5. examine and approve reports of the board of supervisors;
6. examine and approve the Company's annual financial budget and final account proposals;
7. examine and approve the Company's plans for profit distribution and making up losses;
8. pass resolutions concerning the increase or reduction of the Company's registered capital;
9. pass resolutions on matters such as the merger, division, dissolution or liquidation of the Company;
10. pass resolutions on the issuance of bonds by the Company;
11. pass resolutions on the employment, dismissal or refusal of employment of accounting firms by the Company;
12. amend the Articles of Association of the Company;
13. examine the motions raised by the shareholders' representing 5% or more of the Company's voting shares; and



14. other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the shareholders' general meeting.

#### **Article 62**

Without the prior approval of the shareholders' general meeting, the Company may not conclude any contact with any person other than a director, supervisor, manager or other senior management staff of the Company for the delegation of the whole business management or part of the important business management of the Company to that person.

#### **Article 63**

Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' general meetings shall be convened by the board of directors. The date and place shall be decided as well. Annual meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.

The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any of the following circumstances:

1. the number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of the Company;
2. the losses of the Company that have not been made up reach one-third of the total share capital of the Company;
3. shareholders holding 10% or more of the Company's voting shares required in writing an extraordinary shareholders' general meeting to be convened; or
4. the board of directors considers that there is a need or the board of supervisors proposes a meeting.
5. the accounting firms employed by the Company require a meeting in accordance with article 175.
6. more than 2 independent directors proposes a meeting.

#### **Article 64**

When the Company is to hold a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company on the meeting attendance.

#### **Article 65**

When the Company is to hold an annual shareholders' general meeting, shareholders holding 5% or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of duties of the shareholders' general meeting.

#### **Article 66**

Based on the written replies received 20 days prior to a shareholders' general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the shareholders' general meeting.

Extraordinary shareholders' general meeting may not decide on matters not specified in the notice or announcement.

#### **Article 67**

The notice of a shareholders' general meeting shall meet the following requirements:

1. it shall be made in writing;
2. it shall specify the place, date and time of the meeting;
3. it shall describe the matters to be discussed at the meeting;

4. it shall provide to the shareholders the information and explanation necessary for them to make a wise decision on the matters to be discussed. This principal shall apply (but not limit) when the Company proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
5. it shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, manager or other senior management staff in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, manager or other senior management staff in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;
6. it shall contain the full text of any special resolution proposed to be adopted at the meeting;
7. it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
8. it shall state the time and place for the delivery of the meeting's proxy's forms.

#### **Article 68**

The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) who are in the register of shareholders on the date of authentic right by assigned persons or per-paid mail to the recipient's address shown in the register of shareholders. For holders of domestic investment shares, the notice of a shareholders' general meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by the State Council authorities in charge of securities during the period between 45 and 50 days before the meeting is held. Once the announcement is made, all holders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' meeting.

#### **Article 69**

A meeting and the resolutions adopted to thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

## **Article 70**

That a copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account or (ii) the summary financial report, shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every holder of H Shares.

## **Article 71**

Company gives notice by advertisement and such advertisement may be published in the newspapers. There is no prohibition on the giving of notice to members whose registered address is outside Hong Kong.

## **Article 72**

Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his entrustment by the shareholder:

1. the shareholder's right to speak at the shareholders' general meeting;
2. the right to require by himself or in conjunction with others to make a resolution by voting; and
3. the right to vote by raising hands or ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

If the shareholder is the recognized clearing house or its agencies (recognized clearing house), the shareholder may entrust one or more proxies for any shareholders' general meeting or any category shareholders' meeting. If shareholder entrust more than one proxy, the instrument shall state clearly the number of the shares represented by each proxy. The proxies above-mentioned may represent the recognized clearing house to exercise the rights, just as the proxies are individual shareholders of the Company.

## **Article 73**

Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director(s) or duly authorized proxies.

The entrusting party shall state clearly the number of the shares represented by the proxy. If the entrusting party entrust more than one proxy, the instrument shall state clearly the number of the shares represented by each proxy.

#### **Article 74**

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's shareholders' meetings as the representative of such legal person.

#### **Article 75**

Any form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

#### **Article 76**

Where the entrusting party has died, lost capacity for acts, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of the event before the commencement of the relevant meeting.

#### **Article 77**

An individual shareholder may entrust a proxy to attend shareholders' general meeting. The proxy shall show the power of attorney issued by shareholders and the identification certificates of the proxy. Institutional shareholder may entrust representative or proxy to attend shareholders' general meeting. The representative or proxy shall show identification certificates and the legal representative's certificates or the copy of resolution of board of directors or other decision-making organization to entrust the representative or proxy. The resolution shall be authenticated.

## **Article 78**

Resolutions of the shareholders' general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

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

Shareholders (including the proxy of shareholders) attending the shareholders general meeting shall vote only for or only against on any particular resolution. If the shareholders or the proxy of shareholders abstain from voting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

## **Article 79**

When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting rights that they represent. Each share shall carry one voting right.

Adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.

## **Article 80**

Votes of the shareholders' general meeting shall be taken by raising hands for resolutions, unless the following persons require voting before or after any vote by raising hands for resolutions:

1. the chairman of the meeting;
2. at least two shareholders with voting rights or their proxies; or
3. one or several shareholders (including proxies) holding totally or separately 10% or more of the shares carrying the right to vote at the meeting.

Unless somebody proposes voting by ballot, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by raising hand, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against resolution adopted at the meeting.

The demand for a vote by ballot may be withdrawn by the person who made it.

#### **Article 81**

If the matter demanded to be voted upon by ballot is the election of the chairman or the adjournment of the meeting, a ballot shall be taken immediately. If a ballot is demanded for any other matter, such ballot shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at that meeting.

