



浙江永隆實業股份有限公司  
**Zhejiang Yonglong Enterprises Co., Ltd. \***

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

*(Stock Code: 8211)*

## **Articles of Association**

**(Passed by special resolution on Extraordinary General Meeting of the Company on 14th May, 2002; Passed by special resolution on Extraordinary General Meeting of the Company on 25th October, 2002; Passed by special resolution on Extraordinary General Meeting of the Company on 28th September, 2004; Passed by special resolution on Extraordinary General Meeting of the Company on 24th January, 2005; Passed by special resolution on Extraordinary General Meeting of the Company on 12th June, 2007; Passed by special resolution on Extraordinary General Meeting of the Company on 11th March, 2011)**

**(Adopted pursuant to special resolution passed on 11th March, 2011)**

*This version of Articles of Association of Zhejiang Yonglong Enterprises Co., Ltd.\* is prepared in Chinese and English. In the event that there is discrepancy or inconsistency between the two versions, the Chinese version shall prevail.*

*The English version is not formally adopted by shareholders of Zhejiang Yonglong Enterprises Co., Ltd.\* at a general meeting.*

*\* for identification purposes only*

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# Zhejiang Yonglong Enterprises Co., Ltd.

## Articles of Association

### Chapter 1 General Principles

Article 1 The company (or the “Company”) is a joint stock limited company established in accordance with the 《 Company Law of the People’s Republic of China 》 (hereinafter referred to as the 《 Company Law 》 ), 《 the Special Regulations of the State Council Concerning the Overseas Share Subscription and Listing of Joint Stock Limited Companies 》 (hereinafter referred to as the Special Regulations) and other State laws and statutory regulations. Article 1 of Mandatory Provisions

As approved approval by 浙江省人民政府企業上市工作領導小組 ( Enterprise Listing Working Committee of the People’s Government of Zhejiang Province\*) (Zhe Shang Shi (2002) No. 21), the Company was established by way of promotion. The Company was registered with 中華人民共和國浙江省工商行政管理局(Commerce and Administration Bureau in Zhejiang Province of the People’s Republic of China\*) and obtained the business license on 16th April, 2002. The Company was transformed into a joint stock limited company with foreign investment as approved by 中華人民共和國商務部(by the Ministry of Commerce of the People’s Republic of China\*) on 26 March 2004.

The number of the Company’s business license is: 3300001008627。

The promoters of the Company are: Sun Li Yong, Fang Xiao Jian, Fang Han Hong, Sun Jian Feng and Xia Xue Nian (hereinafter referred to as the “Promoters”).

Article 2 Registered name of the Company: Article 2 of Mandatory Provisions  
Chinese: 浙江永隆实业股份有限公司  
English: Zhejiang YongLong Enterprises Co., Ltd

Article 3 The Company’s legal address: Yangxun Qiao Town, Shaoxing County, Zhejiang Province, PRC Article 3 of Mandatory Provisions

Telephone Number: 0086-575-84570099

Facsimile Number: 0086-575-84576060

Postal Code: 312028

Article 4	The legal representative of the Company is the chairman of the board of directors of the Company.	Article 4 of Mandatory Provisions
Article 5	The Company is a perpetual joint stock limited company	Article 5 of Mandatory Provisions
Article 6	Pursuant to the 《Company Law》, 《Special Regulations》, 《the Mandatory Provisions for Companies Listing Overseas》 (hereinafter referred as the “《Mandatory Provisions》”) and the relevant provisions of other laws and administrative regulations, the Company convened the Extraordinary General Meeting on 14th May, 2002, amended the original articles of association (hereinafter referred to as the “Original Articles of Association”) and formulated the articles of association of the Company (or the “Articles of Association”).	Section 1(a) of Appendix 11C of the Listing Rules of Growth Enterprise Market of Hong Kong
Article 7	<p>Subject to the passing by a special resolution on the Extraordinary General Meeting of the Company, and the overseas listed Foreign Invested Shares listing on the Growth Enterprises Market of the Stock Exchange of Hong Kong (as defined in Article 16 of the Articles of Association), the Articles of Association shall take effect. Once the Articles of Association have taken effect, the registration shall be made to the Commerce and Administration Bureau. From the date the Articles of Association taking effect, it shall supersede the Original Articles of Association.</p> <p>Once the Articles of Association have taken effect, it shall become a legally binding document to standardize the organization and activities of the Company, the rights and obligations between the Company and its shareholders, and among its shareholders.</p>	Article 6 of Mandatory Provisions
Article 8	<p>Articles of association exercises control over the Company, its shareholders, directors, supervisors, general managers and other senior management staff. All the aforesaid persons can propose rights in relation to the Company in accordance with the articles of association.</p> <p>Other senior management staff stated in the articles of association refers to the deputy general manager, secretary of the board of directors and financial controller of the Company.</p> <p>Shareholders can sue the Company according to the articles of association while the Company can sue the shareholders in accordance with the articles of association.</p> <p>Shareholders can sue the shareholders, directors, supervisors, general managers and other senior management staffs of the Company in accordance with the articles of association.</p> <p>The aforementioned litigations include lawsuits filed to the courts or arbitrations applied to arbitration organizations.</p>	Article 7 of Mandatory Provisions
Article 9	The Company may invest in other enterprises; but unless otherwise required by laws, the Company shall not take up collective responsibility for debt of such company in which the Company has made an investment.”	Article 8 of Mandatory Provisions

## **Chapter 2 Purpose and Scope of Business**

Article 10 The Company's business purpose is to: ensure the interests of Article 9 of Mandatory shareholders, enhance the technology products, accelerate capital Provisions operations, endeavour to become a dominant player in the textiles manufacturing industry nationwide, and to be a key player worldwide.

Article 11 The scope of business of the Company shall be based on the Article 10 of Mandatory projects examined and approved by the company registration Provisions authority.

The business scope of the Company is the manufacturing and sales of knitted and woven garments and fashion.

Article 12 Subject to the approval of the relevant governmental authority, the Company shall adjust the investment direction, and the mode and scope of business based on the trends of both domestic and international markets, demands of domestic business development, and the development capability and business requirement of the Company itself, and also set up branches and offices (whether or not they are wholly owned by the Company) in and out of the PRC and in the regions of Hong Kong, Macau and Taiwan.

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

Article 13 The Company may, at any time, issue ordinary shares; the Article 11 of Mandatory Company may, in accordance with requirements and subject to Provisions approval by the company examination and approval department authorised by the State Council, issue other classes of shares.

Article 14 Shares issued by the Company shall have a par value. The sub- Article 12 of Mandatory division was approved by the China Securities Regulatory Provisions Commission, the nominal value of each share shall be RMB0.1.

Article 15 Subject to approval by the Securities Committee of the State Article 13 of Mandatory Council, the Company may issue shares to domestic and overseas Provisions investors.

“Overseas investors” as mentioned in the preceding paragraph shall refer to investors from foreign countries or from Hong Kong, Macau and Taiwan who purchase shares issued by the Company; “domestic investors” shall refer to investors within the territory of the People’s Republic of China other than the aforesaid regions who purchase shares issued by the Company.

Article 16 Shares issued by the Company in renminbi to domestic investors shall be called Domestic Shares. Shares issued by the Company to overseas investors and subscribed in foreign currency shall be called foreign invested shares. Foreign invested shares which are listed overseas shall be called foreign invested shares listed overseas. Shareholders of Domestic Shares and shareholders of foreign invested shares listed overseas are both shareholders of ordinary shares, and shall rank for the same obligation and rights.

Article 14 of Mandatory Provisions/ Section 9 of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

Article 17 The Foreign Invested Shares issued by the Company which are listed in Hong Kong shall be abbreviated as H Shares. H Shares shall refer to the shares approved for listing by the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), with par value denominated in Renminbi and subscribed and traded in Hong Kong dollars.

Article 18 As approved by the company examination and approval department authorised by the State Council, the Company issued a total number of 58,800,000 shares at the time of the Company’s establishment, with 58,800,000 shares issued to the Promoters, which constitutes 100% of the total ordinary shares to be issued by the Company, with a nominal value of RMB1 per share.

Article 15 of Mandatory Provisions

As approved by the China Regulatory Securities Commission for share subdivision by, every one share was subdivided into 10 shares with nominal value of RMB0.1 per share. Upon completion of the share subdivision, the Company issued a total of 588,000,000 shares, which were wholly subscribed by the Promoters.

Article 19 After the share subdivision, the Company issued 250,000,000 Foreign Invested Shares Listed Overseas (H Shares) (excluding the 15% of over-allotment option), which constitutes the ratio of

Article 16 of Mandatory Provisions/ Section 9 of Appendix 3 of 《the Listing

29.83% of a total number of ordinary shares to be issued by the Company. Rules of Growth Enterprise Market of Hong Kong》

As authorised at the 2003 annual general meeting held on 18 May 2004 and as approved by the extraordinary general meeting of the Company, domestic shares class meeting and H shares class meeting on 24 January 2005, in addition of in aggregate of 225,500,000 H shares were issued which constitutes the ratio of 21.2% on the total number of ordinary shares to be issued by the Company.

As at 24 December 2010, the shareholding structure of the Company is: the number of ordinary shares is 1,063.5 million, in which the founding member Sun Li Yong holds 72.2 million shares (subject to impoundment by 绍兴中级人民法院 Shaoxing Intermediate People's Court\*) (the "Court");浙江永利实业集团有限公司 (Zhejiang Yongli Industry Group Co.Ltd\*) ("**Zhejiang Yongli**") holds 310 million shares; Fang Xiao Jian holds 182.28 million shares (subject to impoundment by the Court); Fang Han Hong holds 11.76 million shares; Sun Jian Feng holds 5.88 million shares; and Xia Xue Nian holds 5.88 million shares, whereas other holders of overseas-listed foreign shares (H shares) hold 475.5 million shares.

Upon completion of the transfer of all the shares held by Sun Li Yong and Fang Xiao Jian (Subject to the impoundment by the Court) to Zhejiang Yongli after judgement(s) to be made by the Court, the shareholding structure of the Company will be: the number of ordinary shares is 1,063.5 million ordinary shares, in which Zhejiang Yongli will hold 564.48 million shares; Fang Han Hong holds 11.76 million shares; Sun Jian Feng holds 5.88 million shares; Xia Xue Nian holds 5.88 million shares, whereas other holders of overseas-listed foreign shares (H shares) hold 475.5 million shares.

Article 20 Where the Company has a scheme approved by the competent securities department of the State Council to issue Foreign Invested Provisions Shares Listed Overseas and Domestic Shares, the board of directors of the Company may implement arrangements to make separate issue. Article 17 of Mandatory



A scheme for the separate issue of Foreign Invested Shares Listed Overseas and Domestic Shares prepared by the Company in accordance with the preceding paragraph may be implemented separately within fifteen (15) months from the date on which the issue scheme is approved by the Securities Committee of the State Council.

Article 21 If a company separately issues Foreign Invested Shares Listed Overseas and Domestic Shares with the total number of shares fixed in the Company's issue scheme, Foreign Invested Shares Listed Overseas and Domestic Shares shall separately be subscribed in full at one time. Under special circumstances, where the total number of shares in each issue cannot be entirely subscribed in full at the one time, such shares may, subject to approval by the Securities Committee of the State Council, be issued in installments.

Article 22 The registered capital of the Company is RMB83,800,000, and shall be RMB106,350,000 after the successful issuance of H Shares (excluding the 15% of over-allotment option).

Article 23 The Company may, in accordance with the requirements of its business operations and development, increase its capital with approval as stipulated in the Articles of Association.

The Company may adopt the following methods to increase its capital:

- (1) issue new shares to non-designated investors for subscription;
- (2) conduct a rights issue of new shares to the existing shareholders;
- (3) conduct a bonus issue of new shares to the existing shareholders;
- (4) other methods as approved by laws and statutory regulations.

Where a company has increased its capital through a new share issue with approval as stipulated in the Articles of Association, the matter shall be handled in accordance with the procedures as

stipulated in the relevant State laws and statutory regulations.

- Article 24 Except for laws and statutory regulations stipulate otherwise, shares of a company may be subject to free assignment and shall have no lien attached. Article 21 of Mandatory Provisions/ Section 1(2) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》
- Article 25 As regards to exercise the power 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. Section 13(1) and (2) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

The Company may sell the shares of a member who is untraceable, and retain the proceeds 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 by any member; and
- (2) upon expiry of the 12 years the Company makes announcement expressing the intention to sell the shares after obtaining approval from the Securities Committee of the State Council and notifies such Committee and the relevant overseas securities regulatory authority.

#### **Chapter 4 Reduction of Capital and Buy Back of Shares**

- Article 26 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. Article 22 of Mandatory Provisions
- Article 27 The Company is required to formulate balance sheet and inventory while reducing registered capital. Article 23 of Mandatory Provisions/ Section 7(1) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》
- The Company should inform all creditors within 10 days upon passing the resolution to reduce registered capital and publish announcement on newspapers within 30 days upon passing the resolution. Creditors who have received the notice can request the Company to settle all the debts or provide corresponding debt repayment guarantee within 30 days of receipt of notice while those who have not received the notice can make the same request within 45 days of the first announcement.

The registered capital of the Company upon reduction cannot be lesser than the

minimum statutory requirement.”

Article 28 Under the following circumstances, the Company can repurchase issued shares in accordance with the procedures required by the Articles of Association and upon compliance with the relevant laws, rules and regulations and obtaining approval from related supervisory organizations of the State Council: Article 24 of Mandatory Provisions

- 1) cancellation of shares for the reduction of capital of the Company;
- 2) merge with other companies which are shareholders of the Company;
- 3) to request the Company to repurchase its shares by the shareholders when they cast vote against the proposal for merger or demerger in the shareholders' meeting of the Company;
- 4) other situations provided by law and administrative regulations.

Resolution by General Meeting is required for repurchase of the Company's shares for the item 1 to item 2 of the above. Shares repurchased by the Company according to situation listed above are required to be cancelled within the period prescribed by the relevant laws, rules and regulations.

