

**Guangdong Adway Construction  
(Group) Holdings Company Limited**

**ARTICLES OF ASSOCIATION**

Adopted by a special resolution passed at a shareholders' general meeting  
on 12 June 2020

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# Guangdong Adway Construction (Group) Holdings Company Limited

## ARTICLES OF ASSOCIATION

### CHAPTER 1 GENERAL PROVISIONS

Article 1.1 Guangdong Adway Construction (Group) Holdings Company Limited (the “Company”) is a joint stock company with liability established pursuant to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”) and other relevant laws and administrative regulations.

The Company is promoted and established by converting its entirety. The Company is registered at the Shenzhen City Administrative Bureau of Industry and Commerce on 3 December 2007 and obtained its business license. The Uniform Social Credit Code of the Company is: 91440300617421139M.

Promoters of the Company: Ye Yujing, Ye Yuling and Ye Jinmei

Article 1.2 Registered Name of the Company

In Chinese: 廣東愛得威建設（集團）股份有限公司

In English: Guangdong Adway Construction (Group) Holdings Company Limited

Article 1.3 The Company’s legal residence: 3rd Floor, Pengyi Garden Building 1, Bagua No.1 Road, Futian District, Shenzhen, PRC

Article 1.4 The Company’s legal representative is the Chairman of the Board.

Article 1.5 The business term of the Company is from 18 December 1996 to 30 March 2024.

Article 1.6 The original Articles of Association has been effective since the date of company registration.

The Articles of Association shall take effect after being adopted by a special resolution at the Company’s general meeting, upon approval of the relevant governing authorities of the State and the listing of Overseas- Listed Foreign-Invested Shares of the Company on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). After the Articles of Association comes into effect, the original Articles of Association shall be superseded by these Articles of Association.

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and behavior, and the rights and obligations between the Company and its shareholders and between and among the Company's shareholders.

Article 1.7 The Articles of Association shall be binding on the Company and its shareholders, Directors, supervisors, general manager and other senior management members, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with the Articles of Association.

The shareholders of the Company may pursue actions against the Company and the Company may pursue actions against its shareholders, both being on the basis of the Articles of Association. The shareholders of the Company may pursue actions against other shareholders, Directors, supervisors, general manager and other senior management members of the Company.

The actions aforementioned include the institution of legal proceedings with a court proceedings or application to an arbitration institution for arbitration.

Article 1.8 The Company may invest in other limited liability companies and joint stock limited companies, and shall be liable for the invested companies to the extent of the amount of its capital contribution.

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

Article 2.1 The operating objectives of the Company are: to realize the goals of raising economic benefits and achieving rapid sustainable development, upholding entrepreneurship of loving in harmony, maintaining quality, being success development, creating brands, promoting corporate culture, enhancing adjustments and upgrades of the industrial structure, following the footsteps of modern science and technology, developing the Company into a competitive conglomerate both domestically and internationally, increasing profits for shareholders and making contribution to the economic development of the country.

Article 2.2 The Company's scope of business includes Grade I Professional Contractor of Building Renovation and Decoration Engineering, Grade I Professional Contractor of Curtain Wall Engineering, Grade I Professional Contractor of Fire Safety Equipment Engineering, Grade I Professional Contractor of Building Intelligent Engineering, Grade II Professional Contractor of Steel Structure Engineering, Grade III General Contractor of Municipal Engineering, Grade III General Contractor of Construction Engineering, Grade A Professional Building Decoration Engineering and Design, Grade A Professional Curtain Wall Engineering and Design, Grade B Professional Fire Safety Equipment Engineering and Design, design,

installation and maintenance of security prevention systems (the aforesaid scopes of business shall not operate prior to obtaining qualification certificate); development and application in computer software and hardware product technology, intelligence engineering system, solar energy construction technology, energy-saving product technology, fire and security equipment technology, green environmental friendly materials, and construction intelligence products, development, production, manufacture, application and sale of construction and decoration materials, mechanical and electrical equipment, fire safety equipment, environmental-friendly filtration system; sale of air conditioner; lease of self-owned properties; operation of medical equipment business and production of medical equipment; consulting service on design, engineering and advertising; design, installation and management of the clean(ultra-clean)engineering projects.

The business scope of the Company shall be as approved by the company registration authorities.

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

Article 3.1 The Company shall have ordinary shares at any and all times. Subject to the approval from the companies approving department authorized by the State Council, the Company may issue other classes of shares when needed.

Article 3.2 All shares issued by the Company shall have a nominal value, with each share having a nominal value of RMB1.

Article 3.3 Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries, the regions of Hong Kong, Macau or Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC other than those from the regions referred to in the preceding sentence who subscribe for shares issued by the Company.

Article 3.4 Shares issued by the Company to domestic investors for subscription in Renminbi are called domestic shares. Shares issued by the Company to foreign investors for subscription in a foreign currency are called foreign shares. Foreign shares listed overseas are called overseas listed foreign shares.

Both the holders of domestic shares and overseas listed foreign shares are the shareholders of ordinary shares, and have the same rights and obligations.

Upon the approval of the securities regulatory authority under the State Council, domestic shareholders of the Company can transfer their shares to foreign investors and these shares can be listed and traded overseas. A classified shareholders meeting is unnecessary in such case.

Article 3.5 As approved by the companies approving department authorized by the State Council, immediately before the completion of the initial placing of its overseas listed foreign shares (H shares), the Company has issued a total of 158,287,000 shares, the shareholders, the number of shares held and the shareholding ratio areas follows respectively:

<b>Number</b>	<b>Shareholder</b>	<b>Number of Shares ('0000)</b>	<b>Percentage of Shareholding</b>
1.	Ye Yujing	6,769.4	42.7666%
2.	South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership)	1,700	10.7400%
3.	Ye Xiujin	1,550.4	9.7949%
4.	Ye Bingquan(Ye Xiaomei isthe guardian of Ye Bingquan)	1,033.6	6.5299%
5.	Ye Xian	1,033.6	6.5299%
6.	Shenzhen Gong Xiang Li Investment Entity (Limited Partnership)	807.5	5.1015%
7.	Yu Taomei	637.5	4.0275%
8.	Huang Na	612	3.8664%
9.	Shenzhen Gong Fen Li Investment Entity (Limited Partnership)	384.2	2.4272%
10.	Zhou Hang	255	1.6110%
11.	Luo Biao	229.5	1.4499%
12.	Qiu Jiabao	170	1.0740%
13.	Li Guangbin	127.5	0.8055%
14.	Qiu Wenjin	127.5	0.8055%
15.	Zeng Fang	119	0.7518%
16.	Li Mingzhu	102	0.6444%
17.	Zeng Bo	85	0.5370%
18.	Liu Yi	51	0.3222%
19.	Wen Kaiwen	34	0.2148%
<b>Total</b>	—	<b><u>15,828.7</u></b>	<b><u>100%</u></b>

Article 3.6 The total number of shares issued by the Company shall be 240,930,645 shares, including 62,763,000 overseas listed foreign shares, representing approximately 26.0502% of the total number of ordinary shares of the Company.

Upon completion of initial issuance of overseas listed foreign shares, under the circumstance that the number of overseas listed foreign shares represents about 25% of the total number of issuable ordinary shares of the Company (assuming over-allotment option is not exercised), the share capital structure of the Company shall be as follows:

<b>Number</b>	<b>Shareholder</b>	<b>Number of Shares ('0000)</b>	<b>Percentage of Shareholding</b>
1.	Ye Yujing	6,769.4	32.0749%
2.	South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership)	1,700	8.0550%
3.	Ye Xiujin	1,550.4	7.3461%
4.	Ye Bingquan(Ye Xiaomei is the guardian of Ye Bingquan)	1,033.6	4.8974%
5.	Ye Xian	1,033.6	4.8974%
6.	Shenzhen Gong Xiang Li Investment Entity (Limited Partnership)	807.5	3.8261%
7.	Yu Taomei	637.5	3.0206%
8.	Huang Na	612	2.8998%
9.	Shenzhen Gong Fen Li Investment Entity (Limited Partnership)	384.2	1.8204%
10.	Zhou Hang	255	1.2082%
11.	Luo Biao	229.5	1.0874%
12.	Qiu Jiabao	170	0.8055%
13.	Li Guangbin	127.5	0.6041%
14.	Qiu Wenjin	127.5	0.6041%
15.	Zeng Fang	119	0.5638%
16.	Li Mingzhu	102	0.4833%
17.	Zeng Bo	85	0.4027%
18.	Liu Yi	51	0.2416%
19.	Wen Kaiwen	34	0.1611%
20.	Holder of Overseas Listed Foreign Shares	5,276.3	25.0002%
<b>Total</b>	<b>—</b>	<b>21,105</b>	<b>100%</b>



Upon completion of the transfer of Domestic shares and the first new issuance of overseas listed foreign shares, the overseas listed foreign shares represent approximately 28.3931% of the total number of ordinary shares of the Company. The share capital structure of the Company shall be as follows:

