

Articles of Association of Baytacare Pharmaceutical Co., Ltd.

**(approved by the 2002 first extraordinary general meeting of the
Company on February 15, 2002)**

**(modified by extraordinary general meeting of the Company on
September 30, 2004 and January 10, 2016, by annual general
meeting of the Company on May 30, 2016 and by the extraordinary
general meeting of the Company on January 16, 2017)**

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Note: In terms of the Articles of Association margin, "Mandatory Provisions" refers to the listing department of the China Securities Regulatory Commission and the former State Commission for Restructuring the Economy jointly promulgated the "Mandatory Provisions for the Articles of Association of Companies Listed Overseas", "Listing Rules" means the Hong Kong Stock Exchange GEM Listing Rules; "Zheng Jian Hai Han" refers to listed overseas department of the China Securities Regulatory Commission and the former State Commission for Restructuring the Economy System Department jointly issued "additional modifications opinion letter of the Articles of Association of the Company for the Hong Kong listed companies "(Z.J.H.H. No. 1 [1995]); "Opinions: refers to the State Economic and Trade Commission and the China Securities Regulatory Commission jointly issued opinions on the views of overseas listed companies to further promote the standardized operation and deepen the reform; "Secretarial work guidelines" means guidelines issued by the China Securities Regulatory Commission of the overseas listed company for the Secretary of the Board of Directors.

Articles of Association of Baytacare Pharmaceutical Co., Ltd

Chapter 1: General Provisions

Article 1 Baytacare Pharmaceutical Co., Ltd (the "Company") is a company limited by shares established in accordance with the Company Law of the People's Republic of China (the "Company Law").

**Mandatory
Provisions
Article 1**

Following approval by Document [2001]18 of Jilin Provincial Government and Document Jigaigu Number [2000]17 of the Jilin Provincial Commission for Economic Restructuring, the Company was established by means of promotion, and registered with the Jilin Provincial Administration for Industry and Commerce and obtained a body corporate business license on June 30, 2000. The original registration number of the business license was 912200007024313908.

The promoters of the Company are Jilin Yuandong Pharmaceutical Group Company Limited, Xu Zhe, Xu Daotian, Li Shulian, Liu Xiaohong, Zhang Yabin and Leng Zhanren.

Article 2 Registered name of the Company:
Chinese: 北斗嘉藥業股份有限公司
English: Baytacare Pharmaceutical Co., Ltd.

**Mandatory
Provisions
Article 2**

Article 3 Domicile of the Company: No.3, No.2 Road, Jilin High-tech Development Zone, Jilin Province, the PRC
Postal Code: 132013
Telephone: 0432-64641900
Facsimile:0432-64879802

**Mandatory
Provisions
Article 3**

Article 4 The Chairman shall be the legal representative of the Company.

**Mandatory
Provisions
Article 4**

Article 5 The Company is a company limited by shares existing in perpetuity.

**Mandatory
Provisions
Article 5**

The right and obligations of shareholders of the Company is coincided with the shares held by them, the Company commit to pay its debts based on its total assets.

The Company is an independent legal entity governed and protected by laws and administrative regulations of the People's Republic of China.

Article 6 Pursuant to the Company Law, the Overseas Offering and Listing of Shares of special provisions "(referred to as "special provisions"), "Companies Listed Overseas Mandatory Provisions for Articles" ("Mandatory Provisions") and other national laws and administrative regulations of the relevant provisions, on second extraordinary general meeting held in July 11, 2001, the original Articles of Association of the Company (referred to as the "Articles of Association of the Company") has been revised and formulate this Articles of Association of the Company (or the Articles of Association and the Articles of Association) become effective.

Article 7 The original Articles of Association come into effect from the date on change of registration from the limited liability company to a joint stock limited company.

Mandatory
Provisions
Article 6

The Articles of Association were approved by the special resolution of the Company's general meeting. It was approved by China Securities Regulatory Commission and entered into force, and supersede the registered original articles of association of the Company.

Article 8 The Articles of Association of the Company shall be a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among shareholders from the date on which they become effective.

Mandatory
Provisions
Article 6

Article 9 The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager, deputy general managers, officer in charge of finance and other senior management staff. All the above persons may make claims related to Company

Mandatory
Provisions
Article 7

matters in accordance with the Articles of Association.

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

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

Article 10 The Company may invest in other limited liability companies and companies limited by shares. It shall be liable for such invested companies to the extent of the amount of investment.

**Mandatory
Provisions
Article 8**

The Company shall not be any unlimited liability shareholder of any other economic organizations

Subject to approval by the authorities that are authorized by the State Council to examine and approve companies, the Company may operate as a holding company as described in the second paragraph of Article 12 of the Company Law, according to the needs of operation and management.

Article 11 Abiding by Chinese laws and administrative regulations, the Company has the right of financing, including (but not limited to) borrowings, issuance of corporate bonds, mortgage or pledge all or part of its interests, and in all cases providing different forms of securities for any third party (including but not limited to the Company's subsidiaries or associated companies) .

Chapter 2: Purpose and Scope of Business

Article 12 The business purposes of the Company are: To establish a worldwide Chinese medicine research and development center and a first-class production base; To promote innovation in convergence between the science and technology of Chinese medicine and Big Data; To develop smart medical care and health services; To establish health Beidou Big Data, and facilitate the combination between traditional Chinese medicine and modern technology; To realize transnational business, and create the best economic benefits to deliver returns to share holders and the society.

Mandatory
Provisions
Article 9

Article 13 The business scope of the Company shall be in accordance with the items approved by the company registration authority.

Mandatory
Provisions
Article 10

The business scope of the Company includes: Chinese and western medicine manufacturing, processing, wholesale, retail; pharmaceutical research, development (in Chinese and western medicine manufacturing, processing and Chinese and Western medicine, Chinese Herbal Medicine Retail implemented by branch organizations); The enterprise products and related technology export business (except for those to be carried on by the state designated companies and commodities forbidden by the state for export); operation of the production, scientific research required for raw materials, machinery and equipment, instruments, spare parts and related technology import business (except for those to be carried on by the state designated companies and commodities forbidden by the state for export); feed processing operation of the enterprise and the “three come one supplement” business. Export catalog (except for those to be carried on by the state designated companies and commodities forbidden by the state for export): Preparation of Chinese and Western medicine produced; the imported catalog (except for those to be carried on by the state designated companies and commodities forbidden by the state for export); raw and auxiliary materials, machinery and equipment, instruments, spare parts and related technologies for production and research, medical equipment sales, technology development, technology transfer, technical consulting, technology services, computer technology consulting services, network technology, electronic computer and electronic technology information, biology and medicine, health care consulting, medical consulting, medical device consulting.

Chapter 3: Shares and Registered Capital of the Company

Article 14 The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic invested shares and foreign invested shares. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

**Mandatory
Provisions
Article 11**

Article 15 All the shares issued by the Company shall have a par value which shall be RMB 0.1 for each share.

**Mandatory
Provisions
Article 12**

The above-mentioned "RMB" refers to the lawful currency of the People's Republic of China.

Article 16 The Company may issue shares to investors inside the PRC and to investors outside the PRC following approval from the securities regulatory authorities of the State Council.

**Mandatory
Provisions
Article 13**

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

Article 17 The shares issued by the Company to investors in the PRC and to be subscribed for in Renminbi shall be referred to as "domestic invested shares". Shares issued by the Company to investors outside the PRC and to be subscribed for in a foreign currency shall be referred to as "foreign invested shares". Foreign invested shares that are listed overseas shall be referred to as "overseas listed foreign invested shares." Both domestic invested shares and overseas listed foreign invested shares are ordinary shareholders and have the same obligations and right.

**Mandatory
Provisions
Article 14**

The above-mentioned foreign currencies are those legal tenders, other than RMB, of other countries or regions that

can be used to subscribe shares as recognized by the foreign exchange control authorities of the State.

Article 18 Overseas listed foreign invested shares that are issued by the Company and listed in the Hong Kong are referred to as H Shares. H Shares are those shares listed on the Hong Kong Stock Exchange (the “HKEx”) and denominated in RMB and subscribed for and traded in Hong Kong dollars.

Article 19 Subject to approval by the authorities that are authorized by the State Council to examine and approve companies, the Company shall issue ordinary shares of 539,654,240, at the time of its change of registration from the limited liability company to a joint stock limited company, issue to its promoters 539,654,240 domestic invested ordinary shares representing 100% of its authorized ordinary shares.

Mandatory
Provisions
Article 15

Article 20 After change of registration from the limited liability company to a joint stock limited company, the Company issue 207,000,000 Overseas listed foreign invested shares representing 27.72% of its authorized ordinary shares.

Mandatory
Provisions
Article 16
Listing Rule
Appendix III,
Article 9

The share capital structure of the Company is: ordinary shares 746,654,240 with a par value of RMB0.1 per share including: 539,654,240 domestic invested ordinary shares representing 72.28% of its authorized ordinary shares; 207,000,000 Overseas listed foreign invested shares representing 27.72% of its authorized ordinary shares.

Shares held by the promoters of the Company are as follows:

<u>Name of the promoter</u>	<u>Shares held</u>	<u>Proportion</u>
Jilin Yuandong Pharmaceutical		
Group Company Limited	194,194,580	26.01%
Xu Zhe	183,482,440	24.57%
Xu Daotian	150,644,480	20.18%
Li Shulian	6,475,850	0.87%
Liu Xiaohong	1,888,790	0.25%
Zhang Yabin	1,618,960	0.22%

Leng Zhanren	1,349,140	0.18%
Total	539,654,240	72.28%

Article 21 After the plan for issuing overseas listed foreign invested shares and domestic invested shares has been approved by the securities regulatory authorities of the State Council, the Board may arrange for implementation of such plan by means of separate issues.

Mandatory
Provisions
Article 17

The Company's plan for separate issues of overseas listed foreign invested shares and domestic invested shares in accordance with the preceding paragraph may be implemented separately within 15 months of being approved by the securities regulatory authorities of the State Council.

Article 22 When the Company issues overseas listed foreign invested shares and domestic invested shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for each time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued at several stages, subject to the approval of the securities regulatory authorities of the State Council.

Mandatory
Provisions
Article 18

Article 23 The registered share capital of the Company is RMB85,805,424.

Mandatory
Provisions
Article 19

Article 24 The Company may approve capital increase depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association.

Mandatory
Provisions
Article 20

The Company may increase its capital by the following methods:

- (i) offer of new shares to non-specific investors;
- (ii) rights issue to existing shareholders;
- (iii) allotment of new shares to existing shareholders; and
- (iv) other methods permitted by laws and administrative regulations.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

Article 25 Unless otherwise provided by laws and administrative regulations, shares of the Company may be transferred freely with no lien attached.

Mandatory Provisions
Article 21
Listing Rule
Appendix III,
Article 1(2)

Chapter 4: Reduction of Capital and Buy-Back of Shares

Article 26 The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

Mandatory Provisions
Article 22

Article 27 When the Company is to reduce its capital, it must prepare a balance sheet and an inventory of assets.