The Company shall not accept the shares of the Company as a subject for pledges.

Article 29 Subject to approval by the State department in charge, the following methods may be adopted to buy back shares: Article 25 of Mandatory Provisions

- (1) issue a buy back offer to all shareholders according to an equal percentage;
- (2) through means of open trading at the stock exchange;
- (3) through means of an agreement outside the stock exchange.

Article 30 When a company buys back shares by means of an agreement outside the stock exchange, the approval by general meeting of shareholders must be obtained in advance in accordance with the provisions of the Articles of Association. Subject to advance approval by the general meeting of shareholders to buy back shares through means of an agreement, the Company may dissolve or alter the contracts which have already been concluded after having undergone the procedure described above or may renounce any rights stipulated in those contracts. Article 26 of Mandatory Provisions

The aforesaid share buy back contract shall include (but not limited to) agreements to bear the obligation of buying back shares and to obtain share buy back rights.

The Company shall not be permitted to transfer a contract for the buy back of its shares nor to assign any rights stipulated in the contract.

Article 31 Upon repurchase of shares in compliance with the law, the Company, according to the law, and administrative regulations stipulating the cancellation of such shares, Article 27 of Mandatory Provisions

shall cancel those shares within the period stipulated by law and administrative regulations and shall apply to the original companies registration authority for registration of change in its registered capital. Provisions

The total nominal value of the shares so cancelled shall be diminished from the registered share capital of the Company

Article 32 Unless the Company has already entered into liquidation, the Company shall abide by the following provisions when buying back its issued shares: Article 28 of Mandatory Provisions

- (1) Where the Company buys back its shares at par value, the funds expended shall be deducted from the book balance of the distributable profits and from proceeds derived from the issue of new shares for the buy back of old shares.
- (2) Where the Company buys back shares at a price in excess of their par value, that portion of funds represents the par value shall be deducted from the book balance of distributable profits and proceeds derived from the issue of new shares for the buy back of old shares; that portion of funds in excess of the par value shall be handled pursuant to the following measures:
  - (a) where bought back shares are listed at par value, the funds shall be deducted from the book balance of the distributable profits;
  - (b) where bought back shares are issued at a price in excess of their par value, the funds expended shall be deducted from the book balance of distributable profits and proceeds derived from the issue of new shares for the buy back of old shares; however, the amount deducted from the issue of new shares shall not exceed the total premium on the bought back old shares at the time when those shares were issued, and shall not exceed the amount (including the premium on the issue of new shares) in the premium account or capital reserve fund account at the time of buying back of those shares.
- (3) Funds used for expenditure on the following shall be made from distributable profits of the Company:
  - (a) obtaining buy back rights for the buying back of shares;
  - (b) amending the share buy back contract;
  - (c) dissolving the obligations in the share buy back contract.
- (4) After the total par value of cancelled shares has been offset against the registered capital of the Company pursuant to

relevant regulations, the amount spent on buying back the par value of shares which can be deducted from the distributable profits shall be charged to the premium account or capital reserve fund account of the Company.

## **Chapter 5 Financial Assistance for the Acquisition of the Company's Shares**

Article 33 The Company or its subsidiaries shall not at any time or use any means to provide any financial assistance to parties buying or intending to buy the Company's shares. The aforesaid parties buying the Company's shares shall include parties directly or indirectly bearing obligations because of the acquisition of the Company's shares. Article 29 of Mandatory Provisions

The Company or its subsidiaries shall not at any time or use any means to provide financial assistance to the aforesaid obligated parties in order to reduce or dissolve their obligations.

The provisions of this Article shall not apply in circumstances described in Article 35 of this Chapter.

Article 34 For the purposes of this Chapter, financial assistance shall include (but not limited to) the following: Article 30 of Mandatory Provisions

- (1) making a gift;
- (2) providing a guarantee (including an undertaking by the guarantor to bear liability or the guarantor providing property as a means of ensuring that the obligator fulfils an obligation), compensation (but not including such compensation made due to the Company's own fault), dissolving or renouncing of rights;
- (3) providing loans or concluding a contract which stipulates that the Company assumes obligations ahead of another party, changing the parties to these loans or contracts, or assigning rights pertaining to these loans or contracts;
- (4) providing financial assistance through any other means when the Company is unable to repay its debts, has no net assets or in circumstances likely to lead to a heavy reduction in net assets.

For the purpose of this Chapter, “assume obligations” shall include act whereby the obligator assumes obligations as a result of entering into a contract or making an arrangement (regardless of whether that contract or arrangement can be compulsorily enforced or not, or regardless of whether the obligator assumes obligations itself or jointly with others), or changing its financial position through any other means.

Article 35 The following actions shall not be regarded as actions prohibited by Article 33 of this Chapter: Article 31 of Mandatory Provisions

- (1) financial assistance honestly provided by the Company for the Company’s interests and where the major purpose of such financial assistance is not for acquisition of the Company’s shares, or where the said financial assistance is an incidental part of a certain overall plan of the Company;
- (2) the Company using its properties as dividends for distribution in accordance with the law;
- (3) dividends distributed in the form of shares;
- (4) reducing registered capital, buying back shares or adjusting shareholding right structure in accordance with the Articles of Association;
- (5) providing loans for its normal course of business operations and within the scope of the Company’s business (however, this must not result in a reduction of the Company’s net assets, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company’s distributable profits);
- (6) providing loans according to the plan for employees to hold shares of the Company (however, this must not result in a reduction of the net assets of the Company, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company’s distributable profits).

## **Chapter 6 Share Certificates and Shareholders Register**

Article 36 The share certificates of the Company shall adopt the form of registered share certificates. Article 32 of Mandatory Provisions

In addition to the following important items should be specified on a share certificate of the Company as stipulated in the 《Company Law》, other items as required by the stock exchange where the Company's shares are listed shall also be included:

- (1) the Company's name;
- (2) the date of the Company registered to be established;
- (3) classes of share certificates, par value and the number of shares represented;
- (4) the serial number of the share certificates;
- (5) other items required to be specified under the 《Company Law》, 《Special Regulations》 and the stock exchange on which the shares of the Company are to be listed.

Article 37 The share certificates of the Company may be transferred, given away, inherited and pledged in accordance with the relevant law, administrative regulations and provisions of the Articles of Association.

Any transfers and assignments of the share certificates shall be arranged to be registered in the share registrar entrusted by the Company.

Article 38 A share certificate shall be signed by the chairman of the board of directors. If the stock exchange where the Company's shares are listing requests that other senior management shall sign the share certificates, a share certificate shall also be signed by those senior management as requested. A share certificate shall only become valid after it is affixed with the Company seal (including security seal of the Company) or with the company seal in a printed format. That all the share certificates be under the company seal or with the company seal in a printed format, which shall be affixed with the authority of the board of directors. Printed format may also be adopted for the signature of the chairman of the board of directors or other senior management on a share certificate.

Article 33 of Mandatory Provisions/ Supplementary amendment advice/ Section 2(1) of Appendix 3 of the Listing Rules of Growth Enterprise Market of Hong Kong

Article 39 A shareholder register shall be established by the Company to record the following items:

Article 34 of Mandatory Provisions

- (1) the name (or title), address (or residence) and occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;

- (3) the amount paid for or amount payable for shares held by each shareholder;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date on which the party registered as a shareholder;
- (6) the date on which the party ceased to be a shareholder.

The shareholder register shall be sufficient evidence to verify that a shareholder holds company shares, except where evidence to the contrary exists.

Article 40 In accordance with the mutual understanding and agreement reached between the Securities Committee of the State Council and the overseas stock exchange supervision and management authority, the original copy of a Company's shareholders register of Foreign Invested Shares Listed Overseas shall be maintained overseas and managed by overseas agent entrusted by the Company. The original copy of a Company's shareholders register of Foreign Invested Shares Listed Overseas listing in Hong Kong shall be maintained in Hong Kong.

Article 35 of Mandatory Provisions/ Supplementary amendment advice/ Section 1(b) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong》

A duplicate copy of the Company's shareholders register of Foreign Invested Shares Listed Overseas shall be kept at the business premises of the Company as backup. The entrusted overseas agent shall ensure the consistency of the original and duplicate copies of the shareholders register of the Foreign Invested Shares Listed Overseas at all times.

In the event of a duplicate copy not being consistent with the original of a shareholders register of Foreign Invested Shares Listed Overseas, the original copy shall prevail.

Article 41 The Company shall maintain a complete shareholders register. A shareholders register shall consist of the following:

- (1) the same register other than those stipulated in items (2) and (3) of this paragraph to be kept at the business premises of the Company;
- (2) a company's shareholders register of Foreign Invested Shares Listed Overseas to be kept at the location of the overseas stock exchange where the Foreign Invested Shares

Article 36 of Mandatory Provisions/ Section 1(b) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong》



Listed Overseas is listing;

- (3) a shareholders register to be kept in another place designated by the board of directors so as to meet the requirements for listing of the Company's shares.

Article 42 There shall be no overlap between the various parts of the Article 37 of Mandatory shareholders register. In the event of assignment of shares Provisions/ Supplementary registered in a certain part of the shareholders register, those amendment advice shares shall not be permitted to be registered in another part of the shareholders register during the period of time in which their registration is maintained in the other part of the ledger.

That the overseas Foreign Invested Shares listed in Hong Kong with all the capital being fully paid shall freely be assigned in accordance with the Articles of Association. However, unless the following conditions are satisfied, the board of directors may refuse the admission of any transfer document without giving any reasons:

- (1) paying to the Company at a fee of HK\$2.50 or such higher Section 1(1) of Appendix 3 fee as the Hong Kong Stock Exchange may agree, for of the Listing Rules of the registration of transfer instrument and other Growth Enterprise Market of documents relating to or potentially affecting the Hong Kong share title;
- (2) the transfer instrument shall only be associated with the Foreign Invested Shares Listed Overseas which are listed in Hong Kong;
- (3) the payable duty stamp has been paid for any transfer instrument;
- (4) shall provide the related share certificate and the evidence substantiating the transferor's right to transfer the shares as Section 1(3) of Appendix 3 reasonably required by the board of directors; of 《 the Listing Rules of
- (5) where the shares are intended to transfer to joint holders, Growth Enterprise Market of then the number of joint holders shall be limited to four; Hong Kong》
- (6) no lien of any Company shall be attached to such shares.

Alteration or correction of any part of a shareholders register shall be carried out in accordance with the law prevailing in the places at which those parts of the shareholders register are kept. Section 1(4) of Appendix 3

If the Company refuses the registration of share transfer, it should give the transferor and transferee a written notice for such refusal within 2 months from the date on which the transfer application of 《 the Listing Rules of Growth Enterprise Market of

was formally made.

Hong Kong»

The standard transfer form required by the Hong Kong Stock Exchange may be used for such transfer. All transfer instrument shall be signed by hands of the transferor and transferee or in printed format

Article 43 The procedures to register amendments to a shareholders register resulting from an assignment of shares shall not be carried out within thirty (30) days of the commencement of a general meeting of shareholders or within five (5) days of the date on which dividends are to be distributed as decided by the Company. Article 38 of Mandatory Provisions

Article 44 When convening a general meeting of shareholders distributing dividends, in liquidation or conducting other activities involving the confirmation of shareholding right, the board of directors shall confirm a date as shareholding right confirmation date. At the end of the shareholding right confirmation date, shareholders registered in the shareholders register shall be the Company's shareholders. Article 39 of Mandatory Provisions

Article 45 Any party which raises objection to a shareholders register and requests its name (or title) to be registered in the shareholders register or requests that its name (or title) be deleted from the shareholders register may apply to the court having jurisdiction to amend that shareholders register. Article 40 of Mandatory Provisions

Article 46 Any shareholders registered in the shareholders register or any party who requests that its name (or title) be registered in the shareholders register may apply to the Company for supplementary issue of replacement certificates (ie "corresponding certificates") if its share certificates (ie "original share certificates") have been lost. Article 41 of Mandatory Provisions/

In the case of a domestic shareholder losing its share certificate and applying for supplementary issue of a replacement certificate, this shall be handled in accordance with the provisions of Article 150 of the 《Company Law》 .

In the case of a holder of Foreign Invested Shares Listed Overseas losing its share certificate and applying for supplementary issue

of a replacement certificate, this shall be handled in accordance with the law of the place where the original register of foreign invested shareholders is kept with the rules of the stock exchange or other relevant regulations.

If a holder of Foreign Invested Shares listed in Hong Kong has lost its share certificate and applies for supplementary issue of a replacement certificate, the supplementary issue of a replacement certificate shall be in compliance with the following requirements :

- (1) The applicant shall lodge an application according to the standard format designated by the Company and shall attach a notarial certificate or document of legal declaration. The contents of the notarial certificate or legal declaration shall include reasons for the application, details and evidence of the loss of the share certificate and a declaration that no other party can request the registration of such shares as a shareholder.
- (2) No declaration has been made by any party other than the applicant requesting the registration of those shares as a shareholder before the Company makes a decision on supplementary issue of a replacement certificate. Section 7(1) of Appendix 3 of 《 the Listing Rules of Growth Enterprise Market of Hong Kong》
- (3) Where the Company decides to make supplementary issue of a replacement certificate, a public announcement of the intended supplementary issue of the replacement certificate shall be published in newspaper(s) designated by the board of directors; the period for a public announcement shall be ninety (90) days and the public announcement shall be published at least once every thirty (30) days.
- (4) Before publication of a public announcement of the intended supplementary issue of a replacement share certificate, a duplicate copy of the public announcement to be published shall be submitted to the stock exchange where the Company's shares are listing. The public announcement may then be published after receipt of a reply from the stock exchange confirming the display of the public announcement in the stock exchange has occurred. The period for display of a public announcement in the stock exchange shall be ninety (90) days. If an application for the supplementary issue of a replacement share certificate is made without the consent of a shareholder registered in the shareholders

register who holds the relevant shares, the Company shall post a copy of the public announcement to be published to the shareholder concerned.