Number	Shareholder	Number of Shares ('0000)	Percentage of Shareholding
1.	Ye Yujing	6,769.4	30.6238%
2.	South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership)	1,700	7.6906%
3.	Ye Xiujin	1,550.4	7.0138%
4.	Ye Bingquan (Ye Xiaomei is the guardian of Ye Bingquan)	1,033.6	4.6759%
5.	Ye Xian	1,033.6	4.6759%
6.	Huang Na	612	2.7686%
7.	Shenzhen Gong Xiang Li Investment Entity (Limited Partnership)	607.5	2.7482%
8.	Shenzhen Gong Fen Li Investment Entity (Limited Partnership)	289.7	1.3106%
9.	Zhou Hang	255	1.1536%
10.	Ye Weiqing	170	0.7691%
11.	Ye Weiping	136	0.6152%
12.	Yu Taomei	127.5	0.5768%
13.	Li Guangbin	127.5	0.5768%
14.	Qiu Wenjin	127.5	0.5768%
15.	Zeng Fang	119	0.5383%
16.	Luo Biao	85	0.3845%
17.	Liu Yi	51	0.2307%
18.	Zeng Bo	34	0.1538%
19.	Ningbo Meishan Bonded Area Xingwang Yinghua Equity Investment Center (limited partnership)	1,000	4.5239%
20.	Holder of Overseas Listed Foreign Shares	6,276.3	28.3931%
<b>Total</b>	—	<b>22,105</b>	<b>100%</b>

Upon completion of the first new issuance of Domestic Shares, the overseas listed foreign shares represent approximately 26.0502% of the total number of ordinary shares of the Company. The share capital structure of the company shall be as follows:

<b>Number</b>	<b>Shareholder</b>	<b>Number of Shares ('0000)</b>	<b>Percentage of Shareholding</b>
1.	Ye Yujing	6,769.4000	28.0969%
2.	South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership)	1,700.0000	7.0560%
3.	Ningbo Meishan Bonded Area Yingxiang Investment Center (Limited Partnership)	1258.0645	5.2217%
4.	Ye Xiujin	1,550.4000	6.3450%
5.	Ye Bingquan (Ye Xiaomei is the guardian of Ye Bingquan)	1,033.6000	4.2900%
6.	Ye Xian	1,033.6000	4.2900%
7.	Ningbo Meishan Bonded Area Xingwang Yinghua Equity Investment Center (limited partnership)	1,000.0000	4.1506%
8.	Huang Na	612.0000	2.5402%
9.	Shenzhen Gong Xiang Li Investment Entity (Limited Partnership)	607.5000	2.5215%
10.	Shenzhen Gong Fen Li Investment Entity (Limited Partnership)	289.7000	1.2024%
11.	Zhou Hang	255.0000	1.0584%
12.	Zhuang Shiqian	180.0000	0.7471%
13.	Ye Weiqing	170.0000	0.7056%
14.	Ye Weiping	136.0000	0.5645%
15.	Yu Taomei	127.5000	0.5292%
16.	Li Guangbin	127.5000	0.5292%
17.	Qiu Wenjin	127.5000	0.5292%
18.	Zeng Fang	119.0000	0.4939%
19.	Ye Lvsen	100.0000	0.4151%
20.	Ye Hancheng	100.0000	0.4151%
21.	Zhang Liangxing	100.0000	0.4151%
22.	Zhuang Ye	100.0000	0.4151%
23.	Qi Xiumin	100.0000	0.4151%
24.	Luo Biao	85.0000	0.3528%
25.	Qiu Jiabao	50.0000	0.2075%
26.	Liu Yi	51.0000	0.2117%
27.	Zeng Bo	34.0000	0.1411%
28.	Holder of Overseas Listed Foreign Shares	6,276.3000	26.0502%
<b>Total</b>	—	<b>24,093.0645</b>	<b>100%</b>

Article 3.7 Upon approval by the securities regulatory authority of the State Council of the proposal for issuing overseas listed foreign shares and domestic shares, the Board may make implementation arrangements of separate issues.

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

Article 3.8 Where the Company issues overseas listed foreign shares and domestic shares separately within the total number of shares as stated in the issuance proposal, every such issue of the offered shares shall be fully subscribed for in one time. If they cannot be fully subscribed for in one time under special circumstances, these shares may be issued in several issues subject to the approval of the securities regulatory authority of the State Council.

Article 3.9 The registered capital of the Company is RMB240,930,645.

Article 3.10 The Company may, based on its operation and development needs and in accordance with the relevant provisions of the Articles of Association, approve an increase of its capital.

The Company may increase its capital in the following manners:

- (1) offer of new shares to unspecified investors;
- (2) placement of new shares to existing shareholders;
- (3) allotment of new shares to its existing shareholders;
- (4) any other methods as permitted by laws and administrative regulations.

The Company's increase of its capital by issuing new shares shall, after having been approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Article 3.11 Unless otherwise provided by laws and administrative regulations and obtaining approval from the stock exchange where the company's shares are listed for overseas listed foreign shares, fully-paid-up shares of the Company are freely transferable and are not subject to any lien.

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

Article 4.1 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. The reduction of capital shall proceed according to the procedures as required by the Company Law and other relevant regulations and provisions of the Articles of Association.

Article 4.2 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of capital and shall publish a public announcement in the newspapers within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the first announcement, to require the Company to repay its debt or provide a corresponding guarantee for such repayment.

Article 4.3 The Company may, upon the passing of the procedures under the Articles of Association, and subject to the approval of the relevant governing authority of the state, repurchase its shares in issue under the following circumstances:

- (1) to cancel shares for the purpose of capital reduction;
- (2) to merge with another company that holds shares in the Company;
- (3) awarding shares to the employees of the Company;
- (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares; and
- (5) Other circumstances specified by laws and administrative regulations.

Article 4.4 The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) to make an offer to repurchase its shares to all of its shareholders on a pro rata basis;
- (2) to repurchase its shares through public trading on a stock exchange;
- (3) to repurchase its shares through an off-market agreement.

Article 4.5 Where the Company repurchases its shares through an off-market agreement; it shall seek prior approval of the shareholders at the general meeting in accordance with the Articles of Association. The Company may rescind or vary a contract so entered into by the Company or waive any of its rights thereunder upon prior approval by shareholders at general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement whereby obligations to repurchase are undertaken and rights to repurchase reacquired.

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

Where the Company has the rights to repurchase the redeemable shares:

- (1) if the repurchases are not made through the market or by tender, it shall be limited to a maximum price;
- (2) if the repurchases are made by tender, the tender shall be available to all shareholders alike.

Article 4.6 Where shares of the Company are repurchased in accordance with Article 4.3(1), they shall be canceled within 10 days of being repurchased; where shares of the Company are repurchased in accordance with Articles 4.3(2) or (4), they shall be transferred or canceled within 6 months of being repurchased.

Shares repurchased in accordance with Article 4.3(3) shall not exceed 5% of the total issued shares of the Company; the repurchase shall be made from the after-tax profit of the Company; the repurchased shares shall be transferred to employees of the Company within one (1) year.

The registered capital of the Company shall be reduced by the aggregate nominal value of the shares cancelled.

Article 4.7 Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its shares in issue:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of issuance of new shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of issuance of new shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (2) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of issuance of new shares made for that purpose, provided that the amount paid out of the proceeds of the issuance of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the amount standing to the credit of the Company's share premium account (or capital reserve account) at the time of such repurchase (including the premium on the issuance of new shares);

- (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
  - (i) acquisition of right store purchase shares of the Company;
  - (i) variation of any contract for repurchasing shares of the Company; (ii) discharge of any of the Company's obligations under any contract for repurchasing its shares.
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be accounted for in the Company's share premium account (or capital reserve account).

#### **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE REPURCHASE OF SHARES IN THE COMPANY**

Article 5.1 The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. The said acquirer of shares in the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares in the Company.

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

This provision does not apply to the circumstances stated in Article 5.3.

Article 5.2 The financial assistance referred to in this Chapter includes (without limitation) financial assistance provided by the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any right;
- (3) provision of loan or entry into any agreement under which the obligations of the Company are to be fulfilled before the obligations of other parties, or a change in the parties to, or the assignment of rights under, such loan or agreement;

- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression “Incurring an obligation” referred to in this Chapter includes the incurring of obligations by the obligor as a result of the changing of the its financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or jointly with any other persons), or by any other means.

Article5.3 The following activities shall not be deemed to be activities prohibited byArticle5.1:

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

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

Article 6.1 Share certificates of the Company shall be in registered form.

In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other particulars required to be specified therein by the stock exchange(s) on which the shares of the Company are listed.

Article 6.2 The Shares of the Company shall be transferred, gifted, inherited and pledged in accordance with relevant laws, administrative regulations or the listing rules of the securities exchange on which the Shares of the Company are listed as well as the Articles of Association.

Assignment or transfer of such shares shall be registered with the share registrar appointed by the Company.

Article 6.3 Share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires such share certificates to be signed by other senior management members of the Company, such share certificates shall also be signed by such other senior management members. Such share certificates shall become valid after the seal of the Company has been affixed thereto by way of printing or otherwise. The seal of the Company shall be affixed to such share certificates with the authority of the Board. The signatures of the Chairman of the Company or other relevant senior management members on such share certificates may also be in printed form.

Article 6.4 The Company shall establish a register of shareholders, in which the following particulars shall be entered:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid up or payable in respect of shares held by each shareholder;
- (4) the identification numbers of the shares held by each shareholder;
- (5) the date on which each shareholder is registered as such;
- (6) the date on which each shareholder ceases to be such shareholder.

The register of shareholders shall be the sufficient evidence of the shareholders' shareholdings in the Company, except where there is evidence to the contrary.

Article 6.5 The Company may, in accordance with the mutual understanding and agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities maintain its register of holders of overseas listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.



The Company shall keep a copy of its register of holders of overseas listed foreign shares at its address. The overseas agent appointed as aforesaid shall ensure that the original and the copy of such register of holders of overseas listed foreign shares are at all times consistent.

Where the original and the copy of such register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

Article 6.6 The Company shall maintain a complete register of shareholders.

