

# **Powerleader Science & Technology Group Limited**

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

## **Articles of Association**

**(Passed in the Extraordinary Meeting of Holders  
Dated October 9, 2017)**

**October 2017**

The original document of the regulation is in Chinese. In case that there is any different meaning between Chinese and English versions, it shall be subject to the Chinese version.

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## Chapter 1 General Provisions

- Article 1      Powerleader Science & Technology Group Limited (“Company”) is a limited stock company established pursuant to the Company Law of the People’s Republic of China (“Company Law”), Special Provisions of the State Council Concerning the Floating and Listing Abroad of Stocks by Limited Stock Companies (“Special Provisions”) and other relevant laws and administrative regulations of the People’s Republic of China (“China”).
- MP1
- Upon approval