- (5) Upon the expiration of the ninety (90) day period for a public announcement or display as stipulated in items (3) and (4) of this Article and where no objection against supplementary issue of a replacement share certificate has been raised by any party, the replacement share certificate may be issued pursuant to the application.
- (6) When making supplementary issue of a replacement share certificate pursuant to the provisions of this Article, the Company shall promptly cancel the original share certificate and shall record such cancellation and supplementary issue of the replacement share certificate on the shareholders register.
- (7) All expenses incurred by the Company in the cancellation of the original share certificate and the supplementary issue of the replacement share certificate shall be borne by the applicant. The Company shall have the right to refuse to undertake the action before an applicant provides a reasonable guarantee.

Article 47 After a replacement share certificate has been issued by the Article 42 of Mandatory Company in accordance with the provisions of the Articles of Provisions Association, a bona fide purchaser who obtains the said new shares or a shareholder (if a bona fide purchaser) who later registers as owner of the said shares shall not be permitted to have its name (or title) deleted from the shareholders register.

Article 48 The Company shall not bear liability to compensate for any loss Article 43 of Mandatory incurred by any party as a result of cancellation of the original Provisions share certificate or issue of the replacement share certificate unless the party concerned can prove that the Company has committed fraud.

#### **Chapter 7 Rights and Obligations of a Shareholder**

Article 49 The shareholders of the Company shall be the parties who legally Article 44 of Mandatory hold the Company's shares and whose names (or titles) have been Provisions/ Section 9 of registered on the shareholders register. Appendix 3 of 《the Listing

A shareholder shall enjoy rights and assume obligations pursuant to the class and quantity of shares held; holders of the same type of share shall enjoy equal rights and assume equal obligations.

Article 50 Ordinary shareholders of the Company are entitled to the following rights: Article 45 of Mandatory

- 1) receive dividend and other forms of benefit according to the number of shares beneficially owned by them;
- 2) request, summon, convene and attend or appoint agent of shareholders to attend general meetings and exercise voting rights in compliance with the laws;
- 3) supervise and administer business operations activities of the Company and make recommendations and queries;
- 4) transfer, give or pledge of shares in accordance with the laws, administrative regulations and articles of association;
- 5) receive related information in accordance with the articles of association including:
  1. articles of association upon settlement of reasonable costs;
  2. reading and copying rights upon settlement of reasonable fees:
    - (i) all parts of the register of members;
    - (ii) personal particulars of directors, supervisors, general managers and other senior management staffs of the Company, including:
      - (a) current and previous names and alias;
      - (b) principal address (residential);
      - (c) nationality;
      - (d) profession and all other part time occupations and responsibilities; and
      - (e) identification documents and number thereof.
    - (iii) shareholding condition of the Company;
    - (iv) aggregate face value, quantities, highest and lowest prices of each class of shares the Company repurchased in the previous fiscal year and the report on the total expenditure of the Company thereof;
    - (v) minutes of the general meeting, minutes of the board of directors resolutions, minutes of the supervisors resolutions, financial accounting reports, records of the debentures of the Company.

Provisions

Section 12 of Appendix 3 of  
《 the Listing Rules of  
Growth Enterprise Market of  
Hong Kong》

- 6) participation in the allocation of remaining assets of the Company in proportion to the number of shares hold in the event of termination or liquidation of the Company;
- 7) other rights derived from laws, administrative regulations and the articles of association.

The Company shall not exercise its rights to freeze or in any other forms damage the rights attached to any shares held in the event that any person has not disclosed the rights they hold directly or indirectly.

Article 51 Shareholders of ordinary shares of the Company bear the following responsibilities: Article 46 of Mandatory

- 1) act in compliance with the articles of association;
- 2) pay the premium for the shares in accordance with the subscribed shares and the

Provisions

method of subscription;

- 3) shall not withdraw shares unless required by laws and regulations;
- 4) shall not abuse the rights as shareholders to damage the interests of the Company or other shareholders nor abuse the position of independent corporate entity and the limited responsibilities of shareholders to damage the interests of the creditors of the Company. Shareholders of the Company who abuse the rights of shareholders resulting in the loss of the Company or other shareholders shall be liable for indemnification in accordance with the laws. Shareholders of the Company who abuse the position of independent corporate entity and the limited liability of shareholders and escape from debt liabilities, damage the interest of the creditors of the Company seriously, shall be liable for the liability of the Company incidental thereto;
- 5) other responsibilities as required by the laws, administrative regulations and the articles of association.

Shareholders of ordinary shares are not responsible for other additional responsibilities related to the share capital increase except for those agreed upon when the subscribers subscribe for the shares.

Article 52 In addition to obligations as required by laws, statutory Article 47 of Mandatory regulations or the listing rules of the stock exchange the Provisions

Company's shares are listing, a controlling shareholder when executing its shareholding rights shall not be permitted to exercise its voting rights to make decisions on the following matters which harm the interests of all or some shareholders:

- (1) to relieve a director or supervisor from his/her responsibility on the basis that this is in the best interests of the Company;
- (2) to approve that a director or supervisor (for his/her own interests or another's interests) expropriate company property using any means including (but not limited to) any opportunity which is beneficial to the Company;
- (3) to approve that a director or supervisor (for his/her own interests or another's interests) divest other shareholders of individual rights and interests including (but not limited to) any distribution rights and voting rights, but not including where the matter is submitted to the general meeting of shareholders for adoption in accordance with the Articles of Association that there be reorganization of the Company.

Article 53 Controlling shareholder mentioned in the previous Article of the articles of association refers to the one who possesses one of the following conditions: Article 48 of Mandatory

- 1) such person acting individually or collectively with others can elect over 50% of the directors;
- 2) such person acting individually or collectively with others can exercise over 30% (including 30%) of the voting right of the Company or control the exercise

Provisions

- 3) such person acting individually or collectively with others holds over 30% (including 30%) of the issued shares of the Company;
- 4) such person acting individually or collectively with others actual control of the Company by other means.

Controlling shareholders and actual controlling persons of the Company shall not utilize their connected relationship to harm the interests of the Company. Those who violate this requirement and result in losses to the Company shall bear the responsibility of indemnification. Controlling shareholders and actual controlling persons of the Company bear the fiduciary responsibility to the Company and public shareholders of the Company. Controlling shareholders shall strictly exercise rights of the contributor but shall not by way of profit allocation, asset restructuring, external investment, use of capital, loan guarantee etc. to harm the legal rights of the Company and public shareholders and shall not exploit his or her controlling position to harm the interests of the Company and the public shareholders.

### **Chapter 8    General Meeting**

Article 54    General meeting of shareholders shall be a Company's most powerful authority and shall exercise its powers of office in accordance with the law.    Article 49 of Mandatory Provisions

Article 55    (1) The shareholders' general meeting shall have the following powers of the Company:—to determine the business policies and investment plans;  
 (2) to elect and replace directors and to determine the remuneration of the directors;  
 (3) to elect and replace supervisors who are representatives of the shareholders and to determine the remuneration of such supervisors;  
 (4) to consider and to approve the report of the board of directors;  
 (5) to consider and to approve the report of the supervisory committee;  
 (6) to consider and to approve the annual financial budgets and final accounts of the Company;  
 (7) to consider and to approve the profit distribution plan and loss recovery plan of the Company;  
 (8) to resolve the increase in or reduction of the registered capital of the Company;  
 (9) to resolve the amalgamation, demerger, dissolution and liquidation of the Company;  
 (10) to resolve the issue of debentures of the Company;  
 (11) to resolve the appointment, dismissal or discontinuance of appointment of the accountants firm;  
 (12) to amend the articles of association;  
 (13) to consider the motion put forward by the shareholders holding shares conferring voting right of more than 3 per cent (including 3 per cent);  
 (14) to consider and to approve the guarantee set out in the second paragraph of this Article;  
 (15) to consider purchase and sales of material assets within 1 year with value over 30% of the latest audited total asset value;  
 (16) to consider and to approve change of use of funds;  
 (17) to consider the share incentive plan;  
 (18) other matters to be approved at the shareholders' general meeting as required by the laws, administrative regulations and the articles of association.    Article 50 of Mandatory Provisions

The following external guarantee activities require approval from the general

meeting:

- (i) any guarantee provided after the amount of guarantee by the Company or its subsidiaries reached or exceeded 50% of the latest audited net assets value;
- (ii) any guarantee provided after the aggregate amount of external guarantee by the Company reached or exceeded 30% of the latest audited total assets value;
- (iii) guarantee provided to object with an asset to debt ratio over 70%;
- (iv) one-off guarantee with an amount exceeded 10% of the latest audited net asset value;
- (v) guarantee provided to shareholders, actual controlling persons and their connected persons.

The shareholders' general meeting may authorise or appoint the board of directors to effect those matters authorised or appointed by the shareholders' general meeting.

Article 56 Without the advance approval of a general meeting of Article 51 of Mandatory shareholders, a Company shall not be permitted to enter into a Provisions contract with a person other than a director, supervisor, manager or other senior management where such contract grants responsibility to that person for the management or major business activities of the Company.

Article 57 General meetings are categorized into annual general meeting and extraordinary Article 52 of Mandatory general meeting. The general meetings are called upon by the board of directors. Provisions Annual general meetings are held once a year and shall be convened within 6 months after the end of the previous fiscal year.

- (1) The board of directors shall call for an extraordinary general meeting within 2 months in the event the following situations occurred: the number of directors is below 2/3 as required by the Company Law or the articles of association;
- (2) losses not recovered reached 1/3 of the aggregate share capital of the Company;
- (3) shareholders holding 10% (including 10%) of the voting rights of issued shares of the Company request for an extraordinary general meeting in writing;
- (4) the board of directors considers necessary or the board of supervisors suggests to convene;
- (5) the accountants firm employed by the Company requests to call for an extraordinary general meeting in accordance with the requirements of Article 165 of this articles of association;
- (6) over two independent directors suggests to convene.

In relation to the extraordinary general meetings requested to be called upon by the independent directors, the board of directors shall act in accordance with the laws, administrative regulations and this articles of association, provide written advice within 10 days of receiving the suggestion, to consider whether to agree or to disagree to the convening of the extraordinary general meeting. In agreeing to the convening of the extraordinary general meeting, the board of directors shall after 5 days of the board resolutions deliver the notice on the convening of the extraordinary general meeting. In the event the board of directors disagrees to convene the extraordinary general meeting, they shall explain the reasons and make an announcement.

Article 58 When convening a general meeting of shareholders, written Article 53 of Mandatory



notification shall be made to the shareholders registered in the shareholders register forty-five (45) days (including the date of meeting but excluding the date of notice issuance) before the convening of the meeting of those matters to be discussed at the meeting and the date and location of the meeting. Shareholders intending to attend the general meeting shall send their written acknowledgments to the Company twenty (20) days before the convening of the meeting.

Provisions

Article 59 At any annual general meeting convened by the Company, shareholders holding shares conferring voting right of more than three per cent. (including three per cent.) of the total voting rights are entitled to propose new resolutions in writing to the Company and the matters within the scope of general meeting in such resolution shall be included in the agenda of that meeting.

Article 54 of Mandatory Provisions

Article 60 The Company shall, based on the written replies received twenty (20) days before the commencement of the general meeting, calculate the shares with voting rights held by those shareholders intending to attend the meeting. A general meeting may be convened if those shareholders intending to attend have title to more than half of the Company's shares with voting rights; if not, the Company shall, within five (5) days, notify the shareholders once again through public announcement of those matters to be discussed at the meeting, and the date and location of the meeting. The Company may convene the general meeting only after such public announcement has been made.

Article 55 of Mandatory Provisions

An extraordinary general meeting shall not be permitted to propose resolutions on matters which were not included in the notice.

Article 61 The notice of a shareholders' general meeting shall meet the following requirements:

Article 56 of Mandatory Provisions

- (1) it shall be made in writing or in other manners as provided in these Articles of Association of the Company (including use of electronic means);
- (2) specify the location, date and time of the meeting;
- (3) state those matters to be discussed at the meeting;
- (4) provide the shareholders with data and explanations necessary in order to make informed decisions on those matters to be discussed; this shall include (but not be restricted to) providing detailed conditions and contracts (if

such exist) on deals to be conducted and proper explanation of consequences where the Company proposes a merger, buy back of shares, share capital restructure or other reorganisation;

- (5) if any director, supervisor, manager or other senior management is an interested party to a matter to be discussed at the meeting, the nature and degree of that interest shall be disclosed; if a matter to be discussed impacts upon such a director, supervisor, manager or other senior management in their capacity as shareholders and such impact differs to the impact on other shareholders holding the same classes of shares, such difference shall be explained;
- (6) include the full text of any special resolution to be passed at the meeting;
- (7) unequivocally state in clear language that a shareholder with the right to attend the meeting and to vote shall be entitled to entrust one or more agents to attend the meeting and to vote on behalf of that shareholder, and that the agent(s) of that shareholder need not necessarily be shareholder(s);
- (8) state clearly the place and date by which a letter of proxy for voting shall be received.

Article 62 The notice of a general meeting shall be delivered to the Article 57 of Mandatory shareholders (whether or not such shareholders are entitled to vote Provisions/ Sections 7(1) at the meeting) in the manner as provided in these Articles of and (3) of Appendix 3 of Association of the Company (including use of electronic means). 《 the Listing Rules of Growth Enterprise Market of Hong Kong》 If the notice of meeting is delivered by hand or by postage-prepared mail, the recipient's address shall be the address as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.

The aforesaid public announcement shall, within forty-five (45) to fifty (50) days before the commencement of the meeting, be published in one or several newspapers designated by the Securities Committee of the State Council. Once a public announcement has been made, this shall be regarded as notice received by all Domestic Shareholders.

Article 63 In the event of failure to send notice due to accidental omission to Article 58 of Mandatory a certain person who has the right to obtain notice or where that Provisions person failed to receive notice, the meeting and resolutions passed at that meeting shall not become invalid as a result.

Article 64 Any shareholder who is entitled to attend and vote at the general Article 59 of Mandatory meeting may appoint one or more proxies (who need not be a Provisions shareholder of the Company) to attend and vote on his behalf. The proxy may exercise the following rights as authorized by the shareholder:-

- (1) to speak for the shareholder at the general meeting; and
- (2) to vote by way of poll.