Mandatory Provisions
Article 23

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

After capital reduction, the Company's registered capital may not fall below the statutory minimum capital level.

Article 28 The Company may, in the following circumstances, buy back its own issued and outstanding shares in accordance with the procedures provided for in the Articles of Association, and submission to and approval by the relevant State authorities:

Mandatory Provisions
Article 24

(I) cancellation of shares in order to reduce its capital;

(II) merge with another company holding shares of the Company;

(III) other circumstances permitted by laws and administrative regulations.

The Company to buy back its outstanding shares shall be handled in accordance with the provisions of Article 30 to Article 33.

Article 29 After the Company is approved by relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

Mandatory
Provisions
Article 25

(I) making of a buy-back offer in the same proportion to all shareholders;

(II) buy-back through open transactions on a stock exchange; or

(III) buy-back by an agreement outside a stock exchange.

Article 30 When the Company is to buy back shares by an agreement outside a stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided for in the Articles of Association. Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

Mandatory
Provisions
Article 26

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

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

Company has the right to repurchase the redeemable shares, in case of not through the market or by tender, the repurchase price shall not exceed a maximum price limit; in case of repurchase by tender, the Company must make offer to all shareholders under the same condition.

Listing Rule
Appendix III,
Article 8(1)&(2)

Article 31 After the Company has bought back its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original company registry for registration of the change in registered capital.

**Mandatory
Provisions
Article 27**

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

Article 32 Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

**Mandatory
Provisions
Article 28**

- (i) where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares;
- (ii) where the Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old share; and the portion in excess of the par value shall be handled according to the following methods:
 - (1) where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
 - (2) where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account (or capital common reserve account) (including the premiums from the fresh share issue) at the time of buy-back.
- (iii) the sums paid by the Company for the purposes set

forth below shall be paid out of the Company's distributable profits;

- (1) acquisition of the right to buy back its own shares;
 - (2) modification of any contract for buy-back of its own shares;
 - (3) release from any of its obligations under any buy-back contract.
- (iv) After the par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at par value of the bought back shares shall be included in the Company's capital common reserve account.

Chapter 5: Financial Assistance for the Purchase of Company Shares

Article 33 The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

**Mandatory
Provisions
Article 29**

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

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

Article 34 For the purpose of this Chapter, the term "financial assistance" shall include (but not be limited to) the financial assistance in the forms set out below:

**Mandatory
Provisions
Article 30**

- (i) gift;
- (ii) guarantee (including the undertaking of liability or provision of property by the guarantor in order to

secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company's own fault) and release or waiver of rights;

- (iii) provisions of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (iv) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company's net assets.

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

Article 35 The acts listed below shall not be regarded as acts prohibited under Article 33 of this Chapter:

Mandatory
Provisions
Article 31

- (i) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (ii) lawful distribution of the Company's property in the form of dividends;
- (iii) distribution of dividends in the form of shares;
- (iv) reduction of registered capital, buy-back of shares, shareholding structuring, etc. in accordance with the Articles of Association;
- (v) provision of a loan by the Company within its scope of business and in the ordinary course of its business

(provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits); and

the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

Chapter 6: Shares and Register of Shareholders

Article 36 Shares of the Company shall be in registered form.

**Mandatory
Provisions
Article 32**

Stock of the Company shall set forth the following major items:

- (i) the company name;
- (ii) the date of incorporation of the Company;
- (iii) type of the stock, the par value and the number of shares represented;
- (iv) the number of the stock;
- (v) "Company Law", "special provisions" and other matters required by stock exchange where stocks of the Company are listed.

Article 37 The Company's shares can be transferred, or given away as a gift, or inherited and mortgaged in accordance with relevant laws and administrative regulations.

The transfer and the shift of the stock need to register with stock registration agency commissioned by the company.

Article 38 The shares shall be signed by the Chairman. Where the signatures of other senior management staff of the Company are required by the stock exchange(s) on which the Company's shares are listed, the shares shall also be signed by such other senior management staff. The shares shall become effective after the Company seal or Company securities seal is affixed thereto or printed thereon. The

**Mandatory
Provisions
Article 33
Z.J.H.H.
Article 1
Z.J.H.H.
Article 1**

shares shall only be sealed with the Company seal or Company securities seal under the authorization of the board of directors. The signature of the Chairman or of other senior management staff on the share certificates may be also be in printed form.

Article 39 The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

Mandatory
Provisions
Article 34

- (i) the name, address (domicile), profession or nature of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the amount paid or payable for the shares held by each shareholder;
- (iv) the serial numbers of the shares held by each shareholder;
- (v) the date on which each shareholder is registered as a shareholder; and
- (vi) the date on which each shareholder ceases to be a shareholder.

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

Article 40 The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities of the State Council and a securities regulatory organization outside the PRC, keep outside the PRC its register of holders of overseas listed foreign investment shares, and entrust the administration thereof to an agent outside the PRC. The original copy of the register of shareholders of GEM H shares should be kept in Hong Kong.

Mandatory
Provisions
Article 35
Z.J.H.H.
Article 1
Listing Rule
Appendix Xlc,
Article (b)

The Company shall keep at its domicile a duplicate of the register of holders of overseas listed foreign invested shares. The appointed agent outside the PRC shall ensure that the register of holders of foreign invested shares listed outside the PRC and its duplicate are consistent at

all times.

When the original and duplicate of the register of holders of overseas listed foreign invested shares are inconsistent, the original shall prevail.

Article 41 The Company shall keep a complete register of shareholders.

Mandatory
Provisions
Article 36

The register of shareholders shall include the following parts:

- (i) a register kept at the Company's domicile other than those provided for under items (II) and (III) of this paragraph;
- (ii) the register(s) of holders of overseas listed foreign invested shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed; and
- (iii) registers of shareholders kept in such other places as the Board may decide necessary for listing purposes.

Article 42 The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Mandatory
Provisions
Article 37

Foreign investment shares listed in Hong Kong for which the subscription monies have been paid in full can be freely transferred in accordance with the Articles of Association (unless otherwise provided for by the HKEx). Unless the transfer is carried on in compliance with the following conditions, the Board may refuse to recognize any instrument of transfer without giving any reasons.

Z.J.H.H.
Article 12
Listing Rule
Appendix III,
Article 1(2)

- (i) a fee (for each instrument of transfer) of HKD 2.50 or a higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company for the registration of any transfer or any other documents relating to or which may affect ownership of the shares;
- (ii) the instrument of transfer only involves foreign invested shares listed in Hong Kong.

Listing Rule
Appendix III,
Article 1(2)

- (iii) the stamp duty chargeable on the instrument of transfer has been paid;
- (iv) the relevant share certificate and, upon the reasonable request of the Board, any evidence in relation to the transferor's right to transfer has been submitted;
- (v) if the shares are to be transferred to joint holders, then the maximum number of joint holders shall not exceed four; and
- (vi) the relevant shares are not encumbered by any Company lien.

Listing Rule
Appendix III,
Article 1(3)

The instrument of transfer for overseas listed foreign shares of companies listed in Hong Kong must be in writing and in ordinary or usual form or in such other form acceptable by the Board; and the instrument of transfer can be signed by hand only, in case of the transferor or transferee is a clearing agency or its nominee, it can be signed by hand or by machine imprinted signature. All instruments of transfer must be placed at the legal address of the Company or elsewhere specified by the Board from time to time.

Listing Rule
Appendix III,
Article 1(4)

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

Article 43 No changes in the shareholders' register due to the transfer of shares may be made within thirty days before the date of a shareholders' general meeting or within five days before the record date for the Company's distribution of dividends.

Mandatory
Provisions
Article 38

Article 44 When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirmation of equity interests, the Board shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

Mandatory
Provisions
Article 39

Article 45 Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent people's court for correction of the register.

**Mandatory
Provisions
Article 40**

Article 46 Any shareholder who is registered in the register of shareholders or any person who requests that his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (the "relevant shares") if his share certificate (the "original share certificate") is lost.

**Mandatory
Provisions
Article 41**

Applications for the replacement of share certificates from holders of domestic investment shares who have lost their certificates shall be dealt with in accordance with Article 150 of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed foreign invested shares who have lost their certificates may be dealt with in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original register of holders of overseas listed foreign invested shares is kept.

Where holders of GEM H shares apply for replacement of their share certificates after losing their certificates, such replacement shall comply with the following requirements:

- (i) the applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the relevant shares;
- (ii) the Company shall not have received any declaration requesting registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;

- (iii) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;
- (iv) before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of 90 days. If the application for issuance of a replacement share certificate is made without the consent of the registered holder of the relevant shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;
- (v) at the expiration of the 90-day period provided for in items (iii) and (iv) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
- (vi) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
- (vii) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

Article 47 After the Company has issued a replacement share certificate in accordance with the Articles of Association, it shall not delete from the register of shareholders the name

**Mandatory
Provisions
Article 42**

of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser)

Article 48 The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

Mandatory
Provisions
Article 43

Chapter 7: Rights and Obligations of Shareholders

Article 49 The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Mandatory
Provisions
Article 44

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

The Company shall not freeze or damage the rights of persons who do not disclose to the Company direct or indirect interests in shares.

Listing Rule
Appendix III,
Article 12

In the case of joint shareholding, if one of the joint shareholders deceased, only the remaining joint shareholders can be accounted for by the Company as owners of the relevant shares, but the Board has the right to request proper death certification from the remaining joint shareholders for the purpose of amending the register of shareholders. With respect to joint shareholders, only the shareholder listed in the first place in the Company's register of shareholders has the right to receive the relevant share certificates, receive the Company's notification and attend and vote at the shareholders' general meetings of the Company. Any notification sent to and received by the aforementioned shareholder should be deemed as such notification has been sent to and received by all of the joint holders of the relevant shares.