#### **Article 82**

When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

#### **Article 83**

When the number of votes for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

#### **Article 84**

The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

1. work reports of the board of directors and the board of supervisors;
2. plans for the distribution of profits and making up of losses drafted by the board of directors;
3. removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
4. the Company's annual budget, final accounts, balance sheet, profit statement and other financial statements; and
5. matters other than those that laws, administrative regulations or the Company's Articles of Association require to be passed by way of a special resolution.

## **Article 85**

The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:

1. increase or reduction of the Company share capital and issuance of any category of shares, warrants or other similar securities;
2. issuance of Company's bonds;
3. division, merger, dissolution and liquidation of the Company;
4. amendment of the Articles of Association of the Company; and
5. other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.

## **Article 86**

When the Shareholders' General Meeting considers matters relating to an affiliate transaction, the affiliate shareholders shall not participate in the vote, and the number of the voting shares represented by them shall not count toward the total number of valid voting shares. The public announcement of the resolutions of the Shareholders' General Meeting shall fully disclose the way the unaffiliated shareholders voted. If special circumstances make it impossible for the affiliate shareholders to recuse themselves, the vote may be taken according to normal procedure after the Company has obtained the approval of the competent authority, and a detailed explanation shall be given in the public announcement of the resolutions of the Shareholders' General Meeting

## **Article 87**

Shareholders requesting the convening of an extraordinary shareholders' general meeting or a meeting of shareholders of different categories shall proceed in accordance with the procedures set forth below:

1. two or more shareholders holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the board of directors to convene an extraordinary shareholders' general meeting or a meeting of shareholders of different categories and stating the subject of the meeting. The board of directors shall convene the shareholders' general meeting or the meeting of shareholders of different categories as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made; and



2. if the board of directors fails to issue a notice of such a meeting within 30 days after having received the above-mentioned written notice, the shareholders who made such request may themselves convene the meeting within four months after the board of directors received the request. The procedures according to which they convene such meeting shall, to the extent possible, be identical to the procedures according to which shareholders' meetings are to be convened by the board of directors.

Where shareholders convene and hold a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

#### **Article 88**

Shareholders' general meeting shall be convened and presided over by the chairman of the board. Where the chairman of the board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the (a) vice chairman of the board. Where both the chairman and the vice chairman of the board (or vice chairmen of the board) are unable to attend the meeting, the board of directors may designate a director of the Company to convene and preside over the meeting on its behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

#### **Article 89**

The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

#### **Article 90**

If the chairman of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, the chairman of the meeting shall immediately count the votes.

## **Article 91**

If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes of the shareholders' meeting shall include:

1. the total amount of their voting shares and its proportion to the total amount of shares of the company;
2. the time and place of the meeting;
3. The name of the presider of the meeting and the meeting agenda;
4. the main points on the matters of each speaker;
5. the voting result of each proposal;
6. the inquiries or suggestions of the shareholders as well as the corresponding replies or explanations of the board of directors and the board of supervisors;
7. other contents that shall be indicated in the minutes of the meeting as required by the shareholders' meeting and prescribed by the Articles of Association of the company.

The shareholders shall keep minutes of its decisions on the matters examined at their meetings. The directors attending a meeting shall sign the minutes. The minutes of the meeting and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's domicile.

The above-mentioned minutes, attendance records and proxy shall not be disposed in 10 years.

## **Article 92**

Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days of receiving payment of reasonable charges.

**CHAPTER 9 SPECIAL VOTING PROCEDURES FOR SHAREHOLDERS  
OF DIFFERENT CATEGORIES**

**Article 93**

Shareholders who hold different categories of shares shall be shareholders of different categories. Apart from shareholders with other classes of shares, holders of domestic investment shares and holders of foreign investment shares listed overseas shall be recognised as different categories of shareholders. Shareholders of different categories shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Company's Articles of Association.

**Article 94**

If the Company intends to change or abrogate the rights of shareholders of different categories, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected shareholders of different categories in accordance with Articles 96 to 100.

**Article 95**

The rights of shareholders of a certain category shall be deemed to have been changed or abrogated in the following conditions:

1. an increase or decrease in the number of shares of such category or an increase or decrease in the number of shares of a category having voting rights, distribution rights or other privileges equal or superior to those of the shares of such category;
2. a change of all or part of the shares of such category into shares of another category, a conversion of all or part of the shares of another category into shares of such category or the grant of the right to such change;
3. a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such category;
4. a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such category;
5. an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such category;

6. a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such category;
7. a creation of a new category of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that category;
8. an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such category;
9. an issuance of rights to subscribe for, or convert into, shares of such category or category;
10. an increase in the rights and privileges of shares of another category;
11. restructuring of the Company causes shareholders of different categories to bear liability to different extents during the restructuring; or
12. an amendment or cancellation of the provisions of this Part.

#### **Article 96**

Shareholders of the affected category, whether or not otherwise having the right to vote at shareholders' general meeting, shall have the right to vote at meetings of shareholders of different categories in respect of matters referred to in items (2) to (8) or (11) to (12) of Article 95, except that interested shareholders shall not have the right to vote at meetings of shareholders of different categories.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

1. if the Company has made a buy-back offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a securities exchange in accordance with Article 34 hereof, the controlling shareholders as defined in Article 59 hereof shall be "interested shareholders";
2. if the Company has bought back its own shares by an agreement outside a securities exchange in accordance with Article 34 hereof, holders of share in relation to such agreement shall be "interested shareholders"; or
3. under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same category, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same category shall be "interested shareholders".

#### **Article 97**

Resolutions of a meeting of shareholders of different categories may be passed only by more than two-thirds of the voting rights of that category represented at the meeting in accordance with Article 96 hereof.

#### **Article 98**

When the Company is to hold a meeting of shareholders of different categories, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that category of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior to the day of the meeting, deliver a written reply to the Company on meeting attendance.