Article 65 A shareholder shall use written form when entrusting an agent. The Article 60 of Mandatory letter of proxy shall be signed by the principal or the agent Provisions entrusted by the principal in writing. If a principal is a corporation, the letter of proxy shall be affixed with the seal of the corporation or shall be signed by its director or officially entrusted officer or agent. The letter of proxy shall indicate the number of shares represented by an agent on behalf of the principal.

Article 66 A letter of proxy for voting shall be received and kept at the Article 61 of Mandatory Company's premises or at another place designated in the notice Provisions of the meeting at least twenty-four (24) hours prior to commencement of the relevant meeting or before the designated time of voting. If a letter of proxy is signed by another party as authorised by the principal, a power of attorney to sign the letter of proxy or other document of authorisation shall be subject to notarisisation. The notarised power of attorney or other authorisation document shall be kept with the letter of proxy at the Company's premises or other place as stipulated in the notice of meeting.

If the principal is a corporation, its legal representative or person authorised by its board of directors or other decision-making department shall be the representative to attend general meeting of shareholder of the Company.

Where a shareholder is a recognised clearing house or its

nominee(s) (hereinafter as “recognised clearing house”) as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of shareholders of the Company or at any meeting of any class of Members provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house which he or they represent as if such person is an individual shareholder of the Company.

Article 67 Any format of a letter of proxy issued by the board of directors used in appointing an agent on behalf of a shareholder shall allow the shareholder to freely choose to instruct that agent as to whether to make an affirmative or negative vote and to give instructions respectively on matters to be decided by vote at the meeting. A letter of proxy shall include a note that if a shareholder does not give instructions, the agent may vote according to his/her judgment. Article 62 of Mandatory Provisions

Article 68 When the principal dies before voting, loses the capacity to act, withdraws a letter of proxy, withdraw the power of attorney to sign a letter of proxy or if the relevant shares have been assigned, and if the Company has not received written notice concerning this matter prior to commencement of the relevant meeting, a vote made by the shareholder’s agent according to the letter of proxy shall remain valid. Article 63 of Mandatory Provisions

Article 69 Agents shall show their identification documents in attending general meeting on behalf of shareholders. If corporate shareholders entrust legal representatives to attend the meetings, the legal representatives shall show their identification documents and a copy of authorised documents (except recognised clearing houses) from the board of directors of the corporation appointing the legal representatives or other authorities, or other authorised document approved by the Company.

Article 70 Resolutions of general meeting of shareholders shall be divided Article 64 of Mandatory

into ordinary and special resolutions.

Provisions

An ordinary resolution at a general meeting shall require the approval of more than half of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.

A special resolution at a general meeting shall require the approval of more than two-thirds of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.

- Article 71 When voting at a general meeting, a shareholder (including the agent of a shareholder) shall exercise voting rights according to the number of shares held. Each share held shall represent the equivalent of one voting right. Where any shareholder is, under the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited and/or any relevant laws, rules and regulations, 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 65 of Mandatory Provisions
- Article 72 Any vote of shareholders at a general meeting must be taken by poll and the Company must announce the results of the poll in the manner prescribed by the rules of the stock exchange on which the shares of the Company are listed. Article 66 of Mandatory Provisions
- Article 73 If it has been requested that a decision to elect the chairman of the meeting or to stop the meeting be made through a poll, the poll shall be promptly conducted. In relation to other matters to be decided by poll as requested, the chairman shall decide when the poll shall be conducted. The meeting may then be continued and other matters discussed. The results of the vote shall be regarded as a resolution passed by the meeting. Article 67 of Mandatory Provisions
- Article 74 When voting by poll, a shareholder (including the agent of a shareholder) with two (2) or more voting rights need not cast all of their voting rights as affirmative or negative votes. Article 68 of Mandatory Provisions

- Article 75 Should there be a tie between negative and affirmative votes on a matter, the chairman of the meeting shall have the casting vote whether or not it is a vote by show of hands or by poll. Article 69 of Mandatory Provisions
- Article 76 Ordinary resolutions shall be proposed on the following matters at a general meeting: Article 70 of Mandatory Provisions
- (1) reports of the board of directors and supervisory committee;
  - (2) profit distribution plan and loss recovery plan prepared by the board of directors;
  - (3) appointment of members of the board of directors and supervisory committee and their remuneration and payment methods
  - (4) the Company's annual budget and financial accounting reports, balance sheets, profit and loss statements and other financial statements; and
  - (5) matters other than those on which special resolutions shall be proposed as stipulated in laws, statutory regulations or the Articles of Association.
- Article 77 Special resolutions shall be proposed on the following matters at a general meeting: Article 71 of Mandatory Provisions
- (1) Company share capital expansion and reduction, and the issue of any types of share, share certificate subscription and other similar securities;
  - (2) the issue of corporate bonds;
  - (3) Company demerger, merger, dissolution and liquidation, and material acquisition and disposal;
  - (4) amendments to the Articles of Association;
  - (5) other matters which are deemed by the general meeting to have a material impact on the Company and where it is passed by ordinary resolution at the general meeting that the matter shall be resolved by special resolution. Section 4(3) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》
- Article 78 All resolutions approved by the general meetings shall in compliance with the PRC laws, statutory regulations and the relevant provisions of the Articles of Association.
- Article 79 Shareholders who request the convening of an extraordinary Article 72 of Mandatory

general meeting or a class meeting of a of shareholders shall do so Provisions  
in accordance with the following procedures:

- (1) two (2) or more shareholders with combined title to more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting's agenda. After receiving the aforesaid written request, the board of directors shall promptly convene an extraordinary general meeting or class meeting of shareholders of shareholders. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request.
- (2) if the board of directors fails to issue notification convening a meeting within thirty (30) days after receiving the aforesaid written request, the shareholders who raised the request may convene the meeting within four (4) months after the board of directors received that request. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a general meeting by the board of directors.

In the case of shareholders organising the convening of a meeting as a result of the failure of the board of directors to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Article 80 A general meeting shall be convened by the chairman of the board Article 73 of Mandatory  
of directors who shall be the chairman of the meeting. If the board Provisions  
chairman is unable to attend the meeting, the vice-chairman of the  
board of directors shall convene the meeting and shall be the  
chairman of the meeting. If, for some reasons, both the chairman  
and the vice-chairman are unable to attend the meeting, the board  
of directors may designate a director of the Company to convene  
the meeting and to chair the meeting on its behalf. If no chairman  
of the meeting is designated, shareholders at the meeting may  
elect a chairman. In a case where shareholders are unable, for any

reason, to elect a chairman of the meeting, that a shareholder who holds the majority number of shares with voting rights shall be the chairman of the meeting (including an agent of a shareholder).

Article 81 The chairman of a meeting shall be responsible for making Article 74 of Mandatory decisions whether a resolution should be passed at the meeting. Provisions  
Decisions made shall be final and shall be declared at the meeting and recorded in the minutes of the meeting.

Article 82 If the chairman of a meeting has any doubts as to the results of a Article 75 of Mandatory resolution proposed at a meeting, the chairman may count the Provisions  
number of the votes; if the chairman of the meeting has not tallied the votes and a shareholder or an agent of a shareholder attending the meeting objects to a result declared by the chairman of the meeting, the shareholder or agent shall have the right to request a re-count of votes followed by an immediate declaration; the chairman of the meeting shall promptly count the votes.

Article 83 The result of vote counting at a general meeting shall be recorded Article 76 of Mandatory  
in the minutes of the meeting. Provisions

Minutes of a general meeting and the registry of shareholders attending the meeting and letters of proxy shall be kept at the Company's premises.

Article 84 A shareholder may consult the copy of the minutes of a general Article 77 of Mandatory meeting free of charge during the Company's business hours. If a Provisions  
shareholder asks for a copy of the minutes of a general meeting from the Company, the Company shall send a copy to that shareholder within seven (7) days after receipt of a reasonable fee.

### **Chapter 9 Special Procedures for Voting by Class**

Article 85 Shareholders holding different classes of shares shall be regarded Article 78 of Mandatory  
as different classes of shareholders. Provisions

The various classes of shareholders shall enjoy rights and assume obligations in accordance with laws, statutory regulations and the



Articles of Association.

Article 86 If the Company intends to change or abolish the rights of a class of shareholder, this shall be passed by a special resolution proposed at a general meeting and at a class meeting according to the provisions of Articles 82 to 86 respectively. Article 79 of Mandatory Provisions

Article 87 In the following situations the rights of a certain class of shareholder shall be regarded as having been changed or abolished: Article 80 of Mandatory Provisions

- (1) increase or reduction of the number of shares of that class, or increase or reduction of the number of that class of shares which have equal or greater voting rights, distribution rights and other rights to the said class of shares;
- (2) change to all or part of the said class of shares to another class, change to all or part of another class of shares to the said class, or grant equal conversation rights between the said class and another class of shares;
- (3) cancellation or reduction of the rights of a said class of shares to receive dividends which have been gained or accumulated;
- (4) reduction or cancellation of the preference right of a said class of shares to receive dividends or to receive distributed property during the Company's liquidation;
- (5) increase, reduction or cancellation of the conversion rights, options, voting rights, transferring rights, preference placing rights or rights to receive company securities pertaining to the said class of shares;
- (6) cancellation or reduction of the right of the said class of shares to received the payable fund from the company in a specify currency;
- (7) establishment of a new class of shares which have voting rights, distribution rights or other rights equivalent or greater than the said class of shares;
- (8) restriction of right of assignment or ownership to a said class of shares or the addition of further

restrictions;

- (9) issue of the right to subscribe or the right to convert shares to the said class or to another class of shares;
- (10) increase of the rights and privileges of other classes of shares;
- (11) where the Company's restructuring plan results in different class of shareholders assuming disproportionate liabilities during the restructuring;
- (12) amendment or abolition of articles stipulated in Chapter 9.

Article 88      Regardless of whether an affected class of shareholders originally Article 81 of Mandatory  
has voting rights or not, concerned shareholders shall have voting Provisions  
rights at a class meeting on those matters mentioned in items (2)  
to (8) and items (11) and (12) of Article 87; however, if a  
shareholder is an interested party, he/she shall not have voting  
rights at a class meeting .

The aforesaid interested shareholder shall include the following meanings:

- (1) In circumstances where, pursuant to the provisions of Article 31 of the Articles of Association, a company issues a buy back offer to all shareholders or buys back its own shares through open transactions at the stock exchange, "an interested shareholder" shall refer to a controlling shareholder as in Article 55 of these Article of Association.
- (2) In circumstances whereby a company, pursuant to the provisions of Article 31 of the Articles of Association, buys back its own shares through means of an agreement outside of the stock exchange, "an interested shareholder" shall refer to a shareholder related to such an agreement.
- (3) Where a company is undergoing restructuring, "an interested shareholder" shall refer to a shareholder who assumes liability less than the proportion assumed by shareholders of the same class or who has interests different to other shareholders in the same class.

Article 89      A resolution at a class meeting may be proposed only after Article 82 of Mandatory  
obtaining approval of more than two-thirds majority of that class Provisions  
of shareholders with voting rights present at the meeting, in

accordance with the provisions of Article 88 of the Articles of Association.

Article 90 When convening a class meeting, the Company shall issue a written notice forty-five (45) days (including the date of the meeting) in advance of the meeting to notify that class of registered shareholders of those matters to be discussed at the meeting and of the date and location of the meeting. A shareholder who intends to attend the meeting shall send a written reply to the Company twenty (20) days before the commencement of the meeting.

If the number of shares with voting rights represented by shareholders intending to attend the meeting is more than half of the total number of the said class of shares with voting rights, the Company may convene the class meeting. If not, the Company shall, within five (5) days, make further notice on those matters to be discussed at the meeting and the date and location of the meeting, to shareholders through a public announcement. After this public announcement is made, the Company may convene a class meeting.

Article 91 The notice of a class meeting shall only be to those shareholders who have the right to vote at the meeting.

The procedures to be followed at a class meeting shall be, as far as possible, the same as the procedures to be followed at a general meeting of shareholders. The articles in the Articles of Association dealing with the procedures to be followed at a general meeting of shareholders shall apply to a class meeting.

Article 92 Apart from shareholders with other classes of shares, holders of Domestic Shares and holders of Foreign Invested Shares Listed Overseas shall be recognised as different classes of shareholder.

The special procedures for voting by a class of shareholders shall not be applied in the following circumstances:

Article 83 of Mandatory Provisions

Article 84 of Mandatory Provisions

Article 85 of Mandatory Provisions/ Supplementary amendment advice

Section 1(f)(i) of Appendix 11C 《of the Listing Rules of Growth Enterprise Market of Hong Kong》

Section 1(f)(ii) of Appendix

- (1) Subject to approval by a special resolution of general meeting of shareholders, the Company issues Domestic Shares and/or Foreign Invested Shares Listed Overseas independently or simultaneously once every twelve (12) months, and each of the number of Domestic Shares and Foreign Invested Shares Listed Overseas to be issued does not exceed 20% of the shares of this class already issued;  
or
- (2) The scheme for the issue of Domestic Shares and/ or Foreign Invested Shares Listed Overseas when establishing the Company has been fulfilled within fifteen (15) months from the date of approval from the China Securities Regulatory Commission or other securities regulatory authority under the State Council.

#### **Chapter 10 The Board of Directors**

Article 93 The board of directors comprises of seven (7) to nineteen (19) members. The board of directors comprises one (1) chairman and one (1) deputy chairman.

Article 94 Directors shall be elected by a general meeting. The term of appointment of a director shall be 3 years. If the term of appointment of a director expires and he/she is re-elected, that director may be reappointed for consecutive terms.

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 seven days. Such period will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

Directors (executive directors and non-executive directors) of the first board of directors shall be nominated by the promoter and shall be elected in the meeting regarding the incorporation of the Company. The number of directors being elected each year shall not

be less than the number stipulated in Article 93 and shall not be more than the maximum number of directors approved by an ordinary resolution passed in a general meeting. If the number of directors elected by voting is more than the maximum number of directors, directors obtaining the highest number of votes with reference to the maximum number of directors so fixed shall be elected as directors.