Such register of shareholders shall include the following parts:

- (1) a register of shareholders kept at the Company's legal residence (other than those under items (2) and (3) of this Article);
- (2) a register of holders of overseas listed foreign shares of the Company kept at the place where the overseas stock exchange on which such shares are listed is located;
- (3) any register of shareholders kept at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Article 6.7 Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered under any part of the register shall, during the existence of that registration, be registered under any other part of the register of shareholders.

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

Article 6.8 All fully paid-up overseas listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the provisions of the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless the following conditions are fulfilled:

- (1) HK\$2.5 or such higher fee (per each instrument of transfer of shares) as may be agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the title to such shares;
- (2) the instrument of transfer only relates to the overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;

- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any lien over the relevant shares.

All transfers of overseas listed foreign shares of the Company which are listed in Hong Kong shall be effected by instruments of transfer in writing in a common or usual form acceptable to Hong Kong Stock Exchange or in any other form acceptable to the Board; Such instruments of transfer may be signed by hand; where the transferor or transferee is a recognized clearing house (“Recognized Clearing House”) as defined by the Hong Kong laws or its nominee, the signatures to such instruments of transfer may be affixed by mechanical means. All instruments of transfer shall be kept at the legal address of the Company or such other place as the Board may specify from time to time.

Article 6.9 Transfers may not be entered in the register of shareholders within thirty (30) days prior to the date of a general meeting or within five (5) days before the record date set by the Company for the purpose of distribution of dividends.

Article 6.10 When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings; the Board shall designate a day to be the record date for the purpose of such determination. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

Article 6.11 Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 6.12 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificate (the “original certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”).

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 143 of the Company Law.

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

If a holder of overseas listed foreign shares of the Company which are listed in Hong Kong loses his share certificates and applies for their replacement, such replacement shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a standard form prescribed by the Company and accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a declaration that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (2) no statement has been received by the Company from any person other than the applicant requesting that such person be registered as the shareholder of the relevant shares before the Company decides to issue the replacement share certificates.
- (3) the Company shall, if it decides to issue any replacement share certificates to the applicant, make an announcement of its intention to issue the replacement share certificates in such newspapers as may be designated by the Board. Such announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) the Company shall have, prior to the publication of the announcement of its intention to issue such replacement share certificates, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been displayed on the premises of such stock exchange. The announcement shall be displayed on the premises of such stock exchange for a period of ninety (90) days.

In case an application for a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the 90-day period under each of items (3) and (4) of this Article, the Company has not received from any person any objection to the issue of such replacement share certificates, the Company may issue such replacement share certificates to the applicant according to his application.
- (6) where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original share certificate and enter such cancellation and issue in the register of shareholders accordingly.

- (7) all expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any actions until a reasonable guarantee is provided by the applicant for such expenses.

Article 6.13 Where the Company issues a replacement share certificate pursuant to the provisions of the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned replacement share certificate or a shareholder who thereafter becomes registered as the owner of the relevant shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 6.14 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of an original share certificate or the issuance of a replacement share certificate, unless the claimant is able to prove that the Company had acted fraudulently.

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

Article 7.1 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name has been entered in its register of shareholders.

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

The Company shall not exercise any of its powers to freeze or otherwise impair any of the rights attached to any shares of the Company by reason only that a person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 7.2 When two or more persons are registered as the joint holders of any share, they shall be deemed to be the joint owners of such share subject to the following restrictions:

- (1) the Company shall not be obliged to register more than four persons as the joint holders of any share;
- (2) all the joint holders of any share shall jointly and severally assume the liability to pay for all amounts payable in respect of such share.

In case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be the persons having the ownership of such share, but the Board shall have the right, for the purpose of making amendments to the register of shareholders, to require the provision of such death certificate in respect of such shareholder as it may deem appropriate;

For joint holders of any share, only the joint holder whose name stands first in the register of shareholders in respect of such share shall be entitled to receive from the Company the certificate for such share, and notices. Any notice served on such person shall be deemed to have been served on all the joint holders of such share. In case of joint shareholding, any one of joint holder may sign a proxy form, except if more than one such joint holder is present at the meeting, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose the seniority of shareholders will be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint shareholding.

Article 7.3 The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held by them;
- (2) the right to attend or appoint a proxy to attend general meetings and to exercise voting rights thereat;
- (3) the right to monitor the business activities of the Company and to put forward proposals or make inquiries relating there to;
- (4) the right to transfer shares in accordance with the laws, administrative regulations and the provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of these Articles of Association, including:
  1. the right to obtain a copy of these Articles of Association, subject to payment of the cost of such copy;
  2. the right to inspect and copy, subject to payment of a reasonable charge:
    - (i) all parts of the register of shareholders;
    - (i) personal particulars of each of the Company's Directors, supervisors, general manager and other senior management members, including:
      - (A) their present name and alias and any former name and alias;
      - (B) their principal address(residence);
      - (C) their nationality;

- (D) their full-time and all other part-time occupations and duties;
  - (E) their identification document and its number thereof;
  - (ii) a statement of the Company's share capital;
  - (iv) a report showing in respect of each class of shares repurchased by the Company since the end of the last accounting year, the aggregate nominal value and the quantity of, and the maximum and minimum price paid for, such shares so repurchased, and the aggregate amount paid by the Company for such purpose;
  - (v) minutes of general meetings, the Board of Directors and Supervisory Board.
- (6) the right to participate in the distribution of remaining assets of the Company in proportion to the number of shares held, in the event of the termination or liquidation of the Company;
  - (7) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 7.4 The ordinary shareholders of the Company shall assume the following obligations:

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

Shareholders are not liable to make any further contribution to the share capital of the Company other than according to the terms agreed by the subscriber at the time of their subscription of the relevant shares.

Article 7.5 Where a shareholder holding 5% or more voting shares of the Company pledges any share in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

Article 7.6 In addition to obligations imposed by the laws, administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;

- (2) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of other person(s)), in any way, of the Company's properties, including, but not limited to, any opportunities beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of other person(s)) of personal rights of other shareholders, including, but not limited to, rights to distributions and voting rights (except pursuant to a restructuring submitted to shareholders for approval at the general meeting in accordance with the Articles of Association).

Article7.7 The term "controlling shareholder" referred to in the preceding provision means a person who satisfies anyone of the following conditions:

- (1) a person acting alone or in concert with others, is entitled to elect more than half of the Board;
- (2) a person acting alone or in concert with others, is entitled to exercise more than 30% (including 30%) or to control the exercise of more than 30% (including 30%) of the voting rights of the Company;
- (3) a person acting alone or in concert with others, holds more than 30% (including 30%) of the outstanding shares of the Company;
- (4) a person acting alone or in concert with others, has de facto control over the Company in any other manner(s).

## **CHAPTER 8 GENERAL MEETING**

Article8.1 The general meeting is the authoritative body of the Company and shall exercise its functions and powers in accordance with the laws.

Article8.2 The general meeting shall possess the following functions and powers:

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect, remove and replace Directors and to decide on the matters relating to the remuneration of Directors;
- (3) to elect and replace Supervisors who are appointed from the shareholders' representatives, and decide on matters relating the remuneration of the relevant Supervisors;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the Supervisory Committee;

- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to decide on the issuance of debentures by the Company;
- (11) to decide on the engagement, dismissal or non-reappointment of the accountants of the Company;
- (12) to amend the Articles of Association;
- (13) to consider any motions raised by shareholders who hold more than 3% (including 3%) of the voting shares of the Company;
- (14) to decide on the repurchase of Company's shares by the Company;
- (15) to decide on any other matters as the laws, administrative regulations and the Article of Association specify.

The general meeting may authorize or delegate the Board to deal with such other matters as may be authorized or delegated by it.

Article 8.3 Unless prior approval is obtained at the general meeting, the Company shall not enter into any contract with any person other than the Directors, supervisors, general manager and other senior management members whereby the administration of the whole or any material part of the business of the Company is to be handed over to such person.

Article 8.4 General meetings shall include annual general meetings and extraordinary general meetings. General meeting shall be called by the Board of Directors.

Annual general meetings shall be held once every year, and within 6 months of the end of the preceding accounting year.

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

- (1) when the number of directors is less than that is required by the Company Law or is less than two thirds of the number of directors specified in the Articles of Association;
- (2) when the Company fails to cover the accrued losses of the Company amounting to one third of the total amount of its share capital;



- (3) when shareholder(s) holding more than 10% (including 10%) of the Company's outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) when it is deemed necessary by the Board or requested by the Supervisory Committee to convene an extraordinary general meeting.

Article 8.5 When the Company convenes the general meeting, a written notice of the meeting shall be provided in no less than forty-five (45) days prior to the date of the meeting (including the date of meeting but excluding the date of the notice) to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. Shareholders who intend to attend the meeting shall deliver their written reply concerning their attendance in no less than twenty (20) days before the date of the meeting.

Article 8.6 In the case of an annual general meeting, shareholders holding in aggregate more than 3% (including 3%) of the total number of shares carrying voting rights shall be entitled to put forward any new proposal in writing to the Company. The Company shall include such proposal in the agenda of such meeting to the extent that it falls within the powers of the general meeting.

Article 8.7 The Company shall, on the basis of the written replies received twenty (20) days before the date of a general meeting, calculate the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting. Such meeting may be held if the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting is more than one-half of the total number of shares of the Company with voting rights; otherwise the Company shall, within five (5) days, by way of an announcement notify the shareholders again of the matters to be considered at the meeting, and the date and venue of the meeting. Such meeting may be held after such an announcement has been made.

An extraordinary general meeting shall not decide on matters not specified in the notice of such meeting.