Article 50 Holders of ordinary shares of the Company shall enjoy the following rights:

- (i) collecting dividends and other profit distributions on the basis of the number of shares held by them;
- (ii) participating or appointing proxies to participate in shareholders' meetings and exercise voting rights;
- (iii) supervising and managing the Company's business activities, and raising suggestions or inquiries;
- (iv) transferring share in accordance with laws, administrative regulations and the Articles of Association;
- (v) obtaining relevant information in accordance with the Articles of Association, which shall include:
 - 1. obtaining the Articles of Association after payment of a charge to cover costs;
 - 2. being entitled to browse and make a copy, after payment of reasonable charges, of:
 - (1) all parts of the register of shareholders;
 - (2) personal information on the directors, supervisors, general manager, deputy general managers, officer in charge finance and other senior management staff of the Company, including:
 - (a) current and previous names and aliases;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and duties;
 - (e) identification documents and their numbers; and
 - (f) financial reports.
 - (3) the status of the Company's share capital;
 - (4) reports of the aggregate par value, number of

shares, and highest and lowest prices of each class of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company there for; and

(5) the minutes of shareholders' meetings;

(vi) participating in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated; and

Listing Rule
Appendix III,
Article 9

(vii) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 51 Holders of ordinary shares of the Company shall have the following obligations:

Mandatory
Provisions
Article 46

(i) to abide by the Articles of Association;

(ii) to pay subscription fees on the basis of the shares subscribed for by them and the method of capital injection; and

(iii) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

Article 52 In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

Mandatory
Provisions
Article 47

(i) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;

(ii) approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to)

any opportunities that are favorable to the Company;
or

- (iii) approving a director or supervisor (for his own or another person's benefit) to deprive other shareholders of their rights or interests including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

Article 53 For the purpose of the preceding Article, the term "controlling shareholder" shall refer to a person that satisfies any of the following conditions:

Mandatory
Provisions
Article 48

- (i) he, acting alone or in concert with others, has the power to elect more than half number of the directors;
- (ii) he, acting alone or in concert with others, has the power to exercise or control the exercise of 30 percent or more of the Company's voting rights;
- (iii) he, acting alone or in concert with others, holds 30 percent or more of the issued and outstanding shares of the Company; or
- (iv) he, acting alone or in concert with others, actually controls the Company in any other manner.

Chapter 8: Shareholders' General Meeting

Article 54 The shareholders' general meeting is the organ with the authority of the Company and shall exercise its functions and powers according to law.

Mandatory
Provisions
Article 49

Article 55 The shareholders' general meeting shall exercise the following functions and powers:

Mandatory
Provisions
Article 50

- (i) determining the business policies and investment plans of the Company;
- (ii) electing and replacing Directors and deciding on matters concerning the remuneration of Directors;

- (iii) electing and replacing supervisors who are the shareholders' representatives, and deciding upon matters relating to the remuneration of supervisors;
- (iv) deliberating and approving reports of the Board;
- (v) deliberating and approving reports of the supervisory committee;
- (vi) deliberating and approving annual financial budget plans and final accounting plans of the Company;
- (vii) deliberating and approving profit distribution plans and loss recovery plans of the Company;
- (viii) adopting resolutions regarding increase or reduction of registered capital of the Company;
- (ix) adopting resolutions on merger, division, dissolution and liquidation of the Company;
- (x) adopting resolutions on the issuance of corporate bonds;
- (xi) adopting resolutions on the employment, dismissal from employment or non-renewal of employment of the accounting firm;
- (xii) amending the Articles of Association.
- (xiii) deliberating proposals submitted by shareholders holding 5% or more (inclusive) of the shares with voting rights in the Company;
- (xiv) other matters that laws, administrative regulations and the Articles of Association require to be resolved by the shareholders' general meeting;

the shareholders' general meeting may authorize or entrust the Board to handle any other matters.

Article 56 Without the prior approval by the shareholders' general meeting, the Company may not enter into any contract with any person other than a director, a supervisor, general manager, or other senior management of the Company for the delegation of the whole business management or part of the important business management of the Company to that person.

Mandatory Provisions
Article 51

Article 57 Shareholders' general meetings can be classified as annual general meetings and extraordinary general meetings. Shareholders' meetings shall be convened by the Board. Annual general meetings are held once a year within six months after the end of the previous financial year.

Mandatory Provisions
Article 52

The Board shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances:

- (i) the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;

- (ii) the losses of the Company that have not been made up amount to one-third of the total amount of its share capital;
- (iii) shareholder(s) holding 10 percent or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing for the convening of an extraordinary general meeting;
- (iv) the Board deems necessary or the supervisory committee so requests; or
- (v) two or more independent directors so request.

Opinions
Article 6

Article 58 Shareholders' general meetings can be classified as annual general meetings and extraordinary general meetings.

Mandatory
Provisions
Article 53

Written notice of an annual general meeting shall be given no less than forty five days prior to the meeting, by notifying all of the shareholders who are registered on the register of members of the Company of the matters to be considered at the meeting and the date and the place of the meeting. A shareholder who intends to attend the annual general meeting shall deliver to the Company his written reply concerning the attendance at such annual general meeting not less than twenty days prior to the date of the meeting.

Written notice of an extraordinary general meeting shall be given no less than thirty days prior to the meeting, by notifying all of the shareholders who are registered on the register of members of the Company of the matters to be considered at the meeting and the date and the place of the meeting. A shareholder who intends to attend the extraordinary general meeting shall deliver to the Company his written reply concerning the attendance at such extraordinary general meeting not less than fifteen days prior to the date of the meeting.

Article 59 When the Company convenes an annual general meeting, shareholders holding 5% or more of the total shares carrying voting rights of the Company shall have the right to submit new proposals in writing, and the Company shall place matters in the proposals within the scope of functions and powers of the shareholders' general meeting

Mandatory
Provisions
Article 54

on the agenda.

Article 60 The Company shall, based on the written replies it receives 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting. If the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting amounts to more than half of the Company's total number of shares carrying voting rights, the Company may convene the meeting; if not, the Company shall, within five days, notify the shareholders again, by way of a public announcement, the matters to be considered at and the place and date of the meeting. The Company may then convene the meeting after such announcement.

Mandatory
Provisions
Article 55

Listing Rule
Appendix III,
Article 7(1)

An extraordinary general meeting shall not decide on matters that have not been stated in the notice of the meeting.

Article 61 The notice of a shareholders' general meeting shall:

Mandatory
Provisions
Article 56

- (i) be made in writing;
- (ii) specify the place, date and time of the meeting;
- (iii) state the matters to be considered at the meeting;
- (iv) provide to the shareholders such information and explanation necessary to make an informed decisions on the matters to be considered; this principle includes (but not limited to) where the Company proposes a merger, buy-back of shares, capital restructuring or other reorganizations, specific conditions and contracts (if any) of the transactions to be considered shall be provided, and a conscientious explanation about the causes and results of the same shall also be provided;
- (v) if any Director, supervisor, manager and other senior management staff has a material interest in the matter to be considered at the meeting, he or she shall declare the nature and extent of his or her interest; if the effect of the matter to be considered on such director, supervisor, manager and other senior management staff as a shareholder is different from

that on the shareholder of the same class of shares, he or she shall explain such difference.

- (vi) contain the full text of any special resolution to be proposed at the meeting;
- (vii) state expressly in writing that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his or her behalf and such proxy need not be a shareholder; and
- (viii) specify the time and place for the serving of the instrument appointing a proxy.

Article 62 Notice of a shareholders' general meeting shall be delivered to each shareholder (whether or not such shareholder is entitled to vote at the meeting) by hand or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the holders of domestic invested shares, notice of the meeting may also be issued by way of a public announcement.

Mandatory Provisions
Article 57
Listing Rule
Appendix III,
Article 7(3)

The public announcement referred to in the preceding paragraph shall be published in one or more national newspapers designated by the securities regulatory authority of the State Council within the interval between 45 days and 50 days before the date of the annual meeting; once such announcement is published, the holders of domestic investment shares will be deemed to have received the notice of the relevant shareholders' annual general meeting. The public announcement referred to in the preceding paragraph shall be published in one or more national newspapers designated by the securities regulatory authority of the State Council within the interval between 30 days and 35 days before the date of the extraordinary general meeting; once such announcement is published, the holders of domestic investment shares will be deemed to have received the notice of the relevant shareholders' extraordinary general meeting.

Listing Rule
Appendix III,
Article 7(1)

Listing Rule
Appendix III,
Article 7(2)

Company shall give notice to allow sufficient time so that the registered address in Hong Kong's overseas listed foreign invested shareholders to exercise their rights or to act in accordance with the terms of the notice.

Article 63 In the event that the notice of meeting has not been delivered to any person who has the right to receive such notice, or that such person does not receive such notice, the validity of the meeting thus held or of the resolution passed at such meeting will not be affected.

Mandatory Provisions
Article 58

Article 64 Any shareholder who is entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more other person (whether such other person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization of such shareholder:

**Mandatory
Provisions
Article 59**

- (i) the right to speak at the meeting;
- (ii) the right to demand or join in demanding a poll;
- (iii) the right to vote by show of hands or by poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

Article 65 The instrument appointing a proxy shall be in writing, which shall be signed under the hand of the appointer or his attorney duly authorized in writing; if the appointer is a legal person, the instrument shall be either under the seal of the legal person or signed under the hand of a director or attorney duly authorized.

**Mandatory
Provisions
Article 60
Listing Rule
Appendix III,
Article 11(2)**

Article 66 The instrument appointing a proxy to vote shall be delivered to the address of the Company or any other place designated in the notice of the meeting at least 24 hours before the convening of the meeting to which such instrument is relevant, or 24 hours before the designated time for voting. If the instrument is signed by the other person authorized by the appointer, the power of attorney authorizing the signature or other authorization documents shall be notarially certified. Such power of attorney or other authorization documents notarially certified, together with the instrument appointing the proxy shall be placed at the address of the Company or any other place designated in the notice of the meeting.

**Mandatory
Provisions
Article 61**

If the appointer is a legal person, its legal representative or such person authorized by a resolution of the board of directors or other decision-making body of such legal person can attend at any shareholders' general meeting of the Company as a representative of the appointer.

Article 67 Any form of the instrument appointing a proxy issued to a shareholder by the Board for use to attend and vote at shareholders' general meetings of the Company shall enable the shareholder to freely instruct the proxy to vote in favor of or against the resolutions, and instructions shall be given in respect of each matter to be voted on at the meeting. Such instrument appointing a proxy shall indicate that if the shareholder does not give specific instructions, the proxy may vote as he thinks fit.

Mandatory
Provisions
Article 62
Listing Rule
Appendix III,
Article 11(1)

Article 68 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares to which the proxy is relevant, provided that the Company has not received any written notice in respect of such matter before the commencement of the relevant meeting.

Mandatory
Provisions
Article 63

Article 69 Nominees on behalf of shareholders to attend shareholders' general meeting, should produce proof of identity and signed by the principal or the power of attorney signed by the legal representative of the clients, the power of attorney shall define the date of issue.

Article 70 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

Mandatory
Provisions
Article 64

An ordinary resolution must be passed by more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Shareholders attending the meeting (including proxies), should need to poll each of the matters expressly agree or disagree. To abstain, to abstain from voting shall be deemed as not have voting rights in the calculation of the results of voting on the matter.

Where any general provisions in accordance with the GEM Listing Rules, required to abstain from voting on a matter or subject to only vote for or against, the Shareholder is required to abstain or vote in accordance with the provisions; any contravention of such requirement will not be counted in the voting results.

Appendix III-XIV

Article 71 A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Each share shall have one vote.

Mandatory
Provisions
Article 65

Article 72 Unless a poll is required for relevant matters pursuant to the listing rules of the Hong Kong GEM or any other relevant Hong Kong laws and regulations or is demanded by the following personnel before or after voting is carried out by a show of hands, at any shareholders' general meeting, a resolution shall be decided on a show of hands:

Mandatory
Provisions
Article 66

- (i) by the chairman of the meeting;
- (ii) by at least two shareholders present in person or by proxy entitled to vote thereat; or
- (iii) by one or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting.