Directors with unexpired term of office may be removed by an ordinary resolution approved in a general meeting (but claims made pursuant to any contract shall not be affected) provided that the provisions of the laws and administrative rules are complied with.

Section 4(3) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

A chairman and vice-chairman shall be elected or recalled by the board of directors which represents more than 50% of board of directors. The term of appointment of a chairman, vice-chairman and directors shall be 3 years and they may be reappointed for consecutive terms of re-elected.

Non-executive directors shall have sufficient time and the necessary knowledge and skills in order to be capable of performing their duties. In performing his duties by a non-executive director, the Company shall provide all the necessary information. Among other things, independent (non-executive) director may report directly to the general meeting, the securities supervisory and regulatory body of the State Council and to other relevant departments.

Article 6 of Opinion on the Further Promotion of the Regular Operation and In-Depth Reform of Companies Listed Overseas (hereinafter referred as the “Opinion”)

A director other than a non-executive director or an independent (non-executive) director may assume the office of any other senior management staff of the Company save and except the office of supervisor.

Article 1 of the Opinion

The number of senior management (chairman, vice-chairman and executive director) of the holding company who may assume the office of chairman, vice-chairman and executive director of the Company shall not be more than two.

A director shall not be requires to hold the Company’s shares.

Article 95 The board of directors shall be responsible to the general meeting Article 88 of Mandatory

and shall exercise the following powers of office:

Provisions

- (1) responsible for convening general meeting and to report to those meetings on work matters;
- (2) adoption of resolutions passed by a general meeting;
- (3) determination of the Company's business plans and investment plan;
- (4) formulation of the Company's annual budget and financial accounting plan;
- (5) formulation of the Company's profit distribution and loss recovery plans;
- (6) formulation of the Company's registered capital expansion or reduction plans and corporate bond issue plans;
- (7) drafting of plans on such matters as company merger, demerger or dissolution;
- (8) determination of the internal administrative structure of the Company;
- (9) appointment of and dismissal of the Company's manager, appointment and dismissal of the Company's deputy manager and chief financial officer and determination of their remuneration;
- (10) formulation of the Company's general management system, including but not limited to financial management and human resources management system;
- (11) formulation of a plan for the amendment of the Articles of Association;
- (12) application for the declaration of insolvency on behalf of the Company; Section 4(2) of Appendix 3 of 《the Listing Rules of
- (13) appointment of operation and legal advisors for the Company; Growth Enterprise Market of Hong Kong》
- (14) determination of other material matters and administrative matters and execution of other material agreements, except Article 6 of the Opinion matters to be approved by resolutions in general meeting as stipulated in company laws and the Articles of Association;
- (15) other powers being granted in general meeting and the Articles of Association.

When the board of directors proposes resolutions on the aforesaid matters, apart from resolutions on matters in items (6), (7) and (11) which must be approved by more than two-thirds majority of the directors, resolutions on other matters may be approved by more

than half of directors.

Resolutions in relation to connected transactions of the Company shall take effect only after the signing by the independent (non-executive) directors.

Article 96 In the event of the board of directors disposing of a fixed asset which to be disposed of and the value of fixed assets already disposed of within four months prior to this proposed disposal exceeds 33% of the value of fixed assets in the balance sheet most recently examined at the general meeting, the board of directors shall not be permitted to dispose of or to consent to the disposal of that fixed asset before the approval of the shareholders at the general meeting. Article 89 of Mandatory Provisions

For the purpose of this Article, disposal of a fixed asset shall include transfer of certain assets and interests, but shall not include the use of the fixed asset to provide a security.

The validity of a transaction to dispose of a fixed asset shall not be affected by violation of the provisions of Clause 1 of this Article.

Article 97 The chairman shall have the following powers and duties:  
(1) to preside over the shareholders' general meeting and to convene and preside over the meeting of the board of directors;  
(2) to examine the implementation of the resolutions of the board of directors;  
(3) to sign the securities issued by the Company;  
(4) other powers conferred by the board of directors. Article 90 of Mandatory Provisions

When the chairman is unable to perform his duties or did not perform his duties, the vice chairman shall perform the same on behalf of the chairman; where the vice chairman is unable to perform the duties or did not perform the duties, the director who has been nominated by half of the total number of directors shall perform the duties.

Article 98 Meetings of the board of directors shall be convened at least twice a year by the chairman. When convening a meeting of the board of directors, the secretary of the board of directors shall notify all the directors with regard to the time and place of and business to be transacted at the meeting ten (10) days in advance. When urgent matters arise, subject to a proposal by more than one-third directors or manager of the Company, an extraordinary meeting of the board of directors may be convened, which shall not be limited by the Article 91 of Mandatory Provisions

notification of the meeting as stated in Article 99.

Meetings of the board of directors shall be held at the premise of the Company in principal. However, such meetings may also be held elsewhere outside the PRC subject to the passing of resolution of the directors. The regular meeting or interim meeting of the board of directors may be held by telephone conference or similar communication equipment. So long as all the directors participating at the meeting can clearly hear and communicate with each other, all such directors present shall be deemed to be present in person at the meeting.

Meetings of the directors shall be conducted in Chinese and with the present of translator to provide Chinese-English simultaneous interpretation if necessary.

Article 99 Notice of meetings convened by the board of directors and the Article 92 of Mandatory extraordinary meeting of the board of directors shall be served in Provisions the following manners:

- (1) If the board of directors has fixed the time and place of the regular meetings of the board of directors in advance, the secretary of the board of directors shall notify the directors the agenda ten (10) days before holding such meeting.
- (2) If the board of directors has not fixed the time and place of the meetings of the board of directors, the chairman shall notify the directors by telex, facsimile, express delivery, registered mail or personal delivery with regard to the time, place and meeting agenda of the meeting to the board of directors at least ten (10) days to thirty (30) days in advance, unless otherwise stated in Article 98
- (3) The notices shall be served in Chinese and attached with English if necessary. Any director may waive their rights to obtain notices of the meeting of the board of directors.

Article 100 Any important matter to be determined by the board of directors must be notified to all executive directors and independent (non) executive directors according to Article 98. Directors may request the provision of supplementary information. When more than one-fourth of directors or more than two independent (non) executive directors are of the view that the materials are not sufficient or the



submission is inaccurate, they may propose to postpone the meeting of the board of directors or to propose the discussion of certain matters in the meeting of the board of directors, the board of directors shall so adopt.

A notice of meeting shall be deemed to have been served on a Director who is present at a meeting and who has not, before or during the meeting, raised the fact that he has not received a notice of the meeting.

Article 101 A meeting of the board of directors shall require more than half of Article 93 of Mandatory the board of directors to be present in order to be convened. Each Provisions director shall have one voting right. Resolutions proposed by the board of directors shall be passed by more than half of the board of directors in order to be valid. Should there be a tie between negative and affirmative votes on a matter, the chairman of the board of directors shall have the casting vote.

A director shall not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or other proposal in which he or any of his associates has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters: Section 4(1) of Appendix 3 of « the Listing Rules of Growth Enterprises Market of Hong Kong »

- (i) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiaries is offering securities in which offer the director or any of his associates is

or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which any of them is to participate;

- (iv) any contract in which he or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
- (v) any contract concerning any other company (not being a company in which the director and any of his associates in aggregate own 5% or more) in which he or any of his associates is interested directly or indirectly as an officer or shareholder;
- (vi) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, their associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any director or any of his associates as such any privilege or advantage not accorded to the employees to which the fund or scheme relates; and
- (vii) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the director or any of his associates benefits in a similar manner to the employees and which does not accord to any director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates.

A company shall be deemed to be one in which a director and any of his associates in aggregate own 5% or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interest in 5% or more of any class of the equity share capital of that company (or of any third company through which the interest of the director or that of his associate is derived) or of the voting rights available to members of that company. For the purpose of this paragraph of this Article, there shall be disregarded any shares held by the director or any of his associates as bare or custodian trustee and in which he or his associate has no beneficial interest, any shares comprised in a trust in which the interest of him and his associates is in reversion or

remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorised unit trust scheme in which he or any of his associates is interested only as a unit holder.

Where a company in which a director and any of his associates in aggregate own 5% or more is materially interested in a contract, he also shall be deemed materially interested in that contract.

If any question arises at any meeting as to the materiality of an interest of a director (other than the chairman of the meeting) and any of his associates or as to the entitlement or any director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director or any of his associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his associates, so far as known to him, has not been fairly disclosed.

For the purpose of this Article, the term “associate” has the same meaning as in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Article 102 A director shall attend meetings of the board of directors in person. Article 94 of Mandatory  
Where a director is unable to attend a board meeting due to special Provisions  
circumstances, he/she may entrust, in writing, another director to  
act as his/her representative at the meeting and the letter of proxy  
shall stipulate the scope of authority. The regular meeting or  
interim meeting of the board of directors may be held by telephone

conference or similar communication equipment. So long as all the directors participating at the meeting can clearly hear and communicate with each other, all such directors present shall be deemed to be present in person at the meeting.

The entrusted director shall exercise the right of the entrusting director within the designated scope of authority. If a director did not attend a certain meeting of the board of directors and failed to entrust another director as his/her representative at that meeting, this shall be regarded as a renunciation of his/her voting rights at that meeting.

Expenses involved by the directors in relation to his attendance at the meeting of the board of directors shall be borne by the Company. Such expenses include travelling expenses from the place of the directors to the place holding the meeting, and accommodation during the period of the meeting. Rental expense of the venue of the meeting and reimbursement such as local travelling expense shall also be borne by the Company.

Article 103 Minutes of meetings of the board of directors (whether or not convened) shall be recorded in Chinese on matters discussed at those meetings. Opinion given by the independent (non-executive) directors shall be stated in the board resolution. Minutes of every meeting of the board of directors shall be circulated to all directors for review as soon as practicable. Director who intends to add amendment or supplementary information to the minutes shall send a written report of amendment or opinion to the chairman within one week after receipt of the minutes. The finalized minutes shall be signed by the directors and minutes takers present at the meeting. The minutes shall be kept at the premise of the Company in the PRC and copy of the minutes shall be delivered to each of the directors as soon as practicable. Article 95 of Mandatory Provisions

Directors shall assume responsibility for any resolution passed at the board meeting. If a resolution passed by the board of directors is in violation of the law, statutory regulations or the Articles of Association so as to result in the Company incurring serious losses, those directors who participated in making those resolutions shall bear liability for compensation towards the Company. However, if a

director is able to prove his/her objection to that resolution, and such objection has been recorded in the minutes of the meeting, that director may be exempt from liability.

## **Chapter 11 The Secretary of the Board of Directors**

Article 104 The board of directors of the Company shall have a secretary. The secretary of the board of directors shall be the Company's senior officer.  
Article 96 of Mandatory Provisions

Article 105 The secretary of the board of directors shall be a natural person who has the necessary professional knowledge and experience and shall be appointed by the board of directors. The main duties of the secretary are:  
Article 97 of Mandatory Provisions

- (1) to guarantee that the Company maintains complete organizational documents and records;
- (2) to ensure that the Company, in accordance with the law, prepares and submits required reports and documents to competent authorities;
- (3) to ensure the Company's register of shareholders is properly established and to ensure that those who have the right to obtain relevant records and documents of the Company are able to obtain them promptly.

Article 106 A director or other senior management of the Company may hold the post of secretary of the board of directors concurrently. An accountant of the accounting firm engaged by the Company shall not be permitted to hold the post of secretary of the board of directors concurrently.  
Article 98 of Mandatory Provisions/ Article 1 of the Opinion

Where the post of secretary of the board of directors is concurrently held by a director and if a certain action requires separate conduct by the director and the secretary of the board of directors, that director holding the post of secretary shall not be permitted to act with dual capacity.

Article 107 The secretary of the board of directors shall fulfill the duties of a company secretary in his/her best endeavor as stipulated in the Articles of Association

The secretary of the board of directors shall assist the Company in

compliance with the relevant laws of the PRC and the relevant laws, regulations, ordinances and rules of the stock exchange in its listing place.

## Chapter 12 The Manager

Article 108 The Company shall have a manager who shall be appointed and dismissed by the board of directors. Article 99 of Mandatory Provisions

Management of the holding company may not act concurrently as manager or deputy manager. Article 1 of the Opinion

Article 109 The manager shall be responsible to the board of directors and shall have the following powers of office: Article 100 of Mandatory Provisions

- (1) to be in charge of the management of the Company's production and operations and to organize the implementation of resolutions passed by the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft the Company's internal administrative structure plan;
- (4) to draft the Company's fundamental management system;
- (5) to formulate fundamental rules and regulations of the Company;
- (6) to propose the appointment and dismissal of the Company deputy managers and chief financial officer;
- (7) to appoint or dismiss management personnel other than those appointed and dismissed by the board of directors;
- (8) other powers of office stipulated in the Articles of Association or authorised by the board of directors.

Article 110 The manager may attend meetings of the board of directors as a non-voting delegate and entitled to receive notice of the meetings and related documents. If the manager is not a director, he/she shall have no voting rights at meetings of the board of directors. Article 101 of Mandatory Provisions

Article 111 When exercising powers of office, the manager shall be abided by laws, statutory regulations and the Articles of Association and shall assume obligations of sincerity and diligence towards the Company. Article 102 of Mandatory Provisions

Article 112 Resignation of the manager, deputy manager and other senior management shall notice the board of directors in writing one month in advance. Resignation of the department manager shall notice to the manager in writing one month in advance.

### Chapter 13 Supervisory Committee

Article 113 The Company shall establish a supervisory committee. The Article 103 of Mandatory supervisory committee is the Company's standing internal Provisions supervisory organ. Its responsibilities are to exercise supervision over the board of directors and its members and other senior management such as the manager and deputy manager to prevent any abuse of powers, infringement of the legitimate rights of the shareholders, Company and its staff.