If the number of share carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that category carrying the right to vote at the meeting, the Company may hold the meeting of shareholders of different categories. If not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting and the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the meeting of shareholders of different categories.

For a meeting of shareholders of different categories (excluding renewal meeting) that deliberates to change the rights of holders of that category shares, the quorum shall be at least one-thirds of the number of holders of that category shares issued.

#### **Article 99**

The notice of a meeting of shareholders of different categories needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a meeting of shareholders of different categories is held shall, to the extent possible, be identical to the procedures according to which a shareholders' general meeting is held. Provisions of the Articles of Association of the Company relevant to procedures for the holding of a shareholders' general meeting shall be applicable to meetings of shareholders of different categories.

#### **Article 100**

The special voting procedures for shareholders of different categories shall not apply:

1. where, as approved by way of a special resolution of the shareholders' general meeting, the Company issues, either separately or concurrently, domestic investment shares and foreign investment shares listed outside the People's Republic of China every 12 months, and the number of the domestic investment shares and foreign investment shares listed outside the People's Republic of China intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories; or
2. where the plan for issuance of domestic investment shares and foreign investment shares listed outside the People's Republic of China upon the establishment of the Company is completed within 15 months of being approved by the State Council Securities Commission.

### **CHAPTER 10 BOARD OF DIRECTORS**

#### **Article 101**

The Company has set up a board of directors, which is comprised of at least 6 directors. The Board has 1 chairman and 1 vice-chairman. The Board is independent of the controlling unit (namely companies or business units which enjoy the legal person status over the shareholding of the Company, and the same hereinafter).

At least half of the members of the Board shall be external directors (namely directors who do not hold any positions within the Company, and the same hereinafter) and there shall be 3 independent directors (namely directors that are independent of the Company's shareholders and do not hold any positions in the Company, and the same hereinafter) serving the Board.).

#### **Article 102**

Directors shall be elected by the shareholders' general meeting and serve a term of 3 years. A director may serve consecutive terms if reelected upon the expiration of his term.

The intention of directors candidates nomination and the candidates' willingness to accept the nomination shall be in written notice. The written notice shall be given to the Company not earlier than the day after the notice of shareholders' general meeting being sent out, and not later than the day before 7 days prior to the shareholders' general meeting. Members of the First Board of Directors shall be nominated by the sponsors and elected by the inaugural general meeting of the Company.

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days.

The chairman of the board and the vice chairman of the board shall be elected and removed by more than half of all the directors. The chairman of the board and the vice chairman of the board shall serve a term of 3 years and may serve consecutive terms if reelected upon the expiration of their terms.

Under the premise of complying with related laws and administrative regulations, the shareholders' general meeting have power by special resolutions to remove any director before the expiration of his term of office (but without any prejudice to any claim for damages under any contract).

An outside director shall have sufficient time and necessary knowledge to perform his/her duties. In case an outside director performs his/her duties, the Company must supply necessary information and material. Independent (non-executive) directors may report directly to the shareholders' general meeting, the securities regulatory body under the State Council and other relevant authorities.

Executives from holding institutions that serve concurrently in the Companies as chairman, vice-chairman of the board of directors or executive director shall not exceed two in number.

Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election.

Directors need not be Company shareholders.

### **Article 103**

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 meeting and to report on its work to the shareholders' general meeting;
2. to implement the resolutions of shareholders' general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the proposed annual financial budgets and final accounts of the Company;

5. to formulate the plans for profit distribution and making up losses of the Company;
6. to formulate plans for the increase or reduction in the registered capital of the Company and for the issue of the Company bonds;
7. to draft plans for the merger, division or dissolution of the Company;
8. to decide on the establishment of the Company's internal management organization;
9. to hire or dismiss the manager of the Company, hire or dismiss the deputy manager(s) and personnel in charge of financial affairs as proposed by the manager, and to decide on their remuneration;
10. to formulate the basic management system of the Company; and
11. to formulate proposals for amendment of the Articles of Association of the Company.
12. under the premise of complying with laws, regulations and the Articles of Association, to exercise the rights of the Company of financing and loaning; to decide the mortgaging, lending, contracting or transferring of major assets of the Company; and to authorize the general/deputy manager to exercise the rights described in this item within the specific limits.
13. to propose to the shareholders' general meeting to employ or dismiss accounting firm serving the Company;
14. Other functions and rights stipulated in the Articles of Association or authorized by the shareholders' general meeting.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in items (6), (7) and (11), which shall require the affirmative vote of more than two-thirds of the directors.

#### **Article 104**

The resolution of the board meeting may be voted on by show of hands or written voting. Each Director shall have one vote.



## Article 105

That, subject to such exceptions specified in the articles of association as the Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

- (1) the giving of any security or indemnity either:—
  - (a) to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or
  - (b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his associate(s) may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (5) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

#### **Article 106**

When the board of directors disposes of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet placed before the shareholders' general meeting, the board of directors may not dispose of the fixed assets without the prior approval of the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of a certain interest in assets other than by way of security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

Prior to making decisions concerning market development, M&A, and investment in new sectors, the company should solicit from professional opinions of external consultative institutions that shall serve as important basis for a board meeting resolution for a project with an investment volume or M&A transaction volume exceeding 10% of the total assets of the Company.

#### **Article 107**

The Board of Directors shall comply with the laws and administrative regulations and exercise their duties in accordance with the Articles of Association and the resolutions of the shareholders' general meeting.

#### **Article 108**

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

1. to provide over shareholders' general meeting and to convene and preside over meetings of the board of directors;
2. to examine the implementation of resolutions of the board of directors;
3. to sign bond certificates issued by the Company; and
4. other functions and powers granted by the board of directors.

If the chairman of the board is unable to perform his functions and powers, he may instruct a vice chairman of the board to exercise such functions and powers on his behalf.