Article 8.8 The notice of a general meeting shall meet the following requirements:

- (1) it shall be in written form;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters to be considered at the meeting;
- (4) it shall provide shareholders with such information and explanation as are necessary for them to make informed decisions in connection with the matters to be discussed. This principle shall include (but not be limited to), where the Company proposes to merge, repurchase its shares, restructure its share capital or carry out other reorganization,

that the specific terms and contracts (if any) of the proposed transaction must be provided along with the proposed agreement and the reason(s) and effect(s) of such proposal must be properly explained;

- (5) if any of the Directors, supervisors, general manager and other senior management members has a material interest in any of the matters to be discussed, the nature and extent of such interest shall be disclosed, and if the effect of any of the matters to be discussed on such Director, supervisor, general manager and other senior management member in his capacity as a shareholder is different from the effect of such matter to be discussed on the other shareholders of the same class, such differences shall also be specified;
- (6) it shall contain full text of any special resolution to be proposed at the meeting for consideration and approval;
- (7) it shall contain a clear statement that a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies need not be the shareholders;
- (8) it shall state the time and place for delivering proxy forms for the meeting.

Article 8.9 The notice of a general meeting shall be delivered to shareholders, (regardless of whether they are entitled to vote at the general meeting), personally or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. Such notice of the general meeting may also be given to holders of domestic shares by way of an announcement.

The announcement referred to in the preceding paragraph shall be published within a period of forty-five (45) to fifty (50) days prior to the date of the general meeting in one or more newspapers designated by the competent securities authorities under the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the notice of the general meeting.

To the fullest extent practicable, the Chinese and English version of such an announcement shall be published respectively on the major Chinese and English newspaper in Hong Kong at the same day as the notice of a general meeting delivered to shareholders.

Article 8.10 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and there solutions passed thereat.

Article 8.11 Any shareholder entitled to attend and vote at the general meeting shall be entitled to appoint one or several persons (who may not be a shareholder) as his proxy/proxies to attend and vote at the meeting on his behalf. The proxy/proxies so appointed may, in accordance with the appointment by such shareholder, exercise the following rights:

- (1) the same right as the shareholder to speak at the meeting;
- (2) the right to demand (either personally or jointly with others) to vote by poll;
- (3) the right to vote by poll, but the proxies of a shareholder who has appointed more than one proxy may only vote by poll.

Article 8.12 The proxy form shall be in writing, either to be executed by the appointer or by the power of attorney in writing. Should the appointer be a legal entity, the proxy form shall be executed either under the seal of such legal entity or under the hand of a director of or an executive duly authorized or an attorney duly appointed.

Article 8.13 The proxy form shall be deposited at the Company's residence or such other place as is specified in the notice of meeting 24 hours before the time appointed for holding the meeting in respect of which such proxy form is given, or 24 hours before the time appointed for taking the poll. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization document under which such proxy form is signed shall be notarized. A notarially certified copy of that power of attorney or other authorization document shall, together with such proxy form, be deposited at the Company's residence or such other place as is specified in the notice of meeting.

In the case of the appointer as a legal entity, its legal representative or such other person as may be authorized by a resolution of its Board of Directors or other decision-making organ shall, as its representative, attend the general meetings of the Company on its behalf.

Where the shareholder is a recognized clearing house (or its proxy) defined by the Hong Kong relevant Ordinance from time to time, the shareholder may authorize one or more persons whom he deems appropriate as his representative(s) at any general meeting or any category of shareholders' meeting; however, if more than one person are authorized, the power of attorney shall specify the number and class of shares for which such persons are authorized, and shall be signed by an authorized personnel of the recognized clearing house. The person(s) so authorized can represent the recognized clearing house (or its proxy) to attend the meeting (and the person(s) so authorized shall not be required to produce evidence of shareholding, the notarized power of attorney and/or further evidence to prove that the person(s) have been duly authorized) and exercise its right, as if the person(s) are the Company's individual shareholders.

Article 8.14 Any form issued to a shareholder by the Board of Directors for the appointment of a proxy shall enable the shareholder to freely choose to instruct the proxy to vote for or against each resolution and make an instruction respectively with respect to the matters to be considered at the relevant meeting. Such form shall specify a statement that, in the absence of instructions by the shareholder, the proxy may vote as he thinks fit.

Article 8.15 Where the appointer has deceased or has been incapacitated from acting or has withdrawn the appointment of his proxy or the power of attorney under which the proxy form appointing his proxy has been signed, or where the relevant shares have been transferred, a vote given by such proxy in accordance with such proxy form shall remain valid provided that no written notice thereof has been received by the Company prior to the commencement of the relevant meeting.

Article 8.16 There are two kinds of resolutions made at the general meeting, ordinary resolutions and special resolutions.

For an ordinary resolution to be passed at a general meeting, more than half of the voting rights represented by the shareholders present at the meeting (including the proxies of the shareholders) shall have been exercised in favour of such resolution.

For a special resolution to be passed at a general meeting, more than two-thirds of the voting rights represented by the shareholders present at the meeting (including the proxies of the shareholders) shall have been exercised in favour of such resolution.

Article 8.17 A shareholder (including his proxy) when voting at the general meeting may exercise voting rights in accordance with the number of shares carrying such voting rights represented by him and shall have one vote for each such share.

Article 8.18 Voting at a general meeting shall be by a show of hands unless a poll is (before or after any voting by a show of hands) demanded by the following persons:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy who are both entitled to vote at the meeting;
- (3) any one or more shareholders (including the proxies of the shareholders) individually or jointly represent in the aggregate more than 10% (including 10%) of all the shares carrying the right to vote at the meeting.

Unless a poll is demanded for voting, a declaration by the chairman that a resolution has been passed on a show of hands and has been recorded in the minutes of the meeting shall serve as a conclusive evidence of the fact without having to state the proof of the number or proportion of votes in favour of or against such resolution.

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

Article 8.19 A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, and the results of such poll shall still be deemed to be a resolution of that meeting.

Article 8.20 On a poll, a shareholder (including his proxy) entitled to two or more voting rights needs not cast all his votes in favour of or against the resolution.

If any shareholder may not exercise any voting rights or may vote only for or only against a particular resolution under the Listing Rules, any vote cast by such shareholder, in person or by proxy in violation of the above limitation or restriction shall not be taken into account when determining the voting results.

Article 8.21 In case of an equality of votes (whether on a show of hands or on a poll), the chairman shall have a second vote.

Article 8.22 The following matters shall be approved by an ordinary resolution passed at the general meeting:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) plans formulated by the Board of Directors for distribution of profits and for making up losses;
- (3) the removal of members of the Board of Directors and the Supervisory Committee and their remuneration and the methods of payment thereof;
- (4) the Company's annual financial budgets, final reports, balance sheets, income statements and other financial statements;
- (5) matters other than those required by the laws and administrative regulations or by these Articles of Association to be approved by special resolutions.

Article 8.23 The following matters shall be approved by a special resolution passed at a shareholders' general meeting:

- (1) increase or reduction of the share capital of the Company and issue by the Company of shares of any class, warrants or other similar securities;
- (2) issuance of bonds of the Company;
- (3) any spin-off, merger, dissolution and liquidation of the Company, and the alteration of the form of the Company;
- (4) amendments to these Articles of Association;
- (5) any other matters considered by the general meeting, by way of an ordinary resolution, to be likely to have a material impact on the Company and as matters requiring approval by a special resolution.

Article 8.24 The following procedures shall be followed by shareholders requesting the convening of extraordinary general meetings or class meetings:

- (1) two or more shareholders holding in the aggregate more than 10% (including 10%) of the shares carrying the right to vote at the proposed meeting may request the Board to convene an extraordinary general meeting or a class meeting by signing and submitting one or several written requests which are the same in form and content and in which the matters for consideration at the meeting shall be set out clearly. An extraordinary meeting or a class meeting shall be convened by the Board as soon as practicable after receipt of the aforesaid written request. For the purposes of the preceding requirement relating to the number of voting shares held, such number shall be calculated on the basis of the number of such voting shares held on the date of submission of such written request.
- (2) If the Board fails to issue a notice convening such meeting within thirty (30) days after receipt of the aforesaid written request, the shareholders requesting such meeting may, within four (4) months after the Board's receipt of such request, convene such meeting by themselves by following procedures which shall, as far as practicable, be the same as the procedure for convening the general meeting by the Board.

Reasonable expenses incurred by shareholders in convening and holding such meeting due to the Board's failure to convene such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due from the Company to the defaulting Director(s).

Article 8.25 The general meeting shall be convened and presided over by the Chairman. In the event that both the Chairman are unable to attend the meeting, the Board may designate a Director to convene and preside over the meeting on their behalf. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect one (1) person to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of voting shares (including his proxy) shall be the chairman of the meeting.

Article 8.26 The chairman of the meeting shall determine whether or not a resolution of the general meeting shall be passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes of the meeting.

Article 8.27 In the event that the chairman of the meeting has any doubt as to the voting result in respect of a resolution, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or the proxy of the shareholder who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, in which case the chairman of the meeting shall have the votes counted immediately.

Article 8.28 In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

Minutes shall be kept of the decisions on the matters considered at the general meeting. The minutes of the meeting shall be signed by the Directors present at the meeting.

Minutes of general meetings together with the attendance book containing the signatures of those shareholders present at general meetings and proxy forms shall be kept at the Company's residence.

Article 8.29 Copies of such minutes of general meetings shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days after receipt of reasonable charges.

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

Article 9.1 Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to rights and assume obligations pursuant to the provisions of laws, administrative regulations and these Articles of Association.



Article 9.2 Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only be effected with the approval of a special resolution passed at the general meeting and the approval of the shareholders of that affected class at a separate meeting held in accordance with Articles 9.4 to 9.8.