Article 114 The supervisory committee shall consist of not less than 3 members Article 104 of Mandatory of which one member shall be appointed as chairman of the Provisions/ Supplementary supervisory committee. The term of office of a supervisor shall be 3 amendment advice years. After the term of office of a supervisor has expired, the supervisor, if re-elected, may be reappointed for consecutive terms.

- (1) the election or removal of the chairman of the supervisory committee shall be Section 1(d) of Appendix decided by two-thirds or more of the supervisors. 11C of 《the Listing Rules of Growth Enterprises Market of Hong Kong》
- (2) decisions of the supervisory committee shall be made by the affirmative vote of two-thirds or more of the supervisors.

Article 115 The member of the supervisory committee shall consist of one Article 105 of Mandatory employee representatives and the remaining are shareholders Provisions representatives (including those eligible to be independent supervisor). The shareholder representatives shall be elected and removed in by the general meeting of shareholders, and the employee representatives shall be elected and removed democratically by the staff and worker of the Company.

Article 116 A director, manager or chief financial officer of the Company shall Article 106 of Mandatory be prohibited from concurrently holding the position of supervisor. Provisions

Article 117 Meeting of the supervisory committee shall be convened once at least every six months and the meeting shall be convened by the chairman of the supervisory committee. Notice of the meeting of the supervisory committee shall be delivered to all supervisors at least 10 days before the meeting. In the event of emergency, an extraordinary meeting of the supervisory committee shall, by proposal of one-third or more of the supervisors, be convened and shall not be subject to the restrictions on the notice of the meeting of the supervisory committee set out below.

Article 107 of Mandatory Provisions

Meeting of the supervisory committee shall in principle be convened in the registered office of the Company. When resolution of the supervisory committee is passed, the meeting can be convened elsewhere in the People's Republic of China.

The Notice of the meeting of the supervisory committee shall be given as follows:

- (1) No notice is required to be given if the supervisory committee has previously stated the time and venue of the meeting to be convened.
- (2) If prior to the meeting, the supervisory committee has not decided the time and venue of the meeting, the chairman of the supervisory committee shall at least 10 days but not more than 30 days in advance, except otherwise stated in clause (1) above, by teletype, telegraph, facsimile, courier or registered mail or notify the supervisors in person, the time and venue of the meeting.
- (3) The notice shall be written in Chinese and shall attach an English version if necessary together with an agenda of the meeting. Any supervisor may waive his rights to be notified of the meeting of the supervisory committee.

If the supervisor attends the meeting and did not raise the issue that he has not received any notice prior to the meeting or at the meeting, such shall be deemed as due notice.

Article 118 The supervisory committee shall be responsible to the general meeting of shareholders and shall exercise the following powers of office:

Article 108 of Mandatory Provisions

- (1) to examine the Company's financial affairs;
- (2) to supervise acts conducted by the Company's directors, manager and other senior management during the performance of their duties which are in violation of the law, statutory regulations or the Articles of Association;
- (3) to request the Company's directors, manager and other senior management to rectify the situation of their acts are harmful to the interests of the Company;
- (4) to check financial reports, business reports, profit distribution plans and other financial documents to be submitted to general meeting of shareholders by the board of directors and, if questions are raised concerning such documents, to commission certified public accountants and certified practising auditors in the Company's name to assist in verification of doubtful documents;
- (5) to propose the convening of extraordinary general meeting of shareholders;



- (6) to represent the Company in negotiations with director(s) or in initiating legal proceedings against director(s);
- (7) other powers of office as stipulated in the Articles of Association.

The supervisory committee may opine on the appointment of the accounting firm of the Company, and where necessary, may separately appoint accounting firm in the name of the Company to audit the accounts of the Company, and may directly report to the securities supervisory and regulatory body of the State Council and to other relevant departments.

Independent supervisors shall report independently to the general meeting of shareholders in relation to the honesty and performance of diligence of the Company's senior management.

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

Article 119 A meeting of the supervisory committee shall require more than two-third (2/3) of supervisors to be present in order to be convened. Each supervisor shall have one voting right. Resolutions proposed by the supervisory committee shall be passed by more than two-third (2/3) of all supervisors in order to be valid. Article 109 of Mandatory Provisions/Supplementary amendment advice

Article 120 If, when exercising its powers of office, a supervisory committee needs to employ a lawyer, certified public accountant, certified practising auditor or other professional, reasonable fees incurred in so doing shall be borne by the Company. Article 110 of Mandatory Provisions

Article 121 A supervisor shall faithfully perform his/her duties of supervision in accordance with the law, statutory regulations and the Articles of Association. Article 111 of Mandatory Provisions

**Chapter 14 Qualifications and Obligations of Directors, Supervisors, Managers and Other Senior Management**

Article 122 A person shall be disqualified from being a director, supervisor, manager or other officer of the Company in any one of the following circumstances:- Article 112 of Mandatory Provisions

- (1) the individual has no civil capacity or restricted civil capacity;
- (2) a period of less than 5 years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties

- or disrupting social and economic order; or a period of less than 5 years has elapsed since being deprived of political rights for commission of offence;
- (3) a period of less than 3 years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
  - (4) a period of not less than 3 years has elapsed since revocation of the business licence of a company or enterprise or where the company or enterprise is ordered to be closed due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
  - (5) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
  - (6) the person has been involved in criminal offence subject to investigation by judicial authorities and the case has yet to be settled;
  - (7) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
  - (8) the person is not a natural person;
  - (9) a period of less than 5 years has elapsed since the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulation involving fraud or dishonesty.

Article 123 The validity of actions of the director, manager or senior management when acting as representatives of the Company on bona fide third parties shall not be affected as a result of those representatives not conforming to the rules pertaining to the holding of their posts, their election or qualifications. Article 113 of Mandatory Provisions

Article 124 Apart from obligations as stipulated in laws, statutory regulations or the listing rules of stock exchanges where the Company's shares are listing, a y director, supervisor, manager and other senior management shall, in addition, when exercising his/her powers of office as stipulated by the Company, assume the following obligations towards the shareholders; Article 114 of Mandatory Provisions

- (1) shall not allow the Company to exceed the scope of its business operations as stipulated in its business licence;
- (2) shall sincerely take the best interests of the Company as fundamental when conducting business activities;
- (3) shall not be permitted to expropriate the Company's property using any means, including (but not limited to) when this involves opportunities beneficial to the Company;
- (4) shall not infringe upon the individual rights and interests of shareholders, including (but not limited to) distribution rights and voting rights, however, this shall not include the situation where a company restructure is proposed for adoption by the general meeting of shareholders in accordance with the Articles of Association.

Article 125 Directors, supervisors, managers and other senior management of Article 115 of Mandatory

the Company shall all have responsibility, when exercising their Provisions rights and performing their obligations, to adopt the prudence, diligence and skill which would be displayed by a reasonably prudent person in similar circumstances.

Article 126 When performing their duties, directors, supervisors, managers and Article 116 of Mandatory other senior management of the Company must abide by the Provisions principle of sincerity and shall not place themselves in unfavourable situations in which their interests may conflict with their obligations. This principle shall include (but not limited to) performing the following obligations:

- (1) to sincerely take the best interests of the Company as fundamental in their actions;
- (2) to exercise authority within their powers of office and not exceed that power of authority;
- (3) to personally exercise the authorised right to handle matters according to one's own judgement and not to be manipulated by others; the right to handle matters according to one's own judgement shall not be passed on to others without the authority of laws and statutory regulations or without the informed consent of the shareholders at general meeting;
- (4) to treat the same classes of shareholders equally and to treat different classes of shareholders fairly;
- (5) the entering into contracts, deals or arrangements with the Company unless it is stipulated otherwise in the Articles of Association or without the informed approval by the shareholders at general meeting shall be prohibited;
- (6) the use of the Company's property to seek personal interests through any means without the informed consent by the shareholders at general meeting shall be prohibited;
- (7) the use of powers of office to receive bribes or other illicit interests and the seizure of the Company's property through any means, including (but not limited to) opportunities which are beneficial to the Company shall be prohibited;
- (8) the receiving of commissions from Company transactions without the informed consent of the shareholders at general meeting shall be prohibited;
- (9) to honour the Articles of Association, to faithfully perform one's duties and to safeguard the Company's interests, and

it shall be prohibited to use the position and powers of office to seek personal interests;

- (10) without the informed consent of the shareholders at general meeting, it shall be prohibited to engage in any activities which are in competition with the Company;
- (11) it shall be prohibited to embezzle company funds or to lend company funds to others, and it shall be prohibited to use company funds to open bank accounts in one's own name or using another's name or to use company assets to provide guarantees for debts of shareholders of the company or other persons;
- (12) without the informed consent of the shareholders at general meeting, it shall be prohibited to disclose confidential information concerning the Company which became known in the course of holding the position; unless it is in the Company's interests, such information shall not be used. However, such information may be disclosed to the court or other competent government authorities in the following circumstances:
  1. where it is so required in the law;
  2. where the public interest so requires;
  3. where the interests of such a director, supervisor, manager or other senior management themselves so require.

Article 127 A director, supervisor, manager and other senior management shall not be permitted to incite the following persons or organisations ("related parties") to do things which the director, supervisor, manager and other senior management cannot perform:

Article 117 of Mandatory Provisions

- (1) the spouse or under age children of the director, supervisor, manager and other senior management;
- (2) the trustee of that director, supervisor, general manager and other senior management or of those persons mentioned in item (1) of this Article;
- (3) the partner(s) of that director, supervisor, manager and other senior management or of those mentioned in item (1) or (2) of this Article;
- (4) the Company, where it is in reality independently controlled by that director, supervisor, manager and other senior management or, in reality, jointly controlled by that

director, supervisor, manager and other senior management together with those mentioned in items (1), (2) or (3) of this Article, or jointly controlled with another director, supervisor, manager and other senior management of the Company;

- (5) the directors, supervisors, managers and other senior management of that controlled company as mentioned in item (4) of this Article.

Article 128 The obligations assumed in good faith by a director, supervisor, manager or other senior management are not necessarily terminated at the conclusion of his/her post and the obligations of maintaining confidential information concerning the Company's business shall remain valid after the conclusion of his/her post. The periods of validity for other obligations shall be determined in accordance with the principle of fairness and shall depend on the length of time intervening between the occurrence of an event and the time of vacating the post and on the circumstances under which that director, supervisor, manager and other senior management ended his/her relationship with the Company. Article 118 of Mandatory Provisions

Article 129 The responsibility borne by a director, supervisor, manager and other senior management due to violation of a specific obligation may be relieved by an informed meeting of shareholders except in those circumstances stipulated in Article 52 of the Articles of Association. Article 119 of Mandatory Provisions

Article 130 When a company director, supervisor, manager or other senior management personnel has significant direct or indirect interests in a contract, deal or arrangement concluded by or intended to be conducted by the Company (apart from engagement contracts concluded between the Company and director, supervisor, manager or other senior management), regardless of whether the matter is required to be approved by the board of directors under normal circumstances, the nature and degree of interest shall be promptly disclosed to the board of directors. Article 120 of Mandatory Provisions

Unless the interested director, supervisor, manager or other senior management has disclosed his/her interest to the board of directors according to provisions of the preceding paragraph of this Article,

and the board of directors has approved the matter in a vote in which that director, supervisor, manager and other senior management has not been included, the Company shall have the right to cancel that contract, deal or arrangement. However, exception shall be made if the other party is a bona fide party which did not know that the actions of the director, supervisor, manager and other senior management were in violation of his/her obligations.

If a party related to a company director, supervisor, manager and other senior management has an interest in a contract, deal or arrangement, that director, supervisor, manager and other senior management shall also be regarded as an interested party.

Article 131 If a director, supervisor, manager or other senior management of Article 121 of Mandatory the Company has, before the Company considers for the first time to Provisions conclude a contract, deal or arrangement, notified the board of directors in writing declaring the nature of his/her interest in that contract, deal that the relevant personnel shall be regarded as having made disclosure as stipulated in the preceding Article of this Chapter of those matters in the notification.

Article 132 The Company shall not be permitted to pay, using any means, the Article 122 of Mandatory taxes of its directors, supervisors, managers and other senior Provisions management .

Article 133 The Company shall not be permitted to, directly or indirectly, Article 123 of Mandatory provide loans to or loan guarantees for directors, supervisors, Provisions managers and other senior management of the Company or its parent company and the Company shall also not be permitted to provide loans to or loan guarantees for parties related to the aforesaid persons.

The provisions of the preceding paragraph shall not apply in the following circumstances:

- (1) where the Company provides loans to its subsidiaries or provides loan guarantees for its subsidiaries;
- (2) where the Company, in accordance with the engagement contract approved by the general meeting of shareholders, provides a company director, supervisor, manager and other

- senior management with loans, loan guarantees or other funds for payments made on behalf of the Company or for payments or expenses incurred in the performance of their duties;
- (3) if the scope of the Company's normal course of business includes provision of loans and loan guarantees, the Company may provide loans to or provide loan guarantees for its directors, supervisors, managers and other senior management and to their related parties; however, the conditions for the provision of such loans and loan guarantees shall be normal commercial terms.

Article 134 In the event of the Company providing a loan in violation of the Article 124 of Mandatory provisions of the preceding Article, regardless of the conditions of Provisions provision of that loan, the party receiving the loan shall make prompt repayment.

Article 135 In the event of the Company having provided a loan guarantee in Article 125 of Mandatory violation of the provisions of paragraph 1 of Article 133, the Provisions Company shall not be forced to implement that guarantee except in the following circumstances:

- (1) when providing a loan to a related party of a director, supervisor, manager and other senior management of the Company or its parent company, the loan provider was unaware of the facts;
- (2) the collateral security provided by the Company has been legally sold to a bona fide purchaser.

Article 136 Guarantee as mentioned in the preceding articles of this Chapter Article 126 of Mandatory shall include an act whereby the guarantor assumes liability or Provisions provides property to ensure that the obligor performs its obligations.