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

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

Article 73 A poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting directs, and any business

Mandatory
Provisions
Article 67

other than that upon which the poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 74 On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in favor of or against the relevant resolution.

**Mandatory
Provisions
Article 68**

Article 75 In the case of an equality of votes cast in favor of and against the relevant resolution, whether on a show of hands or by poll, the chairman of the meeting at which a show of hands takes place or at which the poll is demanded is entitled to have a casting vote.

**Mandatory
Provisions
Article 69**

Article 76 The following matters shall be resolved by way of ordinary resolution at the shareholders' general meeting:

**Mandatory
Provisions
Article 70**

- (i) work reports of the Board and the supervisory committee;
- (ii) profit distribution plans and plans for making up losses formulated by the Board;
- (iii) appointment and removal of members of the Board and members of the supervisory committee, their remuneration and method of payment of the remuneration;
- (iv) annual budgets and final accounts, balance sheets and profit statements and other financial statements of the Company;
- (v) matters other than those which are required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

Article 77 The following matters shall be resolved by way of special resolution at the shareholders' general meeting:

**Mandatory
Provisions
Article 71**

- (i) the increase or reduction in the share capital and the issuance of shares of any class, warrants and other similar securities;
- (ii) the issuance of corporate bonds;

- (iii) the division, merger, dissolution and liquidation of the Company;
- (iv) the amendments to the Articles of Association;
- (v) any other matters considered by the shareholders in general meeting and resolved by way of an ordinary resolution to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

Article 78 Any resolution passed by the shareholders' meeting should be consistent with the relevant provisions of Chinese laws, administrative regulations and the Articles of Association.

Article 79 In the event that shareholders request to convene an extraordinary general meeting or a class shareholders' meeting, the following procedures shall be followed:

Mandatory
Provisions
Article 72

- (i) two or more shareholders that collectively represent more than 10% (including 10%) of the voting shares at the meeting proposed to be convened may sign and submit one or several written requests identical in form and content, urging the Board to convene an extraordinary general meeting or a class shareholders' meeting and clarifying the matters to be considered at the meeting. Upon such written request(s), the Board shall convene the extraordinary general meeting or the class shareholders' meeting at the earliest time possible. The aforementioned voting shares shall be calculated upon the date when the written request(s) is/are submitted.
- (ii) if the Board fails to issue notices to convene the meeting within 30 days upon receipt of the aforesaid written request(s), the shareholder who has submitted the request may convene such a meeting on his own within 4 months after the Board receives the notice. The procedures thus taken shall conform to the procedures of the Board calling such shareholders' meeting.

In the event that the shareholders convene a meeting on their own as a result of the failure of the Board to do the same, all reasonable expenses thus incurred shall be

borne by the Company, and shall be deducted from the money payable by the Company to the defaulting directors.

Article 80 The Chairman shall preside over the shareholders' general meeting and shall be the chairman of the meeting. In the absence of the Chairman, vice chairman of the Board shall convene and chair the meeting instead. If both the Chairman and the deputy chairman of the Board fail to attend the meeting, the Board may designate a Director to convene and chair the meeting. If no chairman of the meeting has been appointed, the chairman of the meeting may be elected by the shareholders attending the meeting, if, for any reason, the shareholders fail to elect the chairman of the meeting, the meeting shall be chaired by the shareholder (including proxy) present with the greatest number of shares carrying voting rights.

Mandatory
Provisions
Article 73

Article 81 The chairman of the meeting shall be responsible for determining the adoption of a resolution at the shareholders' general meeting. Such a decision shall be final and binding, and shall be announced at the meeting and recorded in the minutes of the meeting.

Mandatory
Provisions
Article 74

Article 82 If the chairman of the meeting is suspicious about the voting results of the proposal submitted for resolution, the votes cast on such resolution may be counted. If the chairman does not ask for such a count, yet objection exists among shareholders or their proxies attending the meeting, such persons with objection may request the count immediately after the announcement of the results and the chairman of the meeting shall proceed with the count right afterwards.

Mandatory
Provisions
Article 75

Article 83 If a vote count is carried out during a shareholders' general meeting, the result of the count shall be recorded into the minutes of the meeting.

Mandatory
Provisions
Article 76

Shareholders' meeting shall be recorded by the Secretary and signed by the directors attending the meeting.

The resolution passed by the general meeting shall be

deemed as minutes of the meeting and shall be in Chinese. The minutes of the meeting accompanied by the book of signatures by the shareholders present and the instruments authorizing the proxies shall be kept at the place of residence of the Company.

Article 84 Shareholders may review the photocopies of minutes of the meeting during the business hours of the Company. Upon request by any shareholder for photocopies of relevant minutes of the meeting, the Company shall send out the photocopies within seven days after receipt of reasonable payment.

Mandatory
Provisions
Article 77

Chapter 9: Special Procedures for Voting of Class Shareholders

Article 85 Shareholders that hold different classes of shares shall be class shareholders.

Mandatory
Provisions
Article 78

Class shareholders shall enjoy rights and bear obligations in accordance with provisions of laws, administrative regulations and the Articles of Association.

Article 86 If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution at the shareholders' general meeting and by a separate class shareholders' meeting convened by the affected class shareholders in accordance with Articles 88 to 92.

Mandatory
Provisions
Article 79

Article 87 Rights of shareholders of a certain class shall be deemed to be varied or abrogated under the following circumstances:

Mandatory
Provisions
Article 80

- (i) the increase or decrease of the number of shares of such class, or increase or decrease of the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (ii) the conversion of all or part of the shares of such

class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;

- (iii) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (iv) the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
- (v) the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (vi) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (vii) the creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (viii) the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (ix) the issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (x) the increase of the rights and privileges of shares of another class;
- (xi) such restructuring of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring; or
- (xii) the amendment or deletion of the provisions of this Chapter.

Article 88 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have right to vote at class shareholders' meetings in respect of any of the matters referred to in items (ii) to (viii) and items (xi) to (xii) of Article 87, except that interested shareholders shall not have the right to

Mandatory
Provisions
Article 80

vote at class shareholders' meetings.

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

- (i) if the Company is to issue a buyback offer to all of the shareholders in the same proportion or is to buy back its own shares through open transactions on a stock exchange in accordance with Article 29 of the Articles of Association, the controlling shareholder as defined in Article 53 of the Articles of Association shall be an "interested shareholder";**
- (ii) if the Company is to buy back its own shares by agreements outside a stock exchange in accordance with Article 29 of the Articles of Association, holders of shares to which such agreements relate shall be "interested shareholders";**
- (iii) shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than that of the liabilities borne by other shareholders of the same class, and shareholders that have an interest in a proposed restructuring of the Company that is different from the interest in such proposed restructuring of other shareholders of the same class, shall be "interested shareholders".**

Article 89 Resolutions of a class shareholders' meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with Article 88.

**Mandatory
Provisions
Article 82**

Article 90 When the Company is to hold a class shareholders' meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting. Such notice shall be published in the press.

**Mandatory
Provisions
Article 83**

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

Listing Rule
Appendix III,
Article 7(1)

Each class shareholders' meeting convened for consideration to modify the right of any class of shares (other than at an adjourned meeting), the quorum shall be at least one-third of issued shares of that class.

Listing Rule
Appendix III,
Article 6(2)t

Article 91 If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting need be delivered only to the shareholders entitled to vote thereat.

Mandatory
Provisions
Article 84

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which shareholders' general meetings are held. Provisions of the Articles of Association relevant to procedures for the holding of shareholders' general meetings shall be applicable to class shareholders' meetings.

Article 92 In addition to holders of other classes of shares, holders of domestic invested shares and overseas listed foreign invested shares shall be deemed to be shareholders of different classes;

Mandatory
Provisions
Article 85
Listing Rule
Appendix Xlc,
Article 1(f)(i)&(ii)

The special procedures for voting of class shareholders shall not apply:

- (i) where, as approved by way of a special resolution at the shareholders' general meeting, the Company issues, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares every 12 months, and the number of the

domestic invested shares and overseas listed foreign invested shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes; or

- (ii) where the plan for issuance of domestic invested shares and overseas listed foreign invested shares upon the establishment of the Company is completed within 15 months of being approved by the securities regulatory authorities of the State Council.

Chapter 10: Board of Directors

Article 93 The Company shall have a Board comprising at least 8 Directors. The Board shall include a Chairman and 2 vice-chairmen. Of these, three shall be independent Directors (refer to Directors who do not hold any positions in the Company).

Mandatory Provisions
Article 86
Opinions
Article 6

Article 94 Directors shall be elected at a shareholders' general meeting, for a term of three years each. At the expiry of a director's term of office, the term is renewable upon re-election.

Appendix

Mandatory Provisions
Article 87

A written notice of the intention to propose a person for election as a director and a notice in writing by that person indicating his acceptance of such proposal are required to be given to the Company seven days before the date of such shareholders' general meeting. Such seven day period shall commence as of the date immediately after the date on which a notice of shareholders' general meeting is sent and end at least seven days before the date of such shareholders' general meeting.

Z.J.H.H.
Article 4
Listing Rule
Appendix III,
Article 4(3)(4)(5)

Appendix III-IV
(4)&(5)

General meeting by way of a special resolution and subject to the provisions of relevant laws and administrative regulations, can remove any director with unexpired terms of office (but claims not affected by this according to contract).

Z.J.H.H.
Article 4

The Chairman and the vice-chairman shall be elected and removed by more than half of all the members of the

Board. The term of office of both the Chairman and the vice-chairman is three years, which is renewable upon re-election.

The shareholders' general meeting, under the precondition of compliance with relevant laws and regulations, may remove any directors whose term of office has not expired by means of ordinary resolution. (However, the claim requests that may be filed in accordance with any contract are not affected.)

When shortfall in the number of directors does not exceed the requirement of "Company Law" or not less than two-third of the requirement of Articles of Association, any director appointed to fill a casual vacancy on the Board shall hold office until the next annual general meeting and have right for re-election.

Appendix III-IV(2)

Independent directors should have sufficient time and the necessary knowledge and ability to carry out its duties. At least one of Independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The company must provide the necessary information for independent directors for them to carry out duties. Independent directors may report situation to the shareholders meeting, the State Council Securities Regulatory agencies and other relevant departments.

Opinions
Article 6

Directors need not be the Company's shareholders.