Article 9.3 The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:

- (1) an increase or decrease the number of shares of a particular class, or an increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;
- (3) the removal or reduction of rights to receive accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;
- (5) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;
- (6) the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;
- (7) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (8) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;
- (9) the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;
- (10) the enhancement of rights or privileges of the shares of other classes;
- (11) the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;
- (12) the revision or abrogation of the provisions of this Chapter.



Article 9.4 Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in paragraph (2) to (8) and (11) to (12) of Article 9.3 hereof, but the interested shareholders shall not be entitled to vote at class meetings.

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

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 4.4 hereof, “interested shareholder” shall refer to the controlling shareholders as defined in Article 7.6 hereof;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 4.4 hereof, “interested shareholders” shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

In respect of a separate class meeting convened to consider the modification of the rights of any share of the class, the necessary quorum shall be the person(s) holding more than one-third of the issued share of that class.

Article 9.5 A resolution of the class meeting shall be voted on and passed in accordance with Article 9.4 hereof by shareholders present in the meeting representing more than two-thirds of voting rights.

Article 9.6 Written notice of a class meeting convened by the Company shall be dispatched forty-five (45) days prior to the date of such class meeting to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of such meeting. Shareholders who intend to attend such meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of such meeting.

If the number of voting shares at such meeting held by shareholders who intend to attend such meeting reaches more than half of the total number of voting shares at such meeting, the Company may hold such class meeting; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within five (5) days thereof specifying the matters to be considered and the date and place of such meeting. After such announcement has been given, the Company may then hold the class meeting.

Article 9.7 Notices of a class meeting only need to be delivered to shareholders entitled to vote thereat.

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

Article 9.8 Save for shareholders of shares of other classes, the shareholders of domestic shares and shareholders of overseas listed foreign shares are deemed to be different classes of shareholders. In respect of the distribution of the dividends and other interests, the shareholders of domestic shares and shareholders of overseas listed foreign shares shall enjoy the same rights.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon approval by a special resolution at a general meeting, domestic shares and overseas listed foreign shares every twelve (12) months, either individually or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued and outstanding domestic shares and overseas listed foreign shares;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its incorporation is carried out within fifteen (15) months from the date of approval by the securities regulatory authorities under the State Council.

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

Article 10.1 The Company shall establish a Board which is responsible to and reports on its work to shareholders' general meeting. The Board consists of nine (9) Directors. The Board shall comprise one (1) Chairman and include three (3) independent (non-executive) Directors.

Article 10.2 Directors shall be elected at the shareholders' general meeting. The term of office of the Directors shall be three (3) years, commencing from the date on which his/her election comes into effect. Upon expiration of the current term of office, a Director may serve consecutive terms if re-elected upon the expiration of his/her term of office.

A notice of the intention to propose a candidate for election as a Director and a notice by such candidate stating his/her willingness to be elected shall be given to the Company at least seven (7) days in advance.

The period for the delivery of the aforesaid notices shall commence from the date when a notice of meeting in respect of such election is dispatched and end no later than seven (7) days prior to the date of such meeting.

The Chairman shall be elected and removed by votes of more than one-half of all Directors. The term of office of the Chairman shall be three (3) years. Chairman may serve consecutive terms if re-elected upon the expiration of his/her term of office.

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his/her term of office (but without prejudice to such Director's right to claim damages according to any contract), subject to full compliance with the relevant laws and administrative regulations.

External directors (directors who do not take any post in the Corporation) shall have sufficient time and necessary knowledge to perform his/her duties. The Corporation shall provide necessary information to the external directors to perform his/her duties. The independent (non-executive) directors may directly report situations to the shareholders' meeting, State Council securities regulatory organizations and other relevant departments.

The Directors shall not be required to hold shares of the Company.

Article 10.3 The Board shall be responsible to the shareholders' general meeting and exercise the following functions and powers:

- (1) to convene shareholders' general meetings and report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's operation plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's plans for profit distribution (including plans for payment of dividends at the end of year) and making up the losses;
- (6) to formulate the debt and financial policies of the Company, the proposal for increasing or decreasing the registered capital of the Company and issuance of bonds of the Company;
- (7) to formulate plans for substantial acquisition or disposal of the Company and proposals for merger, division, dissolution and change the form of the Company;

- (8) to determine the establishment of the Company's internal management structure and branches;
- (9) to appoint or dismiss general managers and, based on the nomination by the general manager, to appoint or dismiss deputy general manager and responsible persons in charge of financial affairs the Company and to determine upon matters concerning their remunerations;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) to propose the appointment or replacement of a accountants' firm that performs audits for the Company at the shareholders' general meeting;
- (13) to decide on the Company's other major affairs and administrative issues, as well as signing of other important agreements in addition to the provisions of the Companies Law and the Articles of Association for issues to be resolved by the shareholders' general meeting;
- (14) to exercise any other powers conferred by the shareholders' general meetings and this Articles of Association.

Where the Board makes a resolution in respect of the above matters, except for the Board resolutions in respect of the matters specified in paragraphs (6), (7) and (11) of this Article which shall be voted on and passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be voted on and passed by more than one-half of the Directors.

Article 10.4 In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value shown in the latest balance sheet considered at the shareholders' general meetings, the Board shall not dispose or agree to dispose such fixed assets without prior approval of the shareholders' general meeting.

The disposal of fixed assets referred in this Article includes (among other things) the transfer of certain interests in assets, but does not include the provision of guarantees created over fixed assets.

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

Article 10.5 The Chairman shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings, and to convene and preside over Board meetings;
- (2) to check on the implementation of resolutions of the Board;
- (3) to sign the securities issued by the Company;
- (4) to exercise other functions and powers as conferred by the Board.

In cases where the Chairman is unable to perform his/her functions and powers, the Chairman may designate other Directors to perform such functions and powers on his/her behalf.

Article 10.6 Meetings of the Board shall be held at least two (2) times a year, which shall be convened by the Chairman. All of the Directors and Supervisors shall be notified of the meetings ten (10) days before the date of such meetings.

In case of urgent matters, an extraordinary Board meeting may be convened if proposed by shareholders representing more than one-tenth of the voting rights, more than one-third (including one-third) of the Directors, supervisory committee or the general manager of the Company, and shall not be restricted by the Notice of Meeting in Article 10.7.

Article 10.7 Notices of Board meetings shall be served in the following manner:

- (1) no notice of meeting is required if the time and venue of the regular meetings have been fixed by the Board in advance;
- (2) if no time and venue is fixed in advance by the Board, the Chairman of the Board shall notify all directors of the time and venue of the meeting by telex, cable, facsimile, courier, registered mail or by hand at least fourteen (14) days prior to the meeting, except as otherwise provided in Article 10.6.
- (3) notice shall be written in Chinese, with an English version when necessary, together with the agenda of the meeting. Any Director may waive the rights to receive notice of the Board.

Article 10.8 Any important resolution of the Board shall be informed to all executive Directors and external Directors within the timeframe provided by the Article. Sufficient information shall be provided and the stipulated procedure shall be abided by. Directors are entitled to demand supplementary documents. Where more than a quarter of Directors or more than two (2) external Directors hold the opinion that such information is not sufficient or the proof is not clear, they may propose jointly to postpone the meetings of the Board or the discussion of certain issues of such meetings, and this proposal shall be adopted by the Board.

A Director shall be deemed to have received the notice of meeting if he/she is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of his/her arrival at the meeting.

Article 10.9 The Board meetings may not be held unless not less than one-half of all Directors are present, including Directors who authorized other Directors in writing to attend the Board meeting on their behalf according to Article 10.10 in this Articles of Association.

Each Director shall have a vote. Any resolution of the Board shall be adopted by the affirmative votes of more than one-half of all Directors.

Article 10.10 Board meetings shall be attended by the Directors in person. If they are not able to attend the meeting due to certain reasons, they may authorize other Directors in writing to attend the meeting on their behalf. A power of attorney shall indicate the scope of authorization.

The appointed Director attending the meeting shall exercise the rights of a Director within the scope of authorization. If a Director does not attend a meeting of the Board in person, and does not authorize any representative to attend the meeting for him/her, he/she shall be deemed to have waived the voting right in such meeting.

Article 10.11 The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes of a meeting shall be signed by the Directors present at the meeting and the person who recorded the minutes. Opinions of independent (non-executive) directors shall be specified in the Board resolution. Minutes of the Board meeting shall be preserved in the PRC legal residence of the Company. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and thus causes serious losses to the Company, then the Directors participating in the adoption of such a resolution shall be liable for compensation to the Company. However, if a Director is proved to have expressly objected to such a resolution when it was put to a vote, and such objection is recorded in the minutes of that meeting, such Director may be released from such liability.

Article 10.12 The Board may adopt a resolution in writing instead of holding a Board meeting, but the draft of such resolution shall be sent to each of the Directors by one of following means: by hand, by post, by facsimile or by email. If the relevant written resolution has been distributed to all Directors, and the number of Directors having signed on one or several copies of the draft (in the same form and content) indicating his/her consent reaches the necessary quorum to pass the resolution, such resolutions shall become a resolution passed by the Board upon the same having been sent to the Secretary of the Board in any of the aforesaid means and no Board meeting shall be further required to be held.

Article 10.13 Where a Director or any of his/her associates (as defined in the Listing Rules) has interest in any resolution proposed at a Board meeting, such Director shall not be present and shall not have right to vote on such resolution. Such Director shall not be counted in the quorum of the relevant meeting.

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

Article 11.1 The Company shall have one (1) Secretary of the Board, who is a senior management member of the Company.

The Board may establish its secretarial department if necessary.