## **Article 109**

Meetings of the board of directors shall be held at least twice a year. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 10 days before the meetings are held.

Under any of the following circumstances, the chairman of the board of director shall convene a extraordinary meeting with 5 working days:

1. more than two-thirds of the directors jointly propose a meeting;
2. the board of supervisors proposes a meeting;
3. The General Manager proposes a meeting.

## **Article 110**

The way and time limit of the notice of convening the board meeting and the extraordinary board meetings are as follows:

If the time and place of the meeting is decided in advance by the board of directors, it is not necessary to send out notice prior to the meeting.

1. Where an extraordinary board meetings is to be convened, the secretary to the board shall, within not less than 7 days and no more than 10 days prior to the meeting, notify all the directors, supervisors and the general manager of the time, place and way of the board meeting by telegraph, telex, fax, EMS, registered mail or personal service.
2. If the time and place of the meeting is not decided in advance by the board of directors, the secretary to the board shall, at least 10 days prior to the meeting, notify all the directors, supervisors and the general manager of the time, place and way of the board meeting by telegraph, telex, fax, EMS, registered mail or personal service.

The notice shall be in Chinese. The English version may be attached when necessary, including the agenda of the meeting.

The Company shall notify all the directors of the significant matters to be decided by the board of directors with sufficient information within the time stipulated in this Article and in accordance with the procedures stipulated. The directors may demand supplementary information. Where more than one-quarter of the directors or more than 2 outside directors deem the information insufficient or the proof unclear, they may propose jointly to postpone the board meeting or part of the matters. The board of directors shall adopt the proposal.

It shall be deemed as that the notice has been given to the director, if the director failed to attend the meeting and failed to, prior to or at the attendance, declare that he/she hasn't received the notice of the meeting

The meeting board of directors or the extraordinary meeting may be held in ways of conference call or similar telecommunication mode, only if the directors participating in the meeting can hear others clearly and communicate with each other. All the directors shall be deemed to have attended the meeting in person.

#### **Article 111**

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. When the number of votes for and against a resolution is equal, the chairman of the board shall be entitled to one additional vote.

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

#### **Article 112**

Meetings of the board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

In case that directors have been absent from the board meeting for twice in row, nor entrust other directors to attend the board meeting, the directors in question shall be deemed to fail to perform the obligations, and the board of directors, the board of supervisors or shareholders shall propose the general meeting of shareholders to dismiss and replace such directors.

For issues that need the approval of the resolutions of the board, the resolution may be effective without convening a board meeting provided that the board of directors had send the written resolutions to all directors, and the number of signing for the resolutions meets the requirement stipulated in 111 of the Articles of Association.

**Article 113**

The board of director may convene the Company’s meeting in way of written proposals instead of convening the regular board meetings. The proposals shall be complete and be given to each director by personal service (including EMS), mail, or fax. The proposals shall be the resolutions of the board of directors if the proposals have been given to each director and the number of directors who state clearly their agreement with signatures up to quorum and the proposals with signatures have been sent back to the secretary to the board of directors by personal service (including EMS), mail, or fax.

The board of directors shall keep minutes of its decisions on the matters examined at their meetings. The opinions expressed by an independent director shall be clearly recorded in the board’s resolutions. The directors attending a meeting and the person taking minutes shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Company’s Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director may be relieved from such liability.

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

**Article 114**

The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member if the senior management staff of the Company. Executives from holding institutions are not allowed to serve concurrently as secretary to the board of directors of the Companies.

**Article 115**

The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

1. to guarantee that the Company has complete organizational documents and records;
2. to ensure that the Company prepares and submits according to law the documents and reports required by administration for Industry and Commerce and other authorities; and

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. to responsible for information disclosure of the Company, ensuring the timeliness, accuracy, legality, truthfulness, completeness of the information disclosed.
5. to fulfill other duties prescribed by the Articles of Association and listing rules of the securities exchange(s) on which shares of the Company are listed

#### **Article 116**

The General Manager (not including deputy GM) and financial officers shall not concurrently hold the office of secretary to the board of directors. Directors or other senior management staff of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the board of directors.

If the office of secretary to the board of directors is held by a director of the Company and a certain act is to be done by a director and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in both capacities.

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

#### **Article 117**

The Company shall have one general manager and a certain number of deputy general managers. The general manager is employed or dismissed by the board of directors and the deputy general managers are nominated and employed or dismissed by the board of directors. Directors of the Company may serve concurrently as the general/ deputy general manager.

Executives from holding institutions are not allowed to serve concurrently as the general/deputy general manager, accounting officer and marketing officer. The general manager and the deputy general manager are senior management of the Company.

#### **Article 118**

The Company manager shall be accountable to the board of directors and shall exercise the following functions and powers:

1. to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the board of directors;
2. to organize the implementation of the Company's annual business plans and investment plans;
3. to draft the plan for establishment of the Company's internal management organization;
4. to draft the Company's basic management system;
5. to formulate the basic rules and regulations of the Company;
6. to propose the employment and dismissal of the deputy manager of the Company and personnel in charge of financial affairs;
7. to hire or dismiss management personnel other than those to be hired or dismissed by the board of directors; and
8. other functions and powers granted by the Company's Articles of Association and the board of directors.

#### **Article 119**

The Company manager shall attend the meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

In the exercise of his functions and powers, the Company manager shall not change the resolutions of the Shareholders' General Meeting and Board of Directors, or go beyond their duties.

#### **Article 121**

In the exercise of his functions and powers, the Company manager shall perform his duties in good faith and with diligence in accordance with laws, administrative regulations and the Company's Articles of Association.

## **CHAPTER 13 BOARD OF SUPERVISORS**

### **Article 122**

The Company shall have a board of supervisors.