Article 137 Where a company director, supervisor, manager or other senior Article 127 of Mandatory management of the Company is found to have violated obligations Provisions to the Company, apart from the various rights and remedial measures stipulated in laws and statutory regulations, the Company has the power to adopt the following measures:

- (1) to request that the director, supervisor, manager and other senior management compensate for losses incurred by the Company due to their negligence in the performance of their duties;
- (2) to cancel any contract or deal concluded between the Company and that director, supervisor, manager and other senior management, and to cancel any contract or deal concluded between the Company and a third party (if the third party knew or should have known that the director, supervisor, manager and other senior management was representing the Company in violation of obligations to the Company);
- (3) to request that the director, supervisor, manager and other senior management hand over any interests derived in violation of his/her obligations;
- (4) to recover funds including (but not limited to) commissions received by that director, supervisor, manager and other senior management which should have been collected or collectable by the Company;
- (5) to request that the director, supervisor, manager and other senior management personnel return any interests earned or which may be earned from any funds which should be handed over to the Company.

Article 138 The Company shall enter into a written contract on remuneration Article 128 of Mandatory matters with the director or supervisor of the Company which shall Provisions be approved by the general meeting of shareholders in advance. The aforesaid remuneration matters shall include:

- (1) remuneration of directors, supervisors or senior management of the Company;
- (2) remuneration of directors, supervisors or senior management of subsidiaries of the Company;
- (3) remuneration of the provision of other management services to the Company and its subsidiaries;
- (4) compensatory payments to the directors or supervisors in case of retirement or loss of position.

Unless in accordance with the aforesaid contract, a director or supervisor shall not be permitted to initiate legal proceedings against the Company based on benefits receivable for the aforesaid matters.



Article 139 A contract on remuneration matters concluded between the Company and a director or supervisor of the Company shall stipulate that upon the Company is being acquired, the director or supervisor of the Company shall, under conditions of approval granted in advance by the general meeting of shareholders, be entitled to obtain compensation or other payments as a result of loss of post or retirement. The Company is being acquired as referred to in the preceding paragraph shall refer to any of the following instances:

- (1) a purchase offer made to all shareholders by any party;
- (2) a purchase offer made by any party intending to become a controlling shareholder. The definition of a controlling shareholder shall be the same as that defined in Article 55 of the Articles of Association.

If a director or supervisor is in violation of the provisions of this Article, any funds received by the director or supervisor shall be owned by those who accepted such offer and sold their shares, expenses incurred on pro rata distribution of such funds shall be borne by that director or supervisor and expenses shall not be deducted from such funds.

The directors, supervisors, managers, deputy managers, financial controllers and company secretary of the Company are not allowed to make any changes without approval during their terms of office required by the Articles of Association. Should there be any changes, it is required to comply with the statutory procedures, disclose to the society and file to the China Securities Regulatory Commission.

Article 5 of the Opinion

## **Chapter 15 Financial and Accounting System and Distribution of Profits**

Article 140 The Company shall establish a financial and accounting system in accordance with the law, statutory regulations and the PRC accounting standard formulated by the State Council financial department.

Article 130 of Mandatory Provisions

The management of holding company is not allowed to take up the posts of the financial controller and sales and marketing supervisors of the Company.

Article 1 of the Opinion

Article 141 The Company has adopted the calendar year as its accounting year, Article 131 of Mandatory  
i.e. from January 1 to December 31. Provisions

The Company has adopted Renminmi as its reporting currency. All accounts are recorded in Chinese.

The Company shall produce financial reports at the end of each financial year which shall be subject to auditing and verification in accordance with the law.

Article 142 The board of directors of the Company shall place before the Article 132 of Mandatory  
shareholders at every annual general meeting such financial report Provisions  
as are required by any laws, administrative regulations or directive promulgated by competent local government and central governmental authorities to be prepared by the Company.

Article 143 The Company shall make its financial report available for Article 133 of Mandatory  
inspection by the shareholders of the Company twenty (20) days Provisions/  
before the convening of its annual general meeting. Every Supplementary amendment  
shareholder of the Company shall have the right to obtain the advice  
financial reports as mentioned in this Chapter.

The Company shall send copies of the said reports (together with the board meeting Section 5 of Appendix 3 of  
reports) to each holder of overseas-listed foreign shares in the manner as provided in 《 the Listing Rules of  
these Articles of Association of the Company (including use of electronic means) at Growth Enterprise Market  
at least 21 days prior to the convening of the annual shareholders' general meeting. If of Hong Kong》  
the said report is sent by postage-prepaid mail, the recipient's address shall be the address as shown in the register of shareholders of the Company.

Article 144 Financial statements of the Company shall be prepared in Article 134 of Mandatory  
accordance with the PRC accounting standard and relevant Provisions  
regulations and, in addition, shall also be prepared in accordance with the international accounting standard or the accounting standard of the country or region where the Company is listed. If there are significant discrepancies between the financial statements prepared according to two different accounting codes, such discrepancies shall be clearly indicated in the notes attached to the financial statements. When distributing profits after tax in a financial year, the lesser amount of profits after tax in the two

financial statements shall be used as the standard amount.

Article 145 When the Company announce or disclose interim result or financial information, it shall be prepared in accordance with the PRC accounting standard and relevant regulations and, simultaneously, shall also be prepared in accordance with the international accounting standard or the accounting standard of the country or region where the Company is listed. Article 135 of Mandatory Provisions

Article 146 The Company shall publish its financial reports four times in every financial year, i.e. a quarterly or interim report shall be published within forty -five (45) days of the end of three (3), six (6) and nine (9) months of that financial year and an annual financial report shall be published within ninety (90) days after the end of the financial year. Sections 18.03, 18.53 and 18.66 of 《 the Listing Rules of Growth Enterprise Market of Hong Kong》

Article 147 The Company shall not be permitted to establish account books other than statutory account books. Article 137 of Mandatory Provisions

Article 148 The capital reserve fund shall include the following items:  
(1) premiums gained on shares issued for more than their nominal value;  
(2) other revenue to be charged to the capital reserve fund as stipulated by the State Council financial department. Article 138 of Mandatory Provisions

Article 149 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. Sections 3.1 and 3.2 of Appendix 3 of 《 the Listing Rules of Growth Enterprise Market of Hong Kong》

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until the expiration of the period applicable to the relevant laws and/or regulations and/or relevant rules.

Article 150 The Company may use the following for distribution of dividends:  
(1) cash;  
(2) share certificates. Article 139 of Mandatory Provisions

Article 151 The cash dividends and other payments paid by the Company to its domestic shareholders shall be paid in Renminbi. The cash

dividends and other payments paid by the Company to its overseas listed foreigninvested shareholders shall be stated and declared in Renminbi and shall be made in accordance with the requirements of relevant foreign exchange measures of the State.

Article 152 Unless otherwise required by relevant laws and administrative regulations, the exchange rate of cash dividend and other payments paid in Hong Kong dollars shall be calculated at the average median of the relevant foreign exchange rate published by the People's Bank of China one calendar week before the date of declaration.

Article 153 Unless otherwise resolved at the general meetings, such meetings may authorise the directors for appropriation of interim or special dividend.

Article 154 For the distribution of dividend by the Company to its shareholders, the Company shall make deduction and advance payment for the taxable income of shareholders' dividend based on the appropriated amount in accordance with the requirement of the PRC tax laws.

Article 155 The Company shall commission a collecting agent for holders of Article 140 of Mandatory foreign invested shares listed overseas. A collecting agent shall Provisions/ collect dividends on Foreign Invested Shares and other payable Supplementary amendment items from the Company on behalf of relevant shareholders. advice

A collecting agent commissioned by the Company shall meet the requirements of the law in the place where the Company is listed or relevant regulations of the stock exchange.

A provision to the effect that for its shareholders of overseas listed foreign invested Section 1(c) of Appendix shares listing in Hong Kong, the issuer shall appoint as a collecting agent which is 11C of 《the Listing Rules registered as a trust company under the Trustee Ordinance of Hong Kong. of Growth Enterprise Market of Hong Kong》

## **Chapter 16 Appointment of an Accounting Firm**

Article 156 The Company shall appoint a State qualified independent Article 141 of Mandatory accounting firm to audit the Company's annual financial reports and Provisions to examine and verify other financial reports.

The Company's first accounting firm may be appointed by the founding meeting before the first general meeting of shareholders. The term of appointment of the first accounting firm shall be terminated at the conclusion of the first general meeting.

Where the founding meeting does not exercise the powers of office stipulated in the preceding paragraph, the board of directors shall exercise the said powers of office.

Article 157 The term of appointment of accounting firm shall commence from Article 142 of Mandatory the date of conclusion of the current general meeting and end at the Provisions date of conclusion of the subsequent general meeting.

Article 158 An accounting firm appointed by the Company shall have the Article 143 of Mandatory following rights: Provisions

- (1) to consult, at any time, the Company's accounting books, records or vouchers, and shall have the right to request directors, manager, or other senior management of the Company to provide relevant data and explanations;
- (2) to request the Company to adopt all reasonable measures to obtain from its subsidiaries data and explanations which the accounting firm requires for the performance of its duties;
- (3) to attend general meeting and to obtain information which is available to any shareholder who has the right to receive notice of a meeting or on other matters related to the meeting, and to speak at any general meeting about matters related to its functions as accounting firm to the Company.

Article 159 If the position of the accounting firm falls vacant, the board of Article 144 of Mandatory directors may, before convening a general meeting, appoint an Provisions accounting firm to fill the vacancy. However, if, during the period of the vacancy, the Company has other appointed accounting firms, those firms may continue to handle matters.

Article 160 Regardless of what is stipulated in a contract concluded between an Article 145 of Mandatory accounting firm and the Company, the general meeting may, before Provisions the duration of appointment of any accounting firm expires, decide to dismiss that firm through the adoption of an ordinary resolution.

If such an accounting firm has the right to claim compensation from the Company for reason of such dismissal, that right shall not be affected.

Article 161 The remuneration of an accounting firm or methods for determining remuneration shall be decided at a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors. Article 146 of Mandatory Provisions

Article 162 Decisions on matter relating to the appointment, removal, or non-reappointment of an accounting firm shall be taken at general meeting and such decisions shall be reported to the Securities Committee of the State Council for the record. Article 147 of Mandatory Provisions/ Supplementary amendment advice

Where a resolution at a general meeting of shareholders is passed to appoint an accounting firm other than an incumbent one so as to fill a casual vacancy in the office of accounting firm, to reappoint a retiring accounting firm who is appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm 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 accounting firm proposing to leave his post or the accounting firm who has left his post (leaving includes leaving by removal, resignation and retirement).
- (2) If the accounting firm leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):
  1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  2. send a copy of the representations as attachment to the notice to the shareholders according to the delivery method required in the Articles of Association.
- (3) If the accounting firm's representations do not send under to the requirement mentioned in (2) above the accounting firm may request the representations be read out at the meeting and appeal on it.
- (4) An accounting firm who is leaving his post shall be entitled to attend the following meeting:
  1. the general meeting of shareholders at which his term of office would otherwise have expired;
  2. any general meeting of shareholders at which it is proposed to fill the

vacancy caused by his removal; and

3. any general meeting of shareholders convened on his resignation.

An accounting firm who is leaving his post shall be entitled 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 accounting firm of the Company.

Article 163 The Company shall advise the accounting firm in advance if it is to be dismissed or not to be reappointed. The accounting firm shall have the right to make a statement in respect of its dismissal or non-reappointment at the general meeting. If an accounting firm resigns, it shall explain to the general meeting whether or not the Company has been involved in any improper dealings.

Article 148 of Mandatory Provisions/ Supplementary amendment advice

Where an accounting firm resigns from its office, it may deposit a notice of resignation to the Company's residence. The notice shall become effective on the date of such deposit or on such later date as may be stipulated in the notice. The notice shall include the following:

1. a statement to the effect that there are no circumstances connected with its notice of resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances.

Where a notice is deposited under the preceding article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the 2 of the preceding article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed Foreign Invested Shares at the address recorded in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstances which should be brought to notice, the accounting firm may require the board to convene an extraordinary general meeting of shareholders for the purpose of giving an explanation of the circumstances in relation to its

resignation.

Article 164 Where a resolution at a general meeting of shareholders is passed to appoint a auditor other than an incumbent one so as to fill a casual vacancy in the office of auditor, to reappoint a retiring auditor who is 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 in a relevant financial year (leaving includes leaving by removal, resignation and retirement). Section 1(e)(i) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong 》
- (2) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):
1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  2. send a copy of the representations to every shareholder entitled to notice of general meetings.
- (3) If the auditor's representations do not send according to the tems mentioned in (2) above the auditor may request the representations be read out at the meeting and appeal on it.
- (4) An auditor who is leaving his post shall be entitled the following general meeting of shareholders:
1. at which his term of office would otherwise have expired;
  2. at which it is proposed to fill the vacancy caused by his removal; and
  3. at which a convened on his resignation.

An auditor who is leaving his post shall be entitled 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 Company.

Article 165 An auditor may resign his office by depositing a written notice to the registered office of the Company. The notice shall including either one of the following statement:



- (1) a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

Section 1(e)(ii) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong 》

The notice shall be effective on the date that it is deposited to the registered office of the Company or on such later date as may be specified therein.

Article 166

Where a notice is deposited under article 165, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contained a statement under number (2) of article 165, a copy of the notice shall also be sent to every shareholders that is entitled to obtain a copy of the Company's financial statements.

Section 1(e)(iii) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong 》

Article 167

Where the auditor's notice of resignation contains a statement under number (2) of article 165, he may request the board to convene an extraordinary general meeting of the shareholders for the purpose of receiving an explanation of the circumstances in relation to his resignation.

Section 1(e)(iv) of Appendix 11C of 《 the Listing Rules of Growth Enterprise Market of Hong Kong 》

## Chapter 17 Insurance

Article 168 The Company shall purchase insurance from the People's Insurance Company of China or any insurance companies registered in the PRC and are legally eligible for engaging in insurance business with PRC companies.

The class, premiums, and other insurance terms and duration of insurance are determined by the board of directors with reference to the practices of similar industry practitioners in other countries and practices and legal requirements in the PRC.