Article 11.2 Secretary of the Board of the Company shall be a natural person with requisite professional knowledge and experience, and shall be appointed by the Board. His/her primary responsibilities are:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to relevant records and documents are furnished with such records and documents without delay.

Article 11.3 Directors or other senior management members may also act as the Secretary of the Board. The accountant(s) of the accountants' firm appointed by the Company shall not act as the Secretary of the Board.

Where the office of the Secretary of the Board is held concurrently by a Director, if an act is required to be made by a Director and the Secretary of the Board separately, the person who concurrently holds the offices of Director and Secretary of the Board shall not make such act in dual capacity.

## **CHAPTER 12 SPECIAL COMMITTEES OF THE BOARD**

Article 12.1 Where necessary, the Board may establish special committees of audit, remuneration, nomination, strategy, etc. The Board shall seek the opinion of the special committees before making any resolutions.

Article 12.2 Members of each special committee under the Board shall only be Directors and be elected by the Board.



Article 12.3 Each special committee shall have convener(s) who shall be responsible for convening the meetings of the special committee. The composition, responsibility and operational system of each special committee shall be determined by the Board and shall be in compliance with the laws and regulations of the PRC and the place where the shares of the Company are listed, as well as the relevant requirements of the Hong Kong Stock Exchange.

### **CHAPTER 13 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

Article 13.1 The Company shall have one (1) general manager (i.e. the president) who shall be appointed and dismissed by the Board.

Article 13.2 The Company shall have several deputy general managers (i.e. the deputy presidents) and one (1) person who is charge of financial affairs (i.e. chief financial officer) who shall assist the general manager in his work. They are all senior management members.

Deputy general managers and chief financial officer shall be nominated by the general manager, and shall be appointed or dismissed by the Board.

Articles 13.3 The general manager of the Company shall be responsible to the Board and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management, and to organize resources to carry out the Board's resolutions;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of branches of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate the basic rules and regulations of Company;
- (7) to propose the appointment or dismissal of the Company's deputy manager(s) and chief financial officer;
- (8) to appoint or dismiss management personnel other than those who shall be appointed or dismissed by the Board;
- (9) to exercise other functions and powers conferred by the Articles of Association and the Board.



Article 13.4 The general manager of the Company shall attend Board meetings and be entitled to receive notices of meetings and other relevant documents. The general manager who is not a Director shall not have any voting rights at Board meetings.

Article 13.5 The general manager, in exercising his/her functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

#### **CHAPTER 14 SUPERVISORY COMMITTEE**

Article 14.1 The Company shall establish a supervisory committee.

Article 14.2 The supervisory committee shall be composed of three (3) supervisors. One of its members shall act as the chairman of the committee. The term of office of a supervisor shall be three (3) years. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term of office.

The appointment and dismissal of the chairman of the supervisory committee shall be voted on and passed by not less than two-thirds of its members.

Article 14.3 The supervisory committee shall comprise of one (1) shareholder representatives, one (1) independent supervisors and one (1) staff representatives. Shareholder representatives and independent supervisors shall be elected or replaced by the shareholders' general meeting, while staff representatives shall be elected or replaced by the staff.

Articles 14.4 The Directors, general manager, deputy general managers, Secretary of the Board and chief financial officer of the Company shall not hold the position of supervisors.

Article 14.5 Meetings of the supervisory committee shall be held at least twice a year, and convened by the chairman of the supervisory committee. Notices of the meetings shall be served on all of the supervisors ten (10) days before the date of the meeting. In case of urgent matters, an extraordinary meeting of the supervisory committee may be convened if proposed by more than one-third (including one-third) of supervisors. Such meeting shall not be subject to the following requirements to the notices of supervisory committee.

In principle, meetings of the supervisory committee shall be held at the Company's legal residence. However, it can be held at any other places in the PRC as approved by a resolution of the meeting of supervisory committee.

Notices of the meetings of the supervisory committee shall be served in the following manner:

- (1) Where the time and place of regular meetings of the Supervisory Committee have been specified by the supervisory committee in advance, no notice shall be served;
- (2) Except otherwise provided in paragraph (1) of this article, where the time and place of the meeting of the Supervisory Committee have not been specified by the supervisory committee in advance, notices of the meetings of the supervisory committee specifying the time and place of such meetings shall be given by the chairman to the supervisors by telex, cable, facsimile, courier, registered mail or by hand at least ten (10) days (but not more than thirty (30) days) before the date of such meeting;
- (3) The notices shall be made in Chinese and, if necessary, an English version of the same shall be enclosed therein and the notices shall include agenda of relevant meetings. Any supervisor may waive the right to receive notices of the meetings of the supervisory committee.

A supervisor shall be deemed to have received the notice of meeting if he/ she is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of his/her arrival at the meeting.

Article 14.6 The supervisory committee shall be responsible to the shareholders' general meeting and exercise the following functions and powers in accordance with the laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the acts of Directors, the general manager and other senior management members with regard to violation of laws, administrative regulations and the Articles of Association during the performance of their responsibilities;
- (3) to demand rectification from a Director, the general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any query arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct an audit;
- (5) to propose the convening of an extraordinary general meeting;
- (6) to propose the convening of a Board meeting;

- (7) to deal with or take legal actions against Directors on behalf of the Company;
- (8) to exercise other functions and powers specified herein.

The supervisory committee may express its opinion on the appointment of an accountants' firm by the Company. It may appoint a different accountants' firm if necessary on behalf of the Company to examine the financial position of the Company independently, and may directly report to the securities regulatory authority under the State Council and other relevant authorities.

The independent supervisors shall report independently to the shareholders' general meeting the performance of the senior management members of the Company in relation to their integrity and diligence.

Supervisors shall attend the Board meeting.

Article 14.7 The quorum of meetings of the supervisory committee shall be all members of the committee. If in special circumstances an extraordinary meeting of the supervisory committee is to be convened and certain supervisor(s) is/are unable to attend, the quorum of such meeting may be reduced to three-fifths of all members of the supervisory committee.

Resolutions of the supervisory committee shall be voted on and passed by not less than two-thirds of its members.

Article 14.8 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors by the supervisory committee in exercising its functions and powers shall be borne by the Company.

Article 14.9 A supervisor shall carry out his/her responsibilities honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

#### **CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

Article 15.1 A person may not serve as a Director, supervisor, general manager or any other senior management member of the Company if any of the following circumstances applies:

- (1) a person without civil capacity or with restricted legal capacity;

- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order or has been punished because of committing such offence; or who has been deprived of his/her political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation by a judicial organization for violation of the criminal law where said investigation is not yet concluded;
- (7) a person who is not eligible for being enterprise leader according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of such conviction.

Article 15.2 The validity of an act of a Director, general manager or any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any non-compliance in his/her office, election or any defect in his qualification.

Article 15.3 In addition to obligations imposed by laws, administrative regulations or required by listing rules of the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, general manager and other senior management members shall have the following obligations to each shareholder, in the exercise of the functions and powers of the Company entrusted to him/her:

- (1) not to cause the Company to exceed the business scope stipulated in its business license;
- (2) to act honestly and in good faith in the best interest of the Company;
- (3) not to expropriate in any way the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, except for a restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

Article 15.4 Each of the Company's Directors, supervisors, general manager and other senior management members shall have obligations, in the exercise of his/her rights and performance of his/her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 15.5 Each of the Company's Directors, supervisors, general manager and other senior management members shall perform his/her responsibilities in accordance with the principle of integrity and shall not put himself/herself in a position where his/her obligations and his/her interest may conflict. This principle includes (without limitation) performing the following obligations:

- (1) to act honestly and in good faith in the best interests of the Company;
- (2) to exercise powers within the scope of his/her functions and powers and not to exceed such scope;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a shareholders' general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in shareholders' general meeting, not to use the Company's property for his/her own benefit by any means;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his/her official responsibilities and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend Company's fund to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of the shareholder(s) of the Company or other individual(s) over the Company's assets;
- (12) unless otherwise permitted by informed shareholders in shareholders' general meeting, to keep in confidence information relating to the Company acquired by him/her in the course of and during his/her tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is made according to the law;
  - (i) disclosure required by the interests of the public;
  - (i) ) disclosure required by the interests of the relevant Director, supervisor, general manager or other senior management member.

Article 15.6 Director, supervisor, general manager or other senior management member of the Company shall not procure the following persons or institutions (“associates”) to do what he/she is prohibited from doing:

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

Article 15.7 The integrity obligations of the Directors, supervisors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The obligation of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other obligations may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 15.8 Except for circumstances prescribed in Article 7.5 hereof, a Director, supervisor, general manager and other senior management member of the Company may be relieved of liability for specific breaches of his/her obligations by the informed consent of shareholders given at a shareholders’ general meeting.

Article 15.9 Where a Director, supervisor, general manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her contract of service with the Company), he/she shall disclose the nature and extent of his interests to the Board as soon as possible, whether or not the contract, transaction or arrangement or proposal is normally subject to the approval of the Board.



A Director shall not vote on the resolution matters of the Board in relation to any Contract, transaction, arrangement or proposal in which he/she or any of his/her associates is materially interested, and shall not be included in the quorum of the meeting, unless otherwise permitted by the Listing Rules or the Stock Exchange.

Unless the interested Director, supervisor, general manager or other senior management member has disclosed his interests in accordance with the preceding paragraph of this Article and the matter has been approved by the Board at a meeting in which the interested Director, supervisor, general Manager or other senior management member has not been counted in the quorum and refrained from voting, the Company may rescind that contract, transaction or arrangement except as against a bona fide Party thereto acting without notice of the breach of duty by the interested Director, general manager or other senior management member.