### **Article 123**

The board of supervisors shall be composed of 3 persons, one of whom shall be the chairman of the board of supervisors. The term of office of a supervisor shall be 3 years. A supervisor may serve consecutive terms if reelected upon the expiration of his term. The chairman of the board of supervisors shall be elected or removed by more than two-thirds (including two-thirds) of all the supervisors. The term of office of the chairman of the board of supervisors shall be 3 years. The chairman of the board of supervisors may serve consecutive terms if reelected upon the expiration of his term.

### **Article 124**

A board of supervisors shall include representatives of shareholders, and representatives of the staff and workers of the company in an appropriate proportion. The number of representatives of the staff and workers of the company shall be not less than one-third of the total number of members on the board of supervisors. The shareholders' representatives shall be elected and removed by the shareholders' general meeting, and the representatives of the Company's staff and workers shall be democratically elected and removed by the Company's staff and workers.

### **Article 125**

The Company's directors, manager, personnel in charge of financial affairs and secretary to the board of directors may not serve concurrently as supervisors.

### **Article 126**

Meetings of the board of supervisors shall be held at least twice a year. The chairman of the board of supervisors shall be responsible for convening meetings of the board of supervisors.



## **Article 127**

Meetings of the board of supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

1. to examine the Company's financial affairs;
2. to supervise the Company's directors, manager and other senior management staff to see whether they violate any laws, regulations or the Company's Articles of Association during their performance of Company duties;
3. to require a director, the manager or other senior management staff of the Company to correct an act of such act is harmful to the Company's interests;
4. to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
5. to propose the holding of extraordinary shareholders' general meeting;
6. to represent the Company in negotiating with or instituting legal proceedings against a director; and
7. other functions and powers provided for in the Articles of Association of the Company.

Supervisors shall attend meetings of the board of directors as non-voting attendants.

## **Article 128**

When the Company is to hold a supervisors' meeting, it shall issue a written notice between 10 days and 30 days prior to the meeting informing all the supervisors of the Company. Meetings of the board of supervisors may be held only if not less than two-thirds of the supervisors attend. Each supervisor shall be entitled to one vote.

Decisions of the supervisory committee shall be made by the affirmative vote of not less than two-thirds of the supervisors. The board of supervisors shall keep minutes of its decisions on the matters examined at their meetings. The supervisors attending a meeting and the person taking minutes shall sign the minutes of that meeting.

### **Article 129**

The reasonable expenses incurred by the board of supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

### **Article 130**

Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Company's Articles of Association.

## **CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR MANAGEMENT STAFF**

### **Article 131**

None of the following persons may serve as a director, supervisor, manager or other senior management staff of the Company:

1. persons without capacity or with limited capacity for civil acts;
2. persons who were sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
3. directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises due to mismanagement where three years have not lapse following the date of completion of such bankruptcy or liquidation;
4. the legal representatives of Companies or enterprises that had their business licences revoked for breaking the law, where such representatives bear individual liability therefor and three years have not lapsed following the date of revocation of such business licences;
5. persons with relatively heavy individual debts that have not been settled upon maturity;
6. persons whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;

7. persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
8. non-natural persons; and
9. persons ruled by a relevant organization in charge have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling.

#### **Article 132**

The validity of an act of a director, a supervisor the manager or other senior management staff of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

#### **Article 133**

In addition to obligations imposed by laws, administrative regulations or listing rules of the securities exchange(s) on which shares of the Company are listed, the Company's directors, supervisors, manager and other senior management staff shall lay the following obligations on each shareholder in the exercise of the functions and powers granted to them by the Company:

1. not to cause the Company to act beyond the scope of business stipulated in its business licence;
2. to act honestly in the best interests of the Company;
3. not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favourable to the Company; and
4. not to deprive the shareholders of their individual rights or interests, (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

#### **Article 134**

The Company's directors, supervisors, manager and other senior management staff shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

## Article 135

The Company's directors, supervisors, manager and other senior management staff must, in the exercise of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfilment of the following obligations:

1. to act honestly in the best interests of the Company;
2. to exercise powers within the scope of their functions and powers and not to act beyond such powers;
3. to personally exercise the discretion invested in him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting that has been informed;
4. to be impartial to shareholders of the same category and of different categories;
5. not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association of the Company or with the consent of the shareholders' general meeting that has been informed;
6. not to use the Company property for his own benefit in any way without the consent of the shareholders' general meeting that has been informed;
7. not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including (but not limited to) any opportunities that are favourable to the Company;
8. not to accept commissions in connection with Company transactions without the consent of the shareholders' general meeting that has been informed;
9. to abide by the Articles of Association of the Company, perform his duties faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
10. not to compete with the Company in any way without the consent of the shareholders' general meeting that has been informed;

11. not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, not to use Company assets as security for the debts of the Company shareholders or other individuals; and
12. not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - (1) provided by law;
  - (2) required in the public interest; or
  - (3) required in the own interest of such director, supervisor, manager or other senior management staff of the Company.

#### **Article 136**

A director, a supervisor, the manager or other senior management staff of the Company may not cite the following persons or organizations ("Connected Persons") to do what such director, supervisor, manager or other senior management staff may not do:

1. the spouse or minor child of such director, supervisor, manager or other senior management staff of the Company;
2. the trustee of a director, supervisor, manager or other senior management staff of the Company or of any person referred in item (1) hereof;
3. the partner of a director, supervisor, manager or other senior management staff of the Company or of any person referred in items (1) and (2) hereof;
4. the company over which a director, supervisor, manager or other senior management staff of the Company, alone or jointly with any person referred to in items (1), (2) and (3) hereof or any other director, supervisor, manager or other senior management staff of the Company, has actual control; and
5. a director, a supervisor, the manager or other senior management staff of a company being controlled as referred to in item (4) hereof.