Article 95 The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

Mandatory
Provisions
Article 88

- (i) to convene shareholders' general meetings and to report on its work to the shareholders' general meeting;**
- (ii) to implement the resolutions of the shareholders' general meeting;**
- (iii) to decide on the business plans and investment plans of the Company;**
- (iv) to formulate the annual financial budgets and final accounts of the Company;**
- (v) to formulate the profit distribution plans and plans for making up losses of the Company;**

- (vi) to formulate plans for the increase or reduction of the registered capital of the Company and plans for the issue of bonds;
- (vii) to draft plans for the major acquisition and disposal, merger, division or dissolution of the Company;
- (viii) to decide on the establishment of the Company's internal management departments;
- (ix) to engage or dismiss the Company's general manager, and based on the recommendations of the general manager, to engage or dismiss the deputy general manager(s) and the chief financial officer(s) and other senior management and secretary to the board of the Company and decide on their remuneration;
- (x) to make decision for the set-up of branch of the Company;
- (xi) to formulate proposals for any amendment to the Articles of Association;
- (xii) to formulate the basic management systems of the Company;
- (xiii) in addition to the provisions of the Companies Law and the Articles of association for issues to be resolved by the shareholders' meeting, to decide on the company's other major affairs and administrative issues, as well as signing of other important agreements;
- (xiv) to exercise any other powers conferred by the shareholders' general meetings and this Articles of association.

Resolutions by the Board on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of the Directors with the exception of resolutions on matters referred to in items (vi), (vii), and (xi) above which shall require the affirmative votes of more than two-thirds of the Directors.

The Company's related party transactions will enter into force only after signature by the independent directors.

Opinions
Article 6

Article 96 When the Board intends to dispose of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the latest balance sheet presented at the shareholders' general meeting, the Board may not dispose of or agree to the disposal of the fixed assets without the approval of the shareholders' general meeting.

Mandatory
Provisions
Article 89

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of certain interests in assets but exclude the provision of fixed assets as security.

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

Article 97 The Chairman shall exercise the following functions and powers:

Mandatory
Provisions
Article 90

- (i) to preside over shareholders' general meetings and to convene and preside over meetings of the Board;
- (ii) to inspect the implementation of the resolutions of the Board;
- (iii) to execute the securities issued by the Company; and
- (iv) to exercise other functions and powers conferred by the Board.

If the Chairman is unable to perform his or her duties or fails to perform his or her duties, his or her duties shall be performed by the vice-chairman of the Board as entrusted by the Chairman.

Article 98 Meetings of the Board shall be held at least twice every year and convened by the Chairman. Notice of the meeting shall be given to all of the Directors at least ten days prior to the date of the meeting. When there is an urgent matter, extraordinary meetings of the board of directors may be

Mandatory
Provisions
Article 91

held upon proposal by the chairman or more than one-third of the directors or general manager of the Company.

In principle, meeting of the board shall held on the premises of the Company.

The meeting of the Board meeting shall be held in Chinese, language interpreter would be presented to provide bilingual impromptu translation when necessary.

Article 99 Notice of board meeting shall be in the following manner:

Mandatory
Provisions
Article 92

- (i) when the time and place of the regular meeting of the Board prescribed by the Board, no notice shall be given;
- (ii) when the time and place of meeting of the Board not prescribed by the Board, notice of time and place of the Board meeting shall be served in person or via fax, express mail or registered mail at least 10 days prior to the meeting by the Chairman, unless there is other provision in Article 98.
- (iii) the notice shall be Chinese and if necessary, in English, and include the meeting agenda. Any director may waive the right to obtain notice of a meeting of the Board.

Article 100 When there are major issues subject to the Board's decision-making, notice to all Executive Directors and independent non-executive director at the time prescribed by Article 99 must be served, and at the same time provide sufficient information, in strict accordance with prescribed agenda. The director may request additional material. When more than a quarter of directors or more than 2 external directors think the materials provided with respect to any resolution are not sufficient or the argument contained therein is not clear, they may suggest jointly to defer the Board meeting or defer the discussion of such

Opinions
Article 3

matter, and the Board shall accept such suggestion.

In the event that a Director is present at the meeting and has not raised any objection that he has not received notice of meeting prior to the meeting or at the time of the meeting, it shall be deemed that the meeting notice has been delivered to such Director.

The Board meetings may be convened via conference calls or with the help of similar communication equipment. As long as the participating directors can hear clearly the speeches of other Directors and they can communicate, all participating directors shall be deemed to be present at the meeting in person.

Article 101 Board meetings shall be held only if more than half of the Directors (including proxies authorized by Directors in accordance with the provisions of Article 102 of the Articles of Association) are present. Each Director shall have one vote. A resolution of the Board must be passed by more than half of all the Directors. Where there is an equality of votes cast both for and against a resolution, the Chairman shall have a casting vote.

Mandatory
Provisions
Article 93

Article 102 Meetings of the Board shall be attended by the Directors in person. If a Director is unable to attend a meeting for any reason, he or she may entrust in writing another Director to attend the meeting on his or her behalf and bear legal responsibilities independently. The instrument of entrustment shall specify the scope of authorization.

Mandatory
Provisions
Article 94

The Director entrusted to attend meeting shall exercise the Director's rights within the scope of authorization. Any Director who has neither attended in person nor entrusted any Director to attend the meeting shall be deemed as giving up its right to vote at the meeting.

The costs incurred by the Directors for attendance of board meetings are to be paid by the company. These costs include the offsite transportation costs from the location of Directors to the place of meeting, and meal and accommodation fee during the meeting the cost of room

and board. Conference venue rental and relevant local transportation fees, miscellaneous expenses also to be paid by the Company.

Article 103 The Board may accept a written motion in lieu of holding a meeting of the Board, but the draft of the motion shall be delivered by hand, mail, telegram, or facsimile to each director. Where motion to be determined have been sent to all directors, and the number of directors who have signified their consent thereto reached the quorum for making decision, and sent to secretary of the board, a valid resolution shall be deemed to be passed without having to hold the meeting.

Article 104 Decisions for matters discussed at the board meeting convened officially or unofficially shall be recorded in Chinese, and turn into minute of meeting. The comments made by the independent directors shall be set out in the resolution of the Board. Minutes of each board meeting should be provided as soon as possible to all directors for their review, those who intend to modify the minutes shall notify the Chairman in writing within one week after receiving the minutes. After the finalization of the minutes, the directors attending the meeting and the recorder of the meeting shall sign on the minutes. The minutes of the board meeting shall be kept in the office premise in the PRC, and a complete copy distribute to each of the directors as soon as possible.

Mandatory
Provisions
Article 95

Opinions
Article 6

The Directors shall bear liability for the decisions of the Board. Where a resolution of the Board is in violation of laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, the Directors who took part in the resolution shall be liable to the Company for damages. However, where a Director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such position was recorded in the minutes of the meeting, the director may be relieved from such liability.

Chapter 11: Secretary to the Board

Article 105 The Company shall have one secretary to the Board who shall be a senior management staff of the Company.

**Mandatory Provisions
Article 96**

Article 106 The Secretary to the Board shall be a natural person with the necessary professional knowledge and experience and shall be appointed by the Board.

**Mandatory Provisions
Article 97**

His or her main duties shall be as set forth below:

**Secretarial work
guidelines
Chapter 1**

- (i) Assist the directors in addressing the day-to-day work, keep provide remind directors the regulations, political and requirements of domestic and foreign regulatory agencies to directors and ensure that they understand, assist directors and managers in the exercise of their functions and powers in compliant with domestic and foreign laws and regulations, the Articles of Association and other relevant regulations;**
- (ii) Responsible for the organization and preparation of files for the Board meeting and the shareholders' meeting, keep meeting minutes properly, ensure meeting decision-making in line with legal procedures, and mastery of the implementation of the resolutions of the Board;**
- (iii) Responsible for organizing and coordinating the disclosure of information, coordination of relations with investors, and enhance the transparency of the Company;**
- (iv) Participate in organizing market capital raising;**
- (v) Handling relation with agencies, monitoring departments and media, ensure good public relationship.**

**Secretarial work
guidelines
Chapter 2**

The job description of Secretary of board

- (A) Organize the preparatory board meetings and general meetings, prepare meeting materials, arrangements for the conference is responsible for meeting minutes, to protect the accuracy of the records, custody documents and records of the meeting, take the initiative to master the implementation of relevant resolutions. Report the Board of Directors and make recommendations on important issues in the implementation.**
- (B) Ensure that the significant events of the decisions of the Board of Directors of the Company in strict accordance with the procedure laid down. According to the Board's request, advising, analysis, to propose appropriate comments and suggestions to the Board for decision-making. Commissioned as contractor for day-to-day work to the Board and its relevant committee.**
- (C) Serve as the contact person of the Company and the securities regulatory authorities, responsible for organizing the preparation and timely submission of the documents required by the regulatory authorities, responsible for receiving relevant tasks issued from regulatory authorities and organize for compliance.**
- (D) Responsible for coordination and organization of company information disclosure matters, establish and improve the information disclosure system, to participate in all relevant disclosure of information meeting, aware of the company's major business decisions and relevant information in a timely manner.**
- (E) Responsible for the confidentiality of price-sensitive information, and the development of effective security systems and measures. For a variety of causes leakage of price-sensitive information of the Company, to take the necessary remedial measures, explanation and clarification in a timely manner, and notify the overseas listing regulatory authorities and the China Securities Regulatory Commission.**

- (F) Responsible for coordinating the organization of market promotion, coordination of reception of visitors, handle investor relations, maintaining contact with investors, intermediaries and the news media, responsible for coordinating to answer the public's questions, ensure that investors receive timely information disclosed by the company. Preparatory domestic and overseas promotion Propaganda activities, summarize and report on the important visits and other activities, and report the matter to the China Securities Regulatory Commission.**
- (G) Responsible for administration and keep of the register of members of shareholders, directors, shares held by substantial shareholders and directors as well as the list of beneficiaries bonds issued.**
- (H) Assist directors and managers in the exercise of their functions and powers in compliance with domestic and foreign laws and regulations, the Articles of Association and other relevant provisions. Aware of the company made or may make violation of the relevant provisions of the resolution, have obligation to timely remind, have obligation to truthfully report to the situation to the China Securities Regulatory Commission and other regulatory bodies.**
- (I) Coordinate the Supervisory Committee and other monitoring department and provide the necessary information to them, help chief financial officer, directors and managers to fulfill fiduciary duties.**
- (J) Perform other powers conferred by the Board of Directors and domestic and overseas authorities.**

Article 107 A Director or a member of the senior management staff of the Company may concurrently hold the office of Secretary to the Board. No accountant of an accounting firm engaged by the Company may concurrently hold the office of Secretary to the Board.

**Mandatory
Provisions
Article 98**

If the office of Secretary to the Board is held by a Director

and certain act is to be done by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board may not perform the act in both capacities.

Chapter 12: General Manager of Company

Article 108 The Company shall have one general manager, nominated by the Chairman and appointed or dismissed by the Board.

**Mandatory
Provisions
Article 99**

The Company shall have deputy general manager(s), and chief financial officer to assist general manager. The deputy general manager and chief financial officer shall be nominated by the general manager and appointed or dismissed by the Board.