## **Chapter 18      Labour Management**

Article 169 The Company shall formulate the systems of labour management, personnel management, wages and benefits and social insurance in accordance with the PRC laws and legislations.

Article 170 The Company shall adopt an appointment system for management staff and a contract system for general staff. The Company is allowed to determine its staff allocation and is entitled for employment and lay-off management and general staff in accordance with the legislations and requirements stipulated in contract.

Article 171 The Company is allowed to determine the salaries and benefits of the managerial and general staff of every level in consideration of its own economic interests and in accordance with the relevant requirements of legislations.

Article 172 The Company shall arrange the medical, retirement and unemployment insurances for the managerial and general staff in accordance with the legislations of the PRC government and local government, and shall execute the laws, legislations and relevant requirements of labour insurance and labour protection in relation to retirement and unemployment.

## **Chapter 19      Labour Union**

Article 173 Pursuant to Labour Union Law of the People's Republic of China, the employees of the Company shall have the right to organize labour union and conduct labour union activities. Labour union activities shall be conducted beside normal business hours unless otherwise required by the board of directors.

Every month, the Company shall appropriate an amount equivalent to 2% of the aggregate labour salary as the labour union foundation each month. Such amount shall be used in accordance with the "Administration Measures of Labour Union Foundation" stipulated

by All-China Federation of Trade Unions.

## Chapter 20 Company Merger and Demerger

Article 174 In the case of Company merger or demerger, a merger or demerger plan shall be drafted by the board of directors and after the plan is adopted according to the procedures stipulated in the Articles of Association, the relevant procedures for examination and approval shall then be carried out in accordance with the law. If a shareholder objects to a merger or demerger plan, that shareholder shall have the right to request the Company or those shareholders who approve the merger or demerger plan to purchase his/her shares at a fair price. The content of a resolution on Company merger or demerger shall be made into a special document to be available for inspection by shareholders.

Article 149 of Mandatory Provisions

For holders of Foreign Invested Shares of the Company listed in Hong Kong, the aforesaid document shall be delivered by post.

Article 175 Merger of the Company may adopt two forms of either absorption or consolidation.

Article 150 of Mandatory Provisions

In a merger, parties to the merger shall enter into a merger agreement and formulate the balance sheets and list of inventory. The Company shall, within 10 days from the date of the agreement, inform creditors of the merger, and shall, within 30 days of the agreement, publish announcement of the merger on newspapers. After the merger, the credits and debts of each party of the merger will be borne by the Company that continue to exist upon the merger or by the newly established company from the merger.

Section 7(1) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

Article 176 Where the Company demerges, its assets shall be apportioned in an appropriate manner.

Article 151 of Mandatory

Parties to the demerger shall execute an agreement for the demerger and balance sheets and assets inventories shall be formulated. The Company shall within 10 days after the passing of the resolution for demerger notify the creditors and shall publish the announcement within 30 days on newspapers.

Provisions

Liabilities of the Company before demerger shall be borne by the companies after demerger according to the agreement entered.

Section 7(1) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

Article 177 Where registered items are changed as a result of a company merger or demerger, application shall be made to the Company registration authority or register the amendment in accordance with the law.

Article 152 of Mandatory Provisions

Where the Company is dissolved, application shall be made to register the cancellation in accordance with the law; where a company is newly established, application shall be made to register the establishment.

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

Article 178    The Company shall terminate its operations and enter into Article 153 of Mandatory liquidation in accordance with the law, regulations, rules and Provisions methods in any of the following circumstances:

- (1)    a general meeting of shareholders resolves that there shall be a dissolution;
- (2)    dissolution becomes necessary because of company merger or demerger;
- (3)    the Company is declared bankrupt in accordance with the law due to inability to discharge its debts;
- (4)    the Company has been ordered to close down in accordance with the law as a result of violations of the law and statutory regulations.

Article 179    In the case of the Company being dissolved in accordance with the Article 154 of Mandatory provisions of items (1) of the preceding Article, the Company shall, Provisions within 15 days, establish a liquidation committee, the members of which shall be determined by the general meeting of shareholders through an ordinary resolution.

In the case of the Company being dissolved in accordance with the provisions of item (3) of the preceding Article, the People's Court shall, in accordance with laws and statutory regulations, organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

In the case of the Company being dissolved in accordance with the provisions of item (4) of the preceding Article, the competent authority shall organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

Article 180 In the case of the board of directors deciding that the Company should enter into liquidation (except if the Company is declared bankrupt and enters into liquidation), the board of directors shall, in the notice for a general meeting of shareholders convened for this reason, declare that the board of directors has already fully investigated the position of the Company and considers that the Company can fully repay its debts within 12 months after commencement of the liquidation.

Article 155 of Mandatory Provisions

Following a resolution on liquidation passed by a general meeting of shareholders, the powers of office of the board of directors shall immediately be terminated.

The liquidation committee shall adhere to the instructions given by the shareholders at general meeting and shall report to the shareholders at general meeting on the income and expenditure of the liquidation committee, the business operations of the Company and progress of the liquidation of the Company at least once a year. The liquidation committee shall submit a final report to the shareholders at general meeting at the conclusion of liquidation proceedings.

Article 181 The liquidation team shall notify the creditors within 10 days of its establishment, and shall publish announcement of the division on newspapers within 60 days of its establishment. The liquidation team shall register the debts.

Article 156 of Mandatory Provisions/ Section 7(1) of Appendix 3 of 《the Listing Rules of Growth Enterprise Market of Hong Kong》

Article 182 The liquidation committee shall exercise the following powers of office during the period of liquidation:

Article 157 of Mandatory Provisions

- (1) perform a stocktake of the Company's property and formulate a balance sheet and property inventory;
- (2) notify creditors and make public announcement of the liquidation;
- (3) handle and finalise matters in relation to the unfinished business affairs of the Company;
- (4) pay overdue taxes;
- (5) clear debts receivable and payable;

- (6) dispose of the remaining assets after all debts have been paid;  
participate in civil proceedings on behalf of the Company.

Article 183 A liquidation plan shall be formulated by the liquidation committee after the stocktake of the Company property has been performed and the balance sheet and property inventory have been compiled, and this shall be submitted to the shareholders at general meeting or to relevant authorities in charge for confirmation. Article 158 of Mandatory Provisions

After the liquidation expenses have been settled, the property of the Company shall be used to settle claims in the following order: (i) staff wages and labour insurance expenditure of the Company; (ii) tax payables; (iii) bank loans, corporate bonds and other liabilities of the Company.

The assets remaining after the Company has settled its debts pursuant to the preceding paragraph shall be distributed to the various shareholders according to the classes and percentages of shares held.

During the period of liquidation, the Company shall not be permitted to embark on new operating activities.

Article 184 Where liquidation is carried out as a result of dissolution of the Company, after stocktaking of the Company's assets and compilation of a balance sheet and property inventory, the liquidation committee found that the amount of assets is insufficient to settle debts, it shall promptly apply to the People's Court for a declaration of bankruptcy. Article 159 of Mandatory Provisions

If a company has been declared bankrupt by the People's Court, the liquidation committee shall hand over liquidation matters to the People's Court.

Article 185 After the conclusion of liquidation proceedings, the liquidation committee shall compile a liquidation report as well as draw up income and expenditure statements and various financial accounts for the liquidation period which shall be submitted to the shareholders at general meeting or relevant authorities in charge for confirmation following verification by a certified public accountant Article 160 of Mandatory Provisions

registered in China.

Within 30 days of confirmation by the general meeting of shareholders or the relevant authorities in charge, the liquidation committee shall submit the aforesaid documents to the Company registration authority and apply for cancellation of company registration and then publicly announce the Company's termination.

## **Chapter 22                      Procedures for amendment of the Articles of Association**

Article 186    The Company may amend its Articles of Association in accordance with the law, statutory regulations and its Articles of Association.    Article 161 of Mandatory Provisions

Article 187    Amendment of Articles of Association which involves the contents of the "Mandatory Provisions shall, in order to be valid, be subject to approval by the Company examination and approval department authorised by the State Council and the China Securities Regulatory Commission; where the registered items have to be changed, the Company shall apply to register the amendment in accordance with the law.    Article 162 of Mandatory Provisions

## **Chapter 23                      Notices**

Article 188    "Corporate communication" in these Articles of Association of the Company means any document issued or to be issued by the Company for the information or action of holders of its securities, including but not limited to: (1) the directors' report and its annual accounts together with a copy of the auditor's report thereon and, where applicable, its summary financial report; (2) the half-year report and, where applicable, its summary half-year report; (3) the quarterly report; (4) a notice of meeting; (5) a listing document; (6) a circular; and (7) a proxy form; and (8) a reply slip.

Corporate communication given by the Company to holders of the overseas-listed foreign shares as referred to in these Articles of Association of the Company shall be sent out in one or more ways below:

(1) by designated person;

- (2) by postage-prepaid mail;
- (3) by facsimile or electronic mail;
- (4) by publishing on the websites designated by the Company are listed in accordance with laws, administrative regulations and the listing rules of the place of listing;
- (5) by announcement (as defined below); or
- (6) through other means recognised and approved by regulatory authorities or stipulated under these Articles of Association of the Company.

Unless otherwise stated, the “announcement” referred to in these Articles of Association of the Company shall mean, as to the announcements published to the holder of domestic shares of the Company or the announcements required to be published in the PRC according to the relevant requirements and these Articles of Association of the Company, an announcement published on any newspaper in the PRC as stipulated under the laws and administrative regulations or designated by the securities authority of the State Council; or as to the announcements published to the holders of foreign shares or the announcements required to be published in Hong Kong according to the relevant rules and these Articles of Association of the Company, an announcement published on any newspaper in the place of stock exchange of the overseas-listing designated or recommended by the local laws and regulations or designated by the relevant securities regulatory bodies.

Article 189 Any corporate communication of the Company-

- (1) if delivered by designated person, the corporate communication is deemed to be delivered or sent on the date on which they are delivered by the designated person;
- (2) if sent or delivered by mail, the corporate communication shall be put into a clearly addressed and postage-prepaid envelope and such corporate communication is deemed to be delivered or sent 48 hours after the envelope is put into post box;
- (3) if delivered by fax or electronic mail, the date of delivery shall be the date on which the fax or email is sent;
- (4) if the Company makes announcement on the Company’s



website and/or other websites designated by the stock exchange on which the shares of the Company are listed, the corporate communication is deemed to be sent and delivered on one of the following dates (whichever is later): (1) the date on which the notification regarding the presence of the corporate communication on the website as required by the rules of the stock exchange on which the shares of the Company are listed is sent to holders of the overseas-listed foreign shares; and (2) the date on which the corporate communication first appears on the website after such notification is sent.

Article 189 Except as otherwise required by the regulatory authorities or  
(A) stipulated in these Articles of Association of the Company, in connection with corporate communication despatched by the Company to the holders of overseas-listed foreign shares, if the Company has not received a response from foreign shareholder indicating the shareholder's intention to receive corporate communication by courier or postage-prepaid mail within 28 days from the date the Company despatches the communication selection request form, the Company can deem such shareholder as having agreed that the Company may send or supply corporate communications to him by electronic means.

In the case the securities regulatory rules of the place where the Company's stocks are listed require the Company to send out, mail, deliver, distribute, announce or by other means provide corporate communication and other documents of the Company in both the Chinese and English language, if after the Company has made proper arrangement to determine whether its shareholders wish to receive either the English version or the Chinese version only, the Company may, within the scope permitted by applicable laws and regulations and according to such applicable laws and regulations, send to the relevant shareholders the English version or the Chinese version only (in accordance with the wishes as indicated by the shareholders).

## Chapter 24 Resolution of Disputes

Article 190 The Company is in compliance with the following rules of resolution of disputes: Article 163 of Mandatory Provisions/ Supplementary

- amendment advice
- (1) In relation to disputes and claims relating to the Company's affairs between the holders of Foreign Invested Shares Listed Overseas and the Company, between the holders of Foreign Invested Shares Listed Overseas and the Company's directors, supervisors, managers or other senior management, or between the holders of Foreign Invested Shares Listed Overseas and the holders of Domestic Shares arising out of rights and obligations provided for in the Articles of Association, the 《Company Law》 or other laws and statutory regulations, the parties concerned shall refer the dispute to arbitration for settlement.

When referring the aforesaid dispute or claim to arbitration, it shall be the whole dispute or entire claim which is so referred; where those persons who have a cause of action arising out of the same facts or those persons required to participate in the resolution of a dispute or claim are the Company's shareholders, directors, supervisors, manager or other senior management or such person is the Company itself, such person shall be subject to arbitration.

Regarding the dispute on definition of shareholders or shareholders register, it can be resolved other than by arbitration.

- (2) An applicant for arbitration may select the China International Economic and Foreign Trade Arbitration Commission to undertake arbitration according to its rules or, alternatively, may choose the Hong Kong International Arbitration Centre to undertake arbitration according to its rules on securities arbitration. After the applicant for arbitration refers the dispute or claim for arbitration, the opposing party shall participate in the arbitration at the arbitral body chosen by the applicant.

If an applicant chooses the Hong Kong International Arbitration Centre, any party concerned may, in accordance with the rules of the Hong Kong International Arbitration Centre on securities arbitration, request the arbitration to be undertaken in Shenzhen.

(3) In resolving disputes or claims as mentioned in item (1) of this Article through arbitration, the law of the People's Republic of China shall apply except if laws and statutory regulations stipulate otherwise.

(4) An award made by the arbitral body shall be final and have binding effect on the parties concerned.

## **Chapter 25          Additional Rules**

Article 191 Matters which are not covered by the Article shall be proposed by the Board of Directors to the general meeting for approval.

Article 192 The Article is written in both Chinese and English, whereas the Chinese version shall prevail.

Article 193 The right of revision to the Article belongs to the general meeting.

Article 194 The meaning of "accounting firm(s)" as mentioned in the Article shall be the same as that of "auditor(s)". The meaning of "manager(s)" and "deputy manager(s)" as mentioned in the Article refer to "general manager(s)" and "deputy general manager(s)" respectively.

Article 165 of  
Mandatory Provisions