### **Article 137**

The obligation and credibility of the Company's directors, supervisors, manager and other senior management staff does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall remain upon termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

### **Article 138**

A director, a supervisor, the manager or other senior management staff of the Company may be relieved from liability for a specific breach of obligations after the shareholders' general meeting has been informed, except in circumstances as specified in Article 58 hereof.

### **Article 139**

If a director, a supervisor, the manager or other senior management staff of the Company has directly or indirectly vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except his employment contract with the Company), he shall disclose the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

Unless the interested director, supervisor, manager or other senior management staff of the Company has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, manager or other senior management staff concerned.

A director, a supervisor, the manager or other senior management staff of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that director, supervisor, manager or other senior management staff has an interest.

#### **Article 140**

If a director, a supervisor, the manager or other senior management staff of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this Part to have declared his interest, insofar as attributable to the scope stated in the notice.

#### **Article 141**

The Company may not in any manner pay tax on behalf of its directors, supervisors, manager or other senior management staff.

#### **Article 142**

The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, manager or other senior management staff, those of its parent company, or Connected Persons of the above-mentioned persons.

1. The provisions of the preceding paragraph shall not apply to the following circumstances:
2. the provision of a loan or loan security by the Company for a subsidiary of the Company;
3. the provision of a loan or loan security or other funds by the Company to a director, a supervisor, the manager or other senior management staff of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties; and
4. the provision of a loan or loan security by the Company to a relevant director, a supervisor, the manager or other senior management staff of the Company or to a Connected Person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

#### **Article 143**

A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

#### **Article 144**

The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 142, except:

1. when the loan is provided to a Connected Person of a director, a supervisor, the manager or other senior management staff of the Company or its parent company, the loan provider is not aware of the condition; and
2. the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

#### **Article 145**

For the purposes of the preceding Article of this Part, the term “security” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligator.

#### **Article 146**

If a director, a supervisor, the manager or other senior management staff of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

1. require the relevant director, supervisor, manager or other senior management staff to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
2. rescind any contract or transaction concluded by the Company with the relevant director, supervisor, manager or other senior management staff and contracts or with a third party (where such third party is aware or should be aware that the director, supervisor, manager or other senior management staff representing the Company was in breach of his obligations to the Company);
3. require the relevant director, supervisor, manager or other senior management staff to surrender the gains derived from the breach of his obligations;
4. recover any funds received by the relevant director, supervisor, manager or other senior management staff that should have been received by the Company, including (but not limited to) commissions; and
5. require the relevant director, supervisor, manager or other senior management staff to return the interest earned or possibly earned on the funds that should have been given to the Company.



#### **Article 147**

The Company shall include a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholder' general meeting before it is entered into. The above-mentioned emoluments shall include:

1. emoluments in respect of his service as a director, supervisor or senior management staff of the Company;
2. emoluments in respect of his service as a director, supervisor or senior management staff of a subsidiary of the Company;
3. emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
4. funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors. A director or supervisor may not sue the Company for his benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

#### **Article 148**

The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

1. anyone makes a general offer to all the shareholders; or
2. anyone makes a general offer so that the offeror becomes a controlling shareholder as defined in Article 48 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

**CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS AND  
DISTRIBUTION OF PROFITS**

**Article 149**

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

**Article 150**

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

Financial reports include:

1. Balance Sheet;
2. Income Statement;
3. Cash Flow Statement;
4. Statement of profit distribution.

The Company shall adopt the calendar year as its fiscal year, i. e. from January to December 31 on the Gregorian calendar. The first fiscal year of the Company shall commence from the date the company is incorporated and shall end on the immediately succeeding December 31.

The Company adopts RMB as its accounts keeping unit. All accounting records, vouchers, books and statements of the Company shall be made in Chinese.

**Article 151**

The board of directors of the Company shall place before the shareholders at each shareholders' general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare.

#### **Article 152**

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual shareholders' meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Part.

The financial reports and the report of Board of Directors shall be delivered to the shareholders of foreign investment shares listed outside the PRC, i.e. holders of H Shares by per-paid mail to the recipient's address shown in the register of shareholders, at least 21 days prior to the date of the Shareholders' General Meeting.

#### **Article 153**

The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall govern.

#### **Article 154**

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Company are listed.

#### **Article 155**

The Company shall prepare annual financial report, interim report or quarterly report in accordance with the GEM Listing Rules of the Stock Exchange of Hong Kong Limited each fiscal year. The annual financial report shall be published within 3 months after the end of the fiscal year. The interim report shall be published within 45 days after the end of the first 6 months. The quarterly report shall be published within 45 days after the end of every quarter.

#### **Article 156**

The Company may not establish any account books other than statutory account books.

### **Article 157**

The after-tax profit of the Company shall be distributed in the following sequence:

1. make up losses;
2. withdraw legal accumulation fund;
3. withdraw statutory welfare funds;
4. withdraw optional accumulation fund;
5. pay the dividends of ordinary shares.

Legal accumulation fund shall be 10 percent of the annual after-tax profits. Where the accumulated amount of the legal accumulation fund of the company exceeds 50 percent of its registered capital, further allocation may be dispensed with.

The Board of Directors shall decide the proportion of items (3)~(5) above-mentioned according to laws, administrative regulations and the business situation of the Company and submit it to the shareholders's general meeting for approval.

The Company shall not distribute dividends before making up for losses and withdrawing legal accumulation fund and legal public welfare funds.

### **Article 158**

The capital common reserve shall include the following funds:

1. the premiums obtained from the issue of shares in excess of the par; and
2. other revenue required by the State Council's department in charge of finance to be included in the capital common reserve.

### **Article 159**

The reserve fund of the Company shall be used,

1. to make up for the company's losses; or
2. to expand production and operation of the company; or
3. to be converted into an increase in the company's capital.