Article 109 The general manager of the Company shall be accountable to Board and shall exercise the following functions and powers:

**Mandatory
Provisions
Article 100**

- (i) to be in charge of the production, operation and management of the Company, and to organize the implementation of the resolutions of the Board;
- (ii) to arrange for the implementation of the Company's annual business plans and investment plans;
- (iii) to draft the plan for establishment of the Company's internal management organization;
- (iv) to draft the plan for establishment of branch organization;
- (v) to draft the Company's basic management system;
- (vi) to formulate the basic rules and regulations of the Company;
- (vii) to propose to the Board to engage or dismiss the Company's deputy manager(s) and the chief financial officer;
- (viii) to engage or dismiss management personnel other

than those that shall be engaged or dismissed by the Board;

- (ix) other functions and powers conferred by the Articles of Association and the Board.

Article 110 The Company's general manager shall attend the meeting of the Board; but if he is not a Director, he does not have the right to vote at such meeting.

Mandatory
Provisions
Article 101

Article 111 In the exercise of his functions and powers, the Company's general manager, deputy general managers and chief financial officer may not change the resolution of the shareholders' meeting and the board of directors or beyond the scope of authorization.

Article 112 In the exercise of his functions and powers, the Company's general manager, deputy general managers and chief financial officer shall perform his duties in good faith and with diligence in accordance with laws, administrative regulations and the Articles of Association.

Mandatory
Provisions
Article 102

Article 113 General manager, deputy general manager, chief financial officer and other senior management may resign and shall give written notice to the board not less than three month.

Mandatory
Provisions
Article 103

Chapter 13: Supervisory Committee

Article 114 The Company shall have a supervisory committee. The Supervisory Committee is a standing supervisory body responsible for the supervision of the Board and its members, as well as general manager, deputy general manager, chief financial officer and other senior management, preventing the abuse of power, invasion legitimate rights and interests of shareholders, the company and employees.

Article 115 The supervisory committee shall comprise at least 3 supervisors, including 2 independent supervisors (not a shareholder and not holding any other office in the Company).

Mandatory
Provisions
Article 104
Opinions
Article 7

The supervisory committee shall have one chairman of supervisory committee. Supervisors shall have three-year term and can be re-elected.

The chairman of the supervisory committee's appointment and dismissal shall be subject to the affirmative vote of at least two-thirds of the members of the supervisory committee.

Z.J.H.H.
Article 5
Listing Rule
Appendix Xlc,
Section I,
Article (d)(i)

Chairman of the Supervisory organize to perform the duties of the board of supervisors.

Article 116 The supervisory committee shall comprise at least two shareholder recommended representatives. The shareholder recommended representative shall be elected and removed by the shareholders' general meeting; the number of employee representative shall be no less than one third of the total number of supervisors, and the employee representative shall be elected and removed by employees of the Company.

Mandatory
Provisions
Article 105
Opinions
Article 7

Article 117 The Company's directors, general manager, deputy general managers and the chief financial officer shall not serve concurrently as a supervisor.

Mandatory
Provisions
Article 106

Article 118 The supervisory committee shall convene a meeting at least twice a year and the meeting shall be convened by the chairman of the supervisory committee.

Mandatory
Provisions
Article 107

Article 119 The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

Mandatory
Provisions
Article 108

- (i) to inspect the financial affairs of the Company;
- (ii) to supervise any breach by directors, general manager, deputy general manager(s), chief financial officer and other senior management staff of the laws, administrative regulations and the Articles of Association in the performance of their corporate duties;
- (iii) if an act of a director, general manager, deputy general manager, chief financial officer or other senior

management staff is detrimental to the Company's interests, to request him or her to correct such act;

- (iv) to verify financial information such as the financial reports, business reports and profit distribution plans, etc. that the Board intends to submit to the shareholders' general meeting and, if in doubt, to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (iv) to propose the holding of an extraordinary general meetings;
- (vi) to represent the Company in negotiations with or instituting legal proceedings against a Director; and
- (vii) other functions and powers provided for in the Articles of Association.

The supervisors shall attend the Board meetings as non-voting attendants.

Opinions
Article 7

The Supervisory Committee of the Company may give suggestions to the appointment of the auditor, and if necessary, appoint another auditor to perform a independent audit on corporate finance, it may also report the situation of the Company directly to the securities regulatory authority under the State Council and other relevant authorities.

Independent supervisor may report independently on the integrity and diligence of senior management.

Article 120 The resolution of the supervisory committee shall be adopted by more than two-thirds (inclusive) of the total number of supervisors.

Mandatory
Provisions
Article 109
Z.J.H.H.
Article 6
Listing Rule
Appendix Xlc,
Section 1,
Article (d)(i)

Article 121 The reasonable expenses incurred by the supervisory committee in the engaging of professionals such as lawyers, registered accountants and practicing auditors in the exercise of its functions and powers shall be borne by the Company.

Mandatory
Provisions
Article 110

Article 122 The supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations

Mandatory
Provisions
Article 111

and the Articles of Association.

**Chapter 14: Qualifications and Obligations of the Directors,
Supervisors, General Manager, Deputy General Manager(s), Chief
Financial Officer and Other Senior Management**

Article 123 None of the following persons may serve as a Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company:

**Mandatory
Provisions
Article 112**

- (i) persons without legal capacity or with limited capacity for civil acts;**
- (ii) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where not more than five years have elapsed since the expiration of the period of punishment; or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation;**
- (iii) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation;**
- (iv) persons who served as the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license;**
- (v) persons with comparatively large debts that have fallen due but have not been settled;**
- (vi) persons whose cases have been placed on the docket and are being investigated by the judicial authorities because they violated the criminal law, and such cases are still pending;**

(vii) persons who may not serve as leaders of enterprises by virtue of laws;

(viii) non-natural persons;

(ix) persons ruled by a competent authority to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and not more than five years have elapsed since the date of the ruling.

Article 124 The validity of an act of a Director, the general manager, a deputy general manager, chief financial officer or other senior management staff of the Company on behalf of the Company shall not, vis-a-vis a bona fide third party, be affected by any non-compliance in his holding of such office, election or qualifications.

**Mandatory
Provisions
Article 113**

Article 125 In addition to obligations imposed by laws and the listing rules of the stock exchanges on which shares of the Company are listed, Directors, supervisors, the general manager, deputy general manager(s), the chief financial officer and other senior management staff of the Company shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

**Mandatory
Provisions
Article 114**

(i) not to cause the Company to exceed the scope of business stipulated in its business license;

(ii) to act honestly in the best interest of the Company;

(iii) not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company; and

(iv) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

Article 126 Directors, supervisors, the general manager, deputy general manager(s), chief financial officer and other senior

**Mandatory
Provisions
Article 115**

management staff of the Company shall be obligated, in the exercise of their rights or discharge of their obligations, to perform their acts with the care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

Article 127 Directors, supervisors, the general manager, deputy general manager(s), chief financial officer and other senior management staff of the Company must, in the performance of their duties and responsibilities, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include but not be limited to the fulfillment of the following obligations:

Mandatory
Provisions
Article 116

- (i) to act honestly in the best interest of the Company;
- (ii) to exercise powers within the scope of their functions and powers and not to exceed such powers;
- (iii) to personally exercise the discretion vested in him or her and not allow himself or herself to be manipulated by another person and, unless permitted by laws or with the informed consent of the shareholders' general meeting, not to delegate the exercise of his or her discretion;
- (iv) to accord equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
- (v) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the informed consent of the shareholders' general meeting;
- (vi) not to use Company property for his or her own benefit in any way without the informed consent of the shareholders' general meeting;
- (vii) not to use his or her functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including but not limited to any opportunities that are advantageous to the Company;
- (viii) not to accept commissions in connection with the

Company's transactions without the informed consent of the shareholders' general meeting;

- (ix) to abide by the Articles of Association, to perform his or her duties faithfully, to protect the interests of the Company, and not to use his or her position, functions and powers in the Company to seek personal gain;**
- (x) not to compete with the Company in any way without the informed consent of the shareholders' general meeting;**
- (xi) not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, and not to use Company assets as security for the debts of the Company's shareholders or other individuals; and**
- (xii) not to disclose confidential information relating to the Company that was acquired by him during his office without the informed consent of the shareholders' general meeting, and not to use such information except in the interests of the Company; however, such information may be disclosed to a court or other competent government authorities if:**
 - 1. provided for by law;**
 - 2. required in the public interest; or**
 - 3. required in the own interest of such director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company.**

Article 128 A Director, a supervisor, the general manager, deputy general manager, chief financial officer or other senior management staff of the Company may not incite the following persons or organizations ("connected persons") to do what such Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff may not do:

- (i) the spouse or a minor child of such Director,**

**Mandatory
Provisions
Article 117**

supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company;

- (ii) a trustee of such Director, supervisor, general manager, deputy general manager or other senior management staff of the Company or of any person referred to in item (i) hereof;**
- (iii) a partner of such Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company or of any person referred to in items (i) and (ii) hereof;**
- (iv) a company over which such Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company, individually or jointly with any person referred to in items (i), (ii) and (iii) hereof or any other Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff of the Company, has de facto control;**
- (v) a director, a supervisor, the general manager, deputy general manager, chief financial officer or other senior management staff of a company being controlled as referred to in item (iv) hereof.**

Article 129 The fiduciary obligation of the Directors, supervisors, general manager, deputy general manager, chief financial officer and other senior management staff of the Company do not necessarily cease with the termination of their tenure. Their confidentiality obligation in relation to the Company's trade secrets shall survive the termination of their tenure. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

**Mandatory
Provisions
Article 118**

Article 130 A Director, a supervisor, the general manager, deputy general manager, chief financial officer or other senior

**Mandatory
Provisions
Article 119**

management staff of the Company may, by informed decision of the shareholders' general meeting, be relieved from liability for a specific breach of his or her obligations, except in the circumstances as specified in Article 52 of the Articles of Association.

Article 131 If a Director, a supervisor, the general manager, a deputy general manager, the chief financial officer or other senior management staff of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his or her engagement contract with the Company), he or she shall disclose the nature and extent of his or her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Mandatory
Provisions
Article 120

Where a Director or his associate have interest in Board meetings resolutions, the director should be avoided, and shall not take part in the voting; when determine quorum of directors present at the meeting, the Directors shall also not be counted.

Listing Rule
Appendix III
Article 4(1)

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

A Director, a supervisor, the general manager, a deputy general manager, chief financial officer or other senior management staff of the Company shall be deemed to be interested in any contract, transaction or arrangement in

which a connected person or an associate of that Director, supervisor, general manager, deputy general manager, chief financial officer or other senior management staff is interested.

Article 132 If a Director, a supervisor, the manager or other senior management staff of the Company gives a written notice to the Board before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such Director, supervisor, manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this Chapter to have declared his interest, to the extent stated in the notice.

Mandatory
Provisions
Article 121

Article 133 The Company shall not in any manner pay tax on behalf of its Directors, supervisors, manager or other senior management staff.

Mandatory
Provisions
Article 122

Article 134 The Company shall not directly or indirectly provide a loan to, or loan guarantees for its Directors, supervisors, manager and other senior management staff or those of its parent company, or provide loans to or loan guarantees for connected persons of the above-mentioned persons.