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

Article 15.10 If a Director, supervisor, general manager or other senior management member of the Company, before the company considers entering to the relevant contract, transaction or arrangement at the first time, gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to have made a disclosure under the preceding Articles to the extent of the matters set out in that notice.

Article 15.11 The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, general manager or other senior management members.

Article 15.12 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, general manager or other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, general manager or other senior management members to meet expenditure incurred or to be incurred by him for the purposes



of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in shareholders' general meeting;

- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, general manager or other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 15.13 A loan made by the Company in breach of the above provisions shall be forthwith repayable immediately by the recipient of the loan regardless of the terms of the loan.

Article 15.14 A loan guarantee provided by the Company in breach of the first paragraph of Article 15.12 shall be unenforceable against the Company, except the followings:

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

Article 15.15 For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking of obligations or the provision of the security over the property by the guarantor to secure the performance of obligations of the obligor.

Article 15.16 In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager and other senior management members of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the relevant Director, supervisor, general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant Director, supervisor, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, general manager and other senior management members);

- (3) demand the relevant Director, supervisor, general manager and other senior management members to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the relevant Director, supervisor, general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the relevant Director, supervisor, general manager and other senior management members on the monies that should have been paid to the Company.

Article 15.17 The Company shall, with the prior approval of shareholders in shareholders' general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including;

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

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

Article 15.18 The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in shareholders' general meeting, have the right to receive compensation or other payment for loss of office or retirement.

A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders of the Company;
- (2) a takeover offer made by any person with a view to the offer or to become a controlling shareholder within the meaning of Article 7.6.

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

## **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

Article 16.1 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 16.2 At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and validated in compliance with the laws.

Article 16.3 The fiscal year of the Company shall coincide with the Gregorian calendar year, i.e. from January 1 to December 31 on the Gregorian calendar. The Company's accounts shall be prepared in Chinese with RMB as the reporting currency.

Article 16.4 The Board shall place before the shareholders at every annual general meeting a financial report prepared by the Company as required by relevant laws, administrative regulations or normative documents promulgated by competent regional government and regulatory authorities.

Article 16.5 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall at least send to each shareholder of overseas listed foreign shares by prepaid mail the abovementioned reports not later than twenty-one (21) days before the date of annual shareholders' general meeting at his/her respective addresses shown in the register of shareholders.

Article 16.6 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be specified in the notes to the financial statements. When the Company is to distribute its after-tax profits in respect of the relevant financial year, the lower amount of the after-tax profits as shown in the two financial statements shall be adopted.

Article 16.7 The interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.

Article 16.8 The Company shall publish its financial reports twice in every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the end of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the end of each fiscal year.

Article 16.9 The Company shall not keep books of accounts other than those provided by law.

Article 16.10 The interim reports and annual reports of the Company shall, when completed, proceed with formalities and be disclosed pursuant to the relevant PRC securities laws, regulations and regulations of the stock exchange(s) where the Company's shares are listed.

Article 16.11 The profits of the Company after making allowances for taxes and levies shall be allocated in the following order:

- (1) making up for losses;
- (2) allocation to statutory common reserve fund;
- (3) allocation to discretionary common reserve fund;
- (4) payment of dividends in respect of ordinary shares.

The detailed distribution proportions in respect of paragraph (3) to (4) above for any year shall be formulated by the Board in accordance with the operational conditions and development need of the Company and subject to the approval of the shareholders' general meeting.

Article 16.12 The Company shall not distribute dividends before making up for losses and making allocation to the statutory common reserve fund.

Article 16.13 The Company shall allocate 10% of its after-tax profit for the Company's statutory common reserve fund. When the aggregate balance in the statutory common reserve fund has reached 50% or more of the Company's registered capital, the Company need not make any further allocations to that fund.

Article 16.14 Allocation to the discretionary common reserve fund shall be made separately from the profit of the Company after the allocation to statutory common reserve fund is made, in accordance with the resolution of the shareholders' general meeting.

Article 16.15 The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting the Company's losses and making allocation to the statutory common reserve fund. No dividends of the Company shall bear interest unless the Company fails to pay the relevant dividends to the shareholders on the dividend payment date.

The payment made for any shares prior to the making of calls for payment for the subscribed shares are entitled to receive interest but shareholders shall not be entitled to claim dividends in respect of their advance payments for shares.

Article 16.16 Capital reserve fund includes the following items:

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

The capital reserve fund of the Company shall not be used to cover the loss of the Company.

Article 16.17 The common reserve funds of the Company can only be used for the following purposes:

- (1) making up losses;
- (2) expansion of the Company's production and operation;
- (3) be converted into the capital of the Company. The Company may, in accordance with relevant regulations, convert its capital reserve fund and common reserve fund into capital upon a resolution adopted in shareholders' general meeting and issue new shares or increase the par value of each share to existing shareholders in proportion to their original shareholdings, provided, however, that when the statutory common reserve fund is converted into capital, the balance of such reserve fund shall not fall below 25% of the Company's registered capital before conversion.

Article 16.18 Subject to Article 16.11, 16.12 and 16.13, annual dividends shall be distributed in proportion to the shareholdings of the shareholders within six(6)months after the end of each fiscal year.

Article 16.19 The Company may distribute dividends in the following manner:

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

Article 16.20 Cash dividends or other payments payable by the Company to holders of its domestic shares shall be paid in RMB, and those payable to holders of overseas listed foreign shares shall be declared and calculated in RMB and paid in accordance with the relevant foreign exchange regulations of the State.

Article 16.21 Unless otherwise stipulated by relevant laws and administrative regulations, when cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be equal to the average of the People's Bank of China's closing rate of exchange on each day of the week immediately preceding the date of declaration of payment of such dividends and other payments.

Article 16.22 When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the tax payable on their dividend income.

Article 16.23 Upon being authorized by the shareholders' general meeting and in compliance with the Article 8.2 and paragraph (14) of Article 10.3 herein, the Board may resolve to distribute an interim or special dividend.

Article 16.24 The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place or relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Article 16.25 In relation to the receipt of dividends by shareholders, the Company is entitled to forfeit unclaimed dividends, provided that such power may only be exercisable six (6) years after (including six (6) years) the date of declaration of the dividends.

Article 16.26 The Company may send dividend warrants to its shareholders, either directly or by mail through receiving agents. If the said dividend warrants are not cashed, the Company shall have the right to stop sending dividend warrants either directly or by mail through collecting agents, but the said right shall not be exercised unless such dividend warrants are not cashed for two consecutive occasions. However, where the said dividend warrants are returned upon failure of delivery to the recipients for the first time, the Company may also exercise such right.

Article 16.27 The Company has the right to sell, as permitted by the laws, any shares of a shareholder who is untraceable in any of the following circumstances:

- (1) dividends have been declared the relevant shares for at least 3 times in respect of such shares within twelve (12) years, but none of such dividends was claimed; and
- (2) the Company, after the expiration of a period of twelve (12) years, has made the advertisements on the newspaper(s) stating its intention to sell such shares, and has notified the Hong Kong Stock Exchange of such intention.

#### **CHAPTER 17 APPOINTMENT OF ACCOUNTANTS' FIRM**

Article 17.1 The Company shall appoint an independent accountants' firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

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

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

Article 17.2 The term of appointment of an accountants' firm appointed by the Company shall commence from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Article 17.3 The accountants' firm appointed by the Company shall have the following rights:

- (1) to inspect at any time the books, records or vouchers of the Company, and to require the Directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm;
- (3) to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.



Article 17.4 If a casual vacancy arises in the office of the accountants' firm, the Board may, prior to the holding of a shareholders' general meeting appoint an accountants' firm to fill the vacancy, but if during the continuation of any such casual vacancy the Company has another accountants' firm in office, that accountants' firm may continue to act.

Article 17.5 The shareholders in shareholders' general meeting may, by ordinary resolution, remove an accountants' firm before the expiration of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for compensation arising from such removal.

Article 17.6 The remuneration of an accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in shareholders' general meeting. The remuneration of an accountants' firm appointed by the Board shall be determined by the Board.

Article 17.7 The Company's appointment of, removal of and non-reappointment of an accountants' firm shall be resolved by shareholders in shareholders' general meeting. The resolution of the shareholders' shareholders' general meeting shall be filed with the State Council's securities regulatory authority.

Article 17.8 Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accountants' firm, which is not an incumbent firm, to replace an existing accountants' firm or to fill a casual vacancy in the office of the accountants' firm, or to reappoint a retiring accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) about the proposed resolution for appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave office or the firm which has left office in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders.
- (2) If the accountants' firm leaving office makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall implement the following measures (unless the representations are received too late):
  - (i) in any notice given to shareholders about a resolution to be made, state the representations that have been made by the accountants' firm which is about to leave;
  - (i) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.



- (3) If the firm's representations are not dispatched by the Company in accordance with paragraph (2) above, the relevant firm may require that such representations be read out at the shareholders' shareholders' general meeting and may lodge further complaints.
- (4) An accountants' firm which is leaving office shall be entitled to attend:
  - (i) the shareholders' general meeting relating to the expiry of its term of office;
  - (i) the shareholders' general meeting at which it is proposed to fill the vacancy arising from its removal;
  - (i) the shareholders' general meeting convened on its resignation;

An accountants' firm which is leaving office shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accountants' firm of the Company.

Article 17.9 Prior to the removal or the non-renewal of the appointment of an accountants' firm of the Company, notice of such removal or non-renewal shall be given to the accountants' firm concerned and such firm shall be entitled to present its views at the shareholders' shareholders' general meeting. Where the accountants' firm tendering resignation shall inform the shareholders' shareholders' general meeting as to whether there has been any impropriety on the part of the Company.

Article 17.10 An accountants' firm may resign from its office by depositing at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include either of the following:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

The Company shall within fourteen (14) days upon its receipt of the written notice mentioned above send a copy of the notice to the supervisory authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post to the addresses recorded in the register of shareholders.

Where the notice of resignation of an accountants' firm contains a statement of any matters of which an account should be given, the accountants' firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 18 INSURANCE**

Article 18.1 The various types of insurance of the Company shall be covered by an insurance company that is registered in China and allowed by the laws of China to provide insurance business to the companies of China.

Article 18.2 The types of insurance, the insured amount, the period of insurance and other insurance clauses shall be discussed and determined by the board of directors according to the practices of similar companies in other countries and the convention of China as well as requirements of the laws.

## **CHAPTER 19 LABOUR MANAGEMENT**

Article 19.1 The Company shall establish labour management, personnel management, salary, welfare and social insurance according to relevant administrative provisions of the laws of China.

Article 19.2 The Company implements appointment system to management members and contract system to general staff. The Company may decide staffing independently and shall have the right to recruit and dismiss management members and staff in accordance with relevant laws and regulations.

Article 19.3 The Company is entitled to independently decide the salary and welfare of the management members and other staff at various levels within the scope prescribed by relevant administrative regulations according to the Company's economic returns.

Article 19.4 In accordance with the relevant administrative guidance of the PRC national government and local governments, the Company can arrange the medical insurance, retirement insurance and unemployment insurance for its management members and staff. The Company can follow the law regulations and relevant guidance in respect of labour insurance of retired and unemployed staff.

## **CHAPTER 20 TRADE UNION**

Article 20.1 The staff of the Company shall have the right to establish a trade union organization according to Trade Union Law of the People's Republic of China to perform union activities. The trade union's activities shall be carried out outside working hours unless otherwise prescribed by the board of directors.

The Company shall contribute two percent (2%) of the total salaries of its staff each month to the funding of trade union. The fund is utilized by the trade union in accordance with relevant administrative guidance on labour union expenditure formulated by the All China Federation of Trade Unions.

## **CHAPTER 21 MERGER AND DIVISION OF THE COMPANY**

Article 21.1 The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favour of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of overseas listed foreign-invested shall be served copies of the above-mentioned document by mail.

Article 21.2 Merger of the Company may take the form of merger by absorption and merger by new establishment.

As for a corporate merger, both parties to the merger shall conclude an agreement with each other and formulate balance sheets and an inventory of properties. The companies involved shall, within ten (10) days as of making the decision of merger, notify the creditors, and shall make a public announcement on a newspaper within thirty (30) days.

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

Article 21.3 If the Company is to be divided, its assets shall be divided accordingly.

For division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and asset lists. The Company shall notify its creditors within a period of ten (10) days from the date on which the division resolution is passed and publish newspaper announcements on the division within thirty (30) days of that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.

Article 21.4 Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the Company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new Company is established, its establishment shall be registered according to law.

## **CHAPTER 22 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

Article 22.1 In any of the following circumstances, a Company may be dissolved and liquidated according to relevant laws, regulations, rules and measures:

- (1) business term expires;
- (2) the shareholders' committee has adopted a resolution for dissolution;
- (3) if dissolution is necessary as a result of the merger or division of the Company;
- (4) if the Company is declared bankrupt according to law because it is unable to pay its debts upon maturity;
- (5) the business license has been revoked in accordance with the law, the Company is revoked or ordered to close down because of its violation of laws and administrative regulations;
- (6) when the Company is experiencing material difficulties in operations, and its continual operation will lead to substantial loss to the benefits of the shareholders and no other solutions to resolve the matters, the shareholders, who aggregately hold more than ten percent (10%) of total voting shares of the Company, can appeal to the court for dissolution of the Company.

Article 22.2 Where any Company is dissolved according to the provisions of (1), (2) and (5) of the preceding Article, a liquidation group shall be formed within fifteen (15) days as of the occurrence of the causes of dissolution and the members shall be designated through resolution of the shareholders' meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group to carry out the liquidation.

Where the Company is to be dissolved pursuant to the provision of (3) 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 group to carry out liquidation.

Where the Company is to be dissolved pursuant to the provision of (4) of the preceding Article, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation group to carry out liquidation.

Article 22.3 If the board of directors decides that the Company should be liquidated (except the liquidation as a result of Company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within twelve (12) months after the announcement of liquidation.

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

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

Article 22.4 The liquidation group shall notify creditors within a period of ten (10) days from the date of its establishment and publish newspaper announcements on the liquidation within sixty (60) days. Claims shall be registered by the liquidation group.

Article 22.5 The liquidation group shall exercise the following authorities in the course of liquidation:

- (1) identifying the Company's assets, and preparing balance sheets and a schedule of assets respectively;
- (2) notifying creditors through notice or public announcement;
- (3) handling the Company's ongoing businesses which are related to liquidation;
- (4) making full payment of taxes owed and taxes arising during the liquidation period;
- (5) identifying the Company's creditor's rights and debtor's liabilities;
- (6) handling of the remaining assets after full payment of Company debts;
- (7) participating in civil actions on behalf of the Company.

Article 22.6 After the liquidation group has thoroughly examined the Company's assets and prepared balance sheets and asset lists, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.

The assets of the Company shall be distributed in the following order:

- (1) liquidation expenses
- (2) wages of employees, social insurance premiums
- (3) outstanding taxes
- (4) bank loans, and other debts of the Company.

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

During liquidation, the Company shall not engage in business activities unrelated to liquidation.

Article 22.7 If the Company is liquidated due to dissolution and the liquidation group, having examined the Company's assets and prepared balance sheets and asset lists, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of bankruptcy.

Once the Company is adjudged bankrupt by a ruling of the People's Court, the liquidation group shall transfer the liquidating affairs to the People's Court.

Article 22.8 Following the completion of liquidation, the liquidation group shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

The liquidation group shall submit the aforesaid documents to the Company registry to apply for the deregistration of the Company announcing the termination of the Company within 30 days upon the confirmation by the shareholders' general meeting or the relevant authority in charge.

## **CHAPTER 23 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Article 23.1 These Articles of Association may be amended in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

Article 23.2 Except as otherwise provided in Article 8.6 and 8.25 hereof, any amendment to the Articles of Association shall be made in the following procedures:

- (1) the Board shall, in accordance with the Articles of Association, adopt a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;

- (2) the amendment proposal shall be notified to shareholders, and a shareholders' general meeting shall be convened to vote on the proposal;
- (3) subject to the relevant provisions of the Articles of Association, the amendments submitted to the shareholders' general meeting for approval shall be approved by way of special resolution.

Article 23.3 Any amendments to the Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the department in charge of company approval affairs authorized by the State Council and by the China Securities Regulatory Commission. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

#### **CHAPTER 24 SETTLEMENT OF DISPUTES**

Article 24.1 The Company shall act according to the following principles to settle disputes:

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

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

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



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

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

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

#### **CHAPTER 25 NOTICE**

Article 25.1 Except in accordance with the Articles of Association, all notices, information or written statements from the Company to the holders of overseas listed foreign shares shall be delivered personally to the registered address of each shareholder, or sent by post to the address of each shareholder recorded in the register of shareholders.

Article 25.2 Where a notice is to be served by post, service of the notice shall be deemed to have been effected only if it is clearly addressed, with the recipient's name clearly written and postage pre-paid, and put in an envelope before being posted. Such envelope containing the notice shall be deemed to have been received by the relevant shareholder forty eight (48) hours after the envelope is posted.

Article 25.3 Any notices, documents, information or written statement from the shareholders or directors to the Company shall be delivered personally or sent by registered mail to the legal address of the Company.

Article 25.4 The shareholders or directors of the Company who want to prove that certain notices, documents, materials, or written statements have been sent to the Company shall provide evidential materials showing that such notices, documents, materials, or written statements have been sent to the Company by normal methods prescribed in Article 25.3 hereof within designated time, specifically, the provision of receipt confirmation in the case of delivery by person, and in the case of delivery by post, the provision of evidence showing that the relevant mail, clearly addressed, with recipient's name clearly written and the postage pre-paid, has been sent to the right address.



## **CHAPTER 26 INTERPRETATIONS AND DEFINITIONS OF THE ARTICLES OF ASSOCIATION**

Article 26.1 These Articles of Association shall be interpreted by the Board, and any matters not covered herein shall be proposed at shareholders' general meetings by the Board and passed by resolution.

Article 26.2 These Articles of Association are written in Chinese and English; the Chinese version shall prevail.

Article 26.3 The attachments of the Articles of Association include rules of procedure of the shareholders' general meeting, rules of procedure of the Board of Directors and rules of procedure of the Supervisory Committee.

Article 26.4 In the Articles of Association, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“Director(s)”	any director(s) of the Company
“overseas listed foreign shares”	any overseas listed foreign shares of the Company
“Company’s legal residence”	3/F No.1 Building, Pengyi Garden, 1st BaGua Road, Futian District, Shenzhen City, Guangdong, China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Secretary of the Board”	the company secretary appointed by the Board
“Senior Management Members”	the general manager, deputy general managers, the person in charge of financial affairs of the Company and the Secretary of the board of Directors of the Company
“PRC” and “State”	the People’s Republic of China
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Listing Rules”	the Listing Rules issued by the Hong Kong Stock Exchange

“Company”	Guangdong Adway Construction (Group) Holdings Company Limited
“accountants’ firm”	having the same meaning as “auditors” referred to in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“the Company Law”	the Company Law of the People’s Republic of China