Where the company, upon adoption of a resolution by the shareholders' general meeting, is to convert the reserve funds into company capital, new shares shall be distributed to the shareholders in proportion to their original share holdings, or the par value of each share shall be increased. Provided, however, upon conversion of statutory reserve fund into capital, the amount remaining in the statutory reserve fund may not fall below 25 percent of the registered capital.

### **Article 160**

The statutory welfare fund allocated by the company shall be used for the collective welfare of the workers thereof.

The dividends shall be distributed in accordance with the proportions of shareholders capital contributions.

### **Article 162**

The Company may distribute dividends in the following forms:

1. cash; and/or
2. shares.

### **Article 163**

The dividends on domestic investment shares shall be priced and announced in Renminbi and paid in Renminbi. The dividends on foreign investment shares shall be priced and announced in Renminbi and paid in foreign currencies of the place where the stocks are listed (if there are more than one place, the currency of the major place decided by the board of directors shall be used) within 3 months after the announcement date of the dividends.

The foreign exchange needed by a company to pay the dividends to foreign investment shareholders shall be handled according to the provisions concerning the foreign exchange control of the State. If there is no provision, the applicable foreign exchange shall be the average closing price published by the people's bank of china one week prior to the day announcing to pay the dividends and other relevant payments.

For any unclaimed dividends, the Company has the power to forfeit the dividends after the expiration of the applicable limitations period.

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.

The Company shall withholding tax on dividends of shareholders in accordance with the Chinese Tax Law.

### **Article 166**

The Company shall appoint recipient agents for holders of foreign investment shares listed outside the People's Republic of China to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the People's Republic of China.

The recipient agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares are listed.

For its overseas listed foreign shares listed on the Exchange, the Company shall appoint as receiving agents a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

## **CHAPTER 16 EMPLOYMENT OF AN ACCOUNTING FIRM**

### **Article 167**

The Company shall employ an independent accounting firm that complies with relevant State regulations to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be employed by the inaugural meeting prior to the first annual shareholders' meeting. Such accounting firm shall hold office until the conclusion of the first annual shareholders' meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

### **Article 168**

The term of employment of an accounting firm employed by the Company shall be between the end of the annual shareholders' meeting of the Company and the end of the next annual shareholders' meeting.

### **Article 169**

An accounting firm employed by the Company shall have the following rights:

1. the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, the manager and other senior management staff of the Company to provide the relevant information and explanations;
2. the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
3. the right to attend shareholders' meeting, receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

### **Article 170**

If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

### **Article 171**

The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

### **Article 172**

The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the board of directors shall be determined by the board of directors.

### **Article 173**

The employment, dismissal or refusal of the renewal of the employment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the State Council authorities in charge of securities for the record.

Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:—

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post (leaving includes leaving by removal, resignation and retirement).
- (2) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the issuer shall (unless the representations are received too late):—
  - (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (ii) send a copy of the representations to every shareholder entitled to notice of general meetings.
- (3) If the auditor's representations are not sent under article corresponding to (B) above the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting.



(4) An auditor who is leaving his post shall be entitled to attend:—

- (i) the general meeting at which his term of office would otherwise have expired;
- (ii) any general meeting at which it is proposed to fill the vacancy caused by his removal; and
- (iii) any general meeting convened on his resignation;

and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the issuer.

#### **Article 174**

When the Company dismisses or does not renew the employment of an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to present its views before the shareholders' general meeting. Where an accounting firm tenders its resignation, it shall inform the shareholders' general meeting of whether there is any irregularity in the Company.

An auditor may resign his office by depositing at the Company's seat a notice in writing. Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein. The notice shall contain the followings:

1. Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein.
2. Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein.

Where a notice is deposited, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contained a statement, a copy of the notice shall also be sent to every person entitled to obtain a copy of the issuer's financial statements. The Company shall deliver the copy of the statement above-mentioned to each shareholders of foreign investment shares listed outside the PRC, i.e. holders of H Shares by per-paid mail to the recipient's address shown in the register of shareholders. Where the auditor's notice of resignation contains a statement, he may require the board of directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances connected with his resignation.

## **CHAPTER 17 INSURANCE**

### **Article 175**

The types of insurance, amount insured and insurance period shall be decided by the Board of Directors in accordance with related laws, regulations of the PRC, or conventions of the same industry of other countries and the actual situation of the Company.

## **CHAPTER 18 PERSONNEL SYSTEM AND TRADE UNION**

### **Article 176**

The Company shall formulate applicable personnel system in accordance with the Labor Law of the People's Republic of China, other related laws and regulations.

### **Article 177**

The Company shall sign labor contract with employees, prescribing the employment, dismissal, rewards and punish, salary, welfare, labor and disciplines, etc.

### **Article 178**

The Company shall fulfill the regulations concerning the protection and insurance of employees that retire and are dismissed in accordance with related laws and regulations in the PRC.

### **Article 179**

The staff and workers have the right to form trade union organization and carry out activities in accordance with the stipulation of the "Trade Union Law of the people's Republic of China".

The company shall allot money to the trade union as trade union's funds which shall be used by the trade union in accordance with the "Managerial Rules for the Trade Union Funds" formulated by the All-China Federation of Trade Union.

## **CHAPTER 19 MERGER AND DIVISION OF THE COMPANY**

### **Article 180**

The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favour of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders. The special document shall be delivered to the shareholders of foreign investment shares listed outside the PRC, i.e. holders of H Shares by post to the recipient's address shown in the register of shareholders.

The Company shall notify its creditors within a period of 10 days from the date on which the merger or division resolution is passed and publish at least three newspaper announcements in China Securities Journal within 30 days of that date.

### **Article 181**

Merger of the Company may take the form of merger by absorption and merger by new establishment.