Mandatory
Provisions
Article 123

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

- (i) the provision by the Company of a loan to or a loan guarantee for a subsidiary of the Company;
- (ii) the provision by the Company of a loan, loan guarantee or other moneys to a Director, a supervisor, the manager or other senior management staff of the Company under an engagement contract approved by the shareholders' general meeting, so as to enable him to meet the expenses incurred for the purposes of the Company or for the performance of his or her Company duties; or
- (iii) the provision by the Company of a loan or a loan guarantee to a relevant Director, a supervisor, the

manager or other senior management staff of the Company or to a connected person thereof on normal commercial terms, if the ordinary scope of business of the Company includes the lending of money or the provision of loan guarantees.

Article 135 A loan provided by the Company in breach of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Mandatory Provisions
Article 124**

Article 136 A loan guarantee provided by the Company in breach of the first paragraph of Article 134 shall be unenforceable against the Company, unless:

**Mandatory Provisions
Article 125**

- (i) the loan was provided to a connected person of a Director, a supervisor, the manager or other senior management staff of the Company or of its parent company, and at the time the loan was advanced the lender did not know the relevant circumstances; or**
- (ii) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.**

Article 137 For the purposes of the preceding Articles of this Chapter, the term "guarantee" shall include an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor.

**Mandatory Provisions
Article 126**

Article 138 If a Director, a supervisor, the manager or other senior management staff of the Company breaches his or her obligations to the Company, the Company shall, in addition to any rights and remedies provided by law, have the right to:

**Mandatory Provisions
Article 127**

- (i) require the relevant Director, supervisor, manager or other senior management staff to compensate for the losses sustained by the Company as a consequence of his or her dereliction of duty;**
- (ii) rescind any contract or transaction concluded by the Company with the relevant Director, supervisor, manager or other senior management staff and contracts or transactions with a third party (where**

such third party is well aware or should have known that the Director, supervisor, manager or other senior management staff representing the Company was in breach of his or her obligations to the Company);

- (iii) require the relevant Director, supervisor, manager or other senior management staff to surrender the gains derived from the breach of his or her obligations;
- (iv) recover any monies received by the relevant Director, supervisor, manager or other senior management staff that should have been received by the Company, including but not limited to commissions;
- (v) require the relevant Director, supervisor, manager or other senior management staff to return the interest that is earned or may be earned on the monies that should have been given to the Company.

Article 139 The Company shall conclude written contracts with each Director and supervisor of the Company concerning his or her remuneration. Such contracts shall be approved by the shareholders' general meeting before they are entered into. The aforementioned remuneration shall include:

Mandatory
Provisions
Article 128

- (i) remuneration in respect of his or her service as a Director, supervisor or senior management staff of the Company;
- (ii) remuneration in respect of his service as a Director, supervisor or senior management staff of a subsidiary of the Company;
- (iii) remuneration for other services provided toward the management of the Company or a subsidiary thereof; and
- (iv) the payment by way of compensation for his or her loss of office or retirement to the aforementioned Directors and supervisors in respect of redundancy or retirement.

Director or supervisor may not sue the Company for Benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.

Article 140 The Company shall specify in the contract concluded with a Director or supervisor of the Company concerning his or her remuneration that in the event of a takeover of the Company, a Director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other monies obtainable for loss of office or retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean either of the following:

- (i) anyone making a purchase offer to all of the shareholders; or
- (ii) anyone making a purchase offer with a view to becoming a controlling shareholder as defined in Article 54 of the Articles of Association.

If the relevant Director or supervisor has failed to comply with this Article, any sums received by him or her shall belong to those persons that have sold their shares as a result of their acceptance of the aforementioned offer, and the expenses incurred in the pro rata distribution of such sums shall be borne by the relevant Director or supervisor and shall not be paid out of such sums.

Chapter 15: Financial and Accounting Systems and Distribution of Profit

Article 141 The Company shall formulate its financial and accounting systems in accordance with PRC laws and the PRC accounting standards formulated by relevant finance authorities of the State Council.

Article 142 The fiscal year of the Company is from January 1 to December 31 of each year.

The accounts of the Company must be written in Chinese and its currency must be in Renminbi.

The financial report of the Company must be prepared at

the end of each fiscal year and be statutorily audited.

Article 143 The Board shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and regulatory documents promulgated by competent regional and central governmental authorities require the Company to prepare. The report must be audited by auditor appointed by the Company.

Mandatory
Provisions
Article 132

Article 144 The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

Mandatory
Provisions
Article 133

The Company shall send copies of financial report and report of the Board to each holder of overseas listed foreign invested shares by prepaid mail at his address shown in the register of shareholders at least 21 days prior to an annual general meeting.

Listing Rule
Appendix III
Article 5
Listing Rule
Appendix III
Article 5

Article 145 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, and also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are material differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in the notes to such financial statements. For purposes of the Company's distribution of after-tax profits of a given fiscal year, the lesser of the amounts of after-tax profits shown in the aforementioned two kinds of financial statements shall govern.

Mandatory
Provisions
Article 134

Article 146 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and also be prepared in accordance with the international accounting standards or the accounting

Mandatory
Provisions
Article 135

standards of the place outside the PRC where shares of the Company are listed.

Article 147 The annual report, the auditors' report and report of the Board of Directors must be sent to each shareholder at least 21 days before annual general meeting and within three months after ending fiscal year.

Listing Rule
Article 18.03

The Company must prepare interim report in compliant with GEM listing rules in each first six months of fiscal year, and publish within 45 days thereafter.

Listing Rule
Article 18.53

The Company must prepare quarterly report in compliant with GEM listing rules in each first three and nine months of fiscal year, and publish within 45 days thereafter.

Listing Rule
Article 18.66

Article 148 The Company may not keep account books other than the statutory account books.

Mandatory
Provisions
Article 137

Article 149 When distributing its after-tax profits of a given year, the Company shall draw 10 percent of the profits as the statutory common reserve fund, and extracted five percent to 10 percent of the after-tax profits as its statutory public welfare fund. The Company shall no longer be required to make transfers to its statutory common reserve fund once the aggregate amount of such reserve reaches 50 percent of its registered capital.

Where the statutory reserve of the Company is not sufficient to cover the Company's loss from the previous year, the current year profit shall be used to cover such loss before allocation is made to the statutory capital reserve pursuant to the previous paragraph.

After allocation to the statutory capital reserve has been made from the after-tax profit of the Company, and upon adoption of a resolution by the shareholders' general meeting, allocation may be made to the discretionary surplus reserve.

After the Company has covered its losses and made allocation to the reserve, the remainder of the profit shall be distributed to the shareholders in proportion to their capital contribution.

Article 150 The Company must not distributes profit to the shareholders before covering Company losses and making allocation to Company statutory reserve.

Article 151 The capital common reserve shall include the following funds:

**Mandatory
Provisions
Article 138**

- (i) the premiums obtained from the issue of shares above par; and
- (ii) other revenue required by the relevant finance authorities of the State Council to be included in the capital common reserve.

Article 152 The capital common reserve shall only be used for the following purposes:

- (i) to make up losses;
- (ii) to expand production and management of the Company;
- (iii) to convert into capital.

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

Article 153 The statutory public welfare fund is for the collective welfare of the employees of the Company.

Article 154 The Company may distribute profits in either or both of the following forms:

**Mandatory
Provisions
Article 139**

- (i) cash; and/or
- (ii) shares.

Article 155 The dividends and other payments to holders of domestic invested shares shall be calculated and declared in Renminbi, and be paid for in Renminbi. The dividends and other payments to holders of overseas listed foreign invested shares shall be calculated and declared in Renminbi, and be paid for with HKD. The dividends and other payments to holders of overseas listed foreign invested shares shall be handled by referring to the relevant provisions of state administration of foreign exchange.

Article 156 Unless the relevant laws and administrative regulations as otherwise provided in cash dividends and other payments paid in Hong Kong dollars, deducted payable tax, pay from foreign exchange account or the designated foreign exchange banks according to profit distribution resolution of the Board. Designated foreign exchange banks determine foreign exchange price and proceed foreign exchange selling business by referring to daily RMB exchange average rate and provisions of the bid-ask spreading published by Peoples' bank of China.

Article 157 Complied with the provisions of Article 55 (2) and item (14) of 95(1), the board of director can decide to pay interim and special dividend.

Listing Rule
Appendix III,
Article 3(1)

That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Article 158 When the Company pay dividend, it must deduct relevant tax on behalf of shareholder according to provisions of China tax regulations.

Article 159 The Company shall appoint receiving agents for holders of overseas listed foreign invested shares to collect on behalf of the relevant shareholders the dividends declared and other payments in respect of overseas listed foreign invested shares.

Mandatory
Provisions
Article 140
Listing Rule
Appendix XIc,
Section 1,
Article (c)

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

The receiving agents appointed by the Company for holders of overseas listed foreign invested shares listed in Hong Kong shall be a company registered as a trust company under the *Trustee Ordinance of Hong Kong*.

Z.J.H.H.
Article 8

The power for confiscation of unclaimed dividend shall only be exercised after the expiration of the applicable period.

Listing Rule
Appendix III
Article 3(2)

The conditions required to exercise the power to cease sending dividend warrants by post if such dividend warrants not withdrawn in two consecutives. However, it can also be exercised when the first dividends warrants unable to be delivered to the recipient and has been returned.

Listing Rule
Appendix III
Article 3(1)

Requirements for the exercise of the power to sell the shareholder who can not be contacted, meet the following requirements include: (a) the relevant shares have declared dividends three time within 12 years (b) after the expiration of 12 years, the Company must make advertisements on newspaper indicating its intention to sale of shares and inform the Hong Kong Stock Exchange.

Listing Rule
Appendix III
Article 13(2)(a)&(b)

Chapter 16: Engagement of Auditors

Article 160 The Company shall engage an independent Auditor that complies with relevant provisions of PRC laws to audit the annual financial reports and review other financial reports of the Company.

Mandatory
Provisions
Article 141

The Company's Auditor shall be engaged by the shareholders' meeting. The first Auditor of the Company may be engaged by the Board. Such Auditor shall hold office until the conclusion of the first annual general meeting.

Inaugural meeting did not exercise the powers prescribed above, the Board may exercise the power instead.

Article 161 The term of engagement of an Auditor engaged by the Company shall commence upon the adjournment of the annual general meeting of the Company and end upon the adjournment of the next annual general meeting.

**Mandatory Provisions
Article 142**

Article 162 An Auditor engaged by the Company shall have the following rights:

**Mandatory Provisions
Article 143**

- (i) the right of access to the account books, records or vouchers of the Company and the right to require Directors, the manager and other senior management staff of the Company to provide relevant information and explanations;**
- (ii) the right to require the Company to take reasonable measures to obtain from its subsidiaries the information and explanations necessary for the Auditor to perform its duties; and**
- (iii) the right to attend shareholders' meetings in a non-voting capacity, to receive notice of or other information concerning any meetings of or concerning which shareholders have a right to receive notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the Auditor of the Company.**

Article 163 If the position of Auditor becomes vacant, the Board may appoint an Auditor to fill such vacancy before a shareholders' general meeting is held. However, if there are other Auditors holding the position of Auditor of the Company while such vacancy persists, such Auditors may continue to act.