For merger of companies, the parties to the merger shall enter into a merger agreement and prepare balance sheets and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish at least three newspaper announcements on the merger in China Securities Journal within 30 days of that date. The creditors of the company shall, within 30 days as of the date of receipt of the letters of notification or within 45 days as of the first publication of the announcement in the absence of the letters of notification, have the right to demand that the company pay off the debt provide corresponding guarantees.

Upon completion of the merger, the company that exists or the newly established company shall succeed to the claims and debts of the parties to the merger.

## **Article 182**

If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and an asset list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish at least three newspaper announcements on the division in China Securities Journal within 30 days of that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached, except where the company and its creditors have otherwise reached a written agreement on repayment of the debts before the division.

## **Article 183**

Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

## **CHAPTER 20 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

## **Article 184**

The Company shall be dissolved and liquidated according to law:

1. if the shareholders' general meeting resolves to dissolve the Company;
2. if dissolution is necessary as a result of the merger or division of the Company;
3. if the Company is declared bankrupt according to law because it is unable to pay its debts upon maturity; or
4. if the Company is lawfully ordered to close down as a result of violation of laws and administrative regulations.

#### **Article 186**

If the board of directors decides that the Company should be liquidated (except the liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the announcement of liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and not less than once a year make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

#### **Article 187**

The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish at least three newspaper announcements on the liquidation within 60 days. The creditors shall declare their claims to the liquidation team within 30 days from the date they receive the written notice, or within 45 days from the date the announcement is made, in the case of those who have not received such notice. Creditors who do not report their claims during these periods shall be deemed to have automatically abandoned their claims.

When declaring his claims, a creditor shall specify the matters in respect of each claim, and provide supporting materials. The liquidation team shall register the claims.

### **Article 188**

The liquidation committee shall exercise the following functions and powers during liquidation:

1. thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
2. notify creditors by a notice or public announcement;
3. dispose of and liquidate relevant unfinished business of the Company;
4. pay all outstanding taxes in full;
5. clear up claims and debts;
6. dispose of the property left after full payment of the Company's debts; and
7. participate in civil litigation on behalf of the Company.

### **Article 189**

After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.

Payment of debts out of Company property shall be made in the following order of priority: payment of liquidating expenses, payment of wages and expenses for labor insurance of the workers, payment of taxes owed, and payment of company debts.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the category and proportion of their shareholding.

During liquidation, the Company may not engage in new business activities.

## **Article 190**

If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the people's court has ruled to declare the Company bankrupt, the Company's liquidation committee shall refer the liquidation matters to the people's court.

## **Article 191**

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

## **CHAPTER 21 PROCEDURES FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION**

## **Article 192**

The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

1. the board of directors make resolution according to the Articles of Association and propose the shareholders general meeting to amend the Articles of Association and draw up the draft.
2. notify the shareholders of the Company in written notice of the amendment draft of the Articles of Association and vote the contents amended.
3. the shareholders' general meeting approve the amendment draft by way of special resolution.

The shareholders' general meeting may authorize the board of directors: if the Company increases capital, the board of directors has the right to amend the Articles of Association and report to departments of examination and approval authorized by the State Council and the Securities Commission of the State Council. The board of directors also has the right to amend the words or the sequence of the articles according to the requirements of the departments above-mentioned.

### **Article 193**

Where an amendment to the Company's Articles of Association involves matters provided for in the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses ("Prerequisite Clauses"), it shall become effective after being examined and approved companies and the State Council Securities Commission. Where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be amended according to law.

## **CHAPTER 22 NOTICE**

### **Article 194**

Unless otherwise provided in these Articles of Association, the notice, documents, materials or written statement may be sent to each shareholder to the address registered in the register of shareholders by personal service (including EMS) or mail, or in the way of publishing a public announcement in the newspapers.

The public announcement shall be published in the newspapers released in public in Hong Kong or designated by the securities authorities of the PRC, leaving enough time for the shareholders registering address in Hong Kong to exercise their rights or act according to the articles of the public announcement. Upon the public announcement is published, all the shareholders deemed to have received the notice, documents, materials or written statement.

### **Article 195**

Where the Company sends notice, documents, materials or written statement to the foreign investment shareholders listed outside the PRC by mail, the address of the shareholder shall be indicated clearly. The mail shall be sent out by prepaid mail. 5 days later after the mail is sent out, it is deemed that the shareholders have received the notice, documents, materials or written statement.

### **Article 196**

Any notice, documents, materials or written statement shall be sent by the shareholders, directors and supervisors to the Company domicile by personal service (including EMS) or registered mail.

### **Article 197**

If the shareholders, directors and supervisors intend to prove they have sent the notice, documents, materials or written statement to the Company according to the above-mentioned regulation, they shall provide evidence.



## CHAPTER 23 SETTLEMENT OF DISPUTES

### **Article 198**

1. if any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People's Republic of China and the Company, between a holder of foreign investment shares listed outside the People's Republic of China and a director, a supervisor, the manager or other senior management staff of the Company or between a holder of foreign investment shares listed outside the People's Republic of China and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, director, supervisors, the manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration;

2. a dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre;

3. unless otherwise provided by laws or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1); and
4. the award of the arbitration institution shall be final and binding upon each party.

## **CHAPTER 24 SUPPLEMENTARY ARTICLES**

### **Article 199**

The newspaper for publishing announcement mentioned in the Article of Association shall be newspapers designated or required by laws and administrative regulations of the PRC. Where to give announcement to shareholders of foreign investment shares listed outside the PRC, the announcement shall be published in the newspaper designated by the GEM Listing Rules.

### **Article 200**

The term “accounting firm” as used in the Prerequisite Clauses shall have the same meaning as “auditor”.

### **Article 201**

The Board of Directors of the Company has the right to give the final interpretation to the Articles of Association in accordance with laws and administrative regulations of the PRC.

### **Article 202**

The Articles of Association is written in Chinese language. In the event of any discrepancy from other languages versions, the Chinese version shall prevail.