**Mandatory Provisions
Article 144**

Article 164 The shareholders' general meeting may by ordinary resolution decide to dismiss any Auditor prior to the expiration of its term of engagement, notwithstanding anything in the contract between the Auditor and the Company, but without prejudice to such Auditor's right, if any, to claim damages from the Company in respect of such dismissal.

**Mandatory Provisions
Article 145**

Article 165 The remuneration or method of determining the remuneration of an Auditor shall be decided upon by the shareholders' general meeting. The remuneration of an Auditor engaged by the Board shall be determined by the Board.

Mandatory Provisions
Article 146

Article 166 The engagement, dismissal or non-renewal of engagement of an Auditor shall be decided upon by the shareholders' general meeting and be filed with the securities regulatory authorities of the State Council for record.

Mandatory Provisions
Article 147

Where a resolution at a shareholders' general meeting is to be passed to appoint as Auditor other than an incumbent Auditor, to fill a casual vacancy in the office of Auditor, or to remove an Auditor before the expiration of its term of office, matters shall be handled in accordance with the following provisions:

Z.J.H.H.
Article 9

(i) the proposal of engagement or dismissal shall be sent, before issuance of the notice of the shareholders' general meeting, to the Auditor proposed to be appointed or the Auditor proposing to leave its post or the Auditor that has left its post in the relevant fiscal year; leaving includes leaving by removal, resignation and retirement;

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(i)(A)

(ii) if the Auditor leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(i)(B)(x)&(y)

1. in any notice of the resolution given to shareholders, state the fact of the representations having been made by the Auditor that is leaving its post; and

2. serve a copy of the representations as an attachment to the notice on the shareholders by the method specified in the Articles of Association.

(iii) if the representations of the Auditor are not sent in accordance with the preceding subparagraph (ii), the Auditor may require that the representations be read out at the meeting, and may make a further complaint.

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(i)(C)

(iv) an Auditor that is leaving its post shall be entitled to attend:

1. the shareholders' general meeting at which its term of office would otherwise have expired;
2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
3. any shareholders' general meeting convened on its resignation;

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(i)(D)(x)(y)(z)

and to receive all notices of, and other information relating to, any such meeting, and to be heard at any such meeting which it attends on matters which concern it as former Auditor of the Company.

Article 167 When the Company dismisses or does not renew the engagement of an Auditor, it shall give advance notice to the Auditor. The Auditor shall have the right to present its views before the shareholders' general meeting. In the event that the Auditor makes its resignation, it shall state to the shareholders' general meeting on whether there is any inappropriate affairs.

Mandatory
Provisions
Article 148

An Auditor may resign by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statement:

Z.J.H.H.
Article 10

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

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(ii)(A)(B)

Where a notice is deposited under the preceding paragraph, the Company must within 14 days send a copy of the notice to the competent authority. If the notice contained a statement as mentioned in the preceding subparagraph 2, the Company shall make a copy of such statement available at its offices for inspection by shareholders. The Company shall additionally send a copy of the aforementioned statement to each holder of overseas listed foreign invested shares by prepaid mail at the address shown in the register of shareholders.

Listing Rule
Appendix Xlc,
Section 1,
Item (e)(iii)

Where the Auditor's notice of resignation contains a

Listing Rule

statement in respect of subparagraph 2 of this Article, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

Appendix Xlc,
Section 1,
Item (e)(iv)

Chapter 17: Merger and Division

Article 168 The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association, relevant approval procedures shall be carried out in accordance with the law. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price.

Mandatory
Provisions
Article 149

The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders. Holders of overseas listed foreign invested shares shall additionally be served copies of the aforementioned document by mail to the address of the shareholder as shown in the register of shareholders.

Article 169 The Company may carry out mergers either in the form a merger by absorption or the form of a merger by new establishment.

Mandatory
Provisions
Article 150

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall publish an announcement in the designated newspapers at least three times.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to the company surviving the merger or the new company established subsequent to the merger.

Article 170 If the Company is to be divided, its property shall be divided accordingly.

**Mandatory
Provisions
Article 151**

For division of the Company, the parties to the division shall enter into a division agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the division resolution, the Company shall notify its creditors and within 30 days it shall publish an announcement in the designated newspapers at least three times.

The post-division companies shall be jointly and severally liable for the pre-division debts of the Company.

Article 171 If a change occurs in the Company's registered particulars due to its merger or division, the change shall be registered with the Company's registrar in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the law.

**Mandatory
Provisions
Article 152**

Chapter 18: Dissolution and Liquidation

Article 172 The Company shall be dissolved and liquidated in accordance with the law if:

**Mandatory
Provisions
Article 153**

- (i) the shareholders' general meeting resolves to dissolve the Company;
- (ii) dissolution is necessary as a result of the merger or division of the Company;
- (iii) the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;
- (iv) the Company is ordered to closed down because of its violation of laws and administrative regulations.

Article 173 If the Company is dissolved pursuant to item (i) of the

**Mandatory
Provisions
Article 154**

preceding Article, it shall establish a liquidation committee within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by the shareholders' general meeting by ordinary resolution.

If the Company is to be dissolved pursuant to item (iii) of the preceding Article, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Company is to be dissolved pursuant to item (iv) of the preceding Article, the relevant governing authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Article 174 If the Board decides that the Company should be liquidated (otherwise than because of a declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

Mandatory
Provisions
Article 155

The functions and powers of the Board shall terminate immediately upon the adoption by the shareholders' general meeting of a resolution to carry out liquidation.

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

Article 175 The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish an announcement of the liquidation in the newspapers at least three times within 60 days. The

Mandatory
Provisions
Article 156

liquidation group shall check in the credits.

Article 176 The liquidation committee shall exercise the following functions and powers during liquidation:

**Mandatory
Provisions
Article 157**

- (i) to inventory the Company's property, and to prepare a balance sheet and a property list;
- (ii) to notify creditors by notice and public announcement;
- (iii) to dispose of unfinished business of the Company relating to the liquidation;
- (iv) to pay all outstanding taxes in full;
- (v) to liquidate claims and debts;
- (vi) to dispose of the Company's property remaining after the debts are paid in full; and
- (vii) to represent the Company in civil actions.

Article 177 After the liquidation committee has inventoried the Company's property and prepared a balance sheet and a property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the relevant governing authorities for confirmation.

**Mandatory
Provisions
Article 158**

Liquidation fee have the priority to pay first, The property of the Company shall be distributed in accordance with the following sequences: (i) the wages of workers and labor insurance expenses; (ii) tax owed; (iii) bank loans, corporate bonds and other corporate debt.

The remaining property of the Company after paying off all the debts and expenses as prescribed by the preceding paragraph shall be distributed in accordance with the classes of the shares and in proportion to the number of shares held by the shareholders as follows:

- (a) if any preference shares, initially allocated at the nominal value of the preference shares of preferred shareholders; unable to make full repayment of preference shares capital stock, allocated by the

proportion of the preference shares held by the shareholders;

(b) allocated at the proportion of ordinary shareholders.

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

Article 178 If the liquidation committee, having inventoried the Company's property and prepared a balance sheet and a property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy.

Mandatory
Provisions
Article 159

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

Article 179 Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, as well as a revenue & expenditure statement and financial account books in respect of the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the same to the shareholders' general meeting or the competent authority for confirmation.

Mandatory
Provisions
Article 160

Within 30 days from the date of confirmation of the aforementioned documents by the shareholders' general meeting or the people's court, the liquidation committee shall submit the same to the relevant company registrar, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Chapter 19: Amendment Procedures of the Articles of Association

Article 180 The Company may amend the Article of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

Mandatory
Provisions
Article 161

Article 181 The Company shall amend the Articles of Association following the procedures set forth below:

- (i) the Board proposes for the amendment of the Articles of Association;
- (ii) such proposals are submitted to shareholders in writing and then a shareholders' general meeting is convened;
- (iii) the resolution for the amendment is adopted via affirmative votes by at least two-thirds of the votes held by shareholders attending the shareholders' general meeting.

Article 182 If an amendment to the Articles of Association involves matters provided for in the *Mandatory Provisions of Articles of Association of Companies*, it shall become effective upon approval by the authority that is authorized by the State Council to examine and approve companies and the relevant securities regulatory authorities of the State Council.

Mandatory
Provisions
Article 162

Article 183 If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

Mandatory
Provisions
Article 162

Chapter 20: Notices

Article 184 Unless otherwise stipulated in the Articles of Association, the Company's notices, materials or written declarations to the holders of the overseas listed foreign investment shares shall be delivered by hand or by prepaid mail at their addresses registered in the register of shareholders.

The Company may also choose to issuance of corporate communications to shareholders of the Company ("Shareholders") annual report, accounts and auditor's report by electronic means.

Overseas listed foreign invested shareholders should be issued a notice under the provisions of this statute, the announcement should be published according to the

Appendix
III-VII(1)&(2)

provisions of the GEM Listing Rules.

Article 185 When the notice is delivered by mail, it is deemed to be received within 48 hours after the delivery as long as the address is clearly written, the postage is paid, the notice is put in an envelope, and the envelope is deposited to the mailbox.

Chapter 21: Settlement of Disputes

Article 186 The Company shall abide by the following principles for settlement of disputes:

- (i) If any dispute or claims concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association, the Company Law or other relevant laws or administrative regulations arises between a holder of overseas listed foreign invested shares and the Company, between a holder of overseas listed foreign invested shares and a Director, a supervisor, the manager or other senior management staff of the Company or between a holder of overseas listed foreign invested shares and a holder of domestic invested shares, the parties concerned shall submit such dispute or claim for arbitration.

Mandatory
Provisions
Article 163
Z.J.H.H.
Article 11

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

Disputes regarding the definition of shareholders and the register of shareholders may be resolved by means other than arbitration.

- (ii) A dispute or claim submitted to arbitration may be arbitrated, at the option of the arbitration applicant, by

either the China International Economic & Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim to arbitration, the other party must submit to the arbitration institution selected by the applicant.

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

- (iii) Unless otherwise provided by laws or administrative regulations, the PRC laws shall apply to the resolution by arbitration of disputes or claims referred to in item (i).
- (iv) The award of the arbitration institution shall be final and binding upon each party.

Chapter 22: Supplementary Provisions

Article 187 The Articles of Association are written in Chinese.

Article 188 The power of interpretation of the Articles of Association belongs to the Company's Board of Directors, modify vested in the shareholders' meeting

Article 189 For the purposes of the Articles of Association, the term "accounting firm" shall have the same meaning as the term "auditor".

Mandatory
Provisions
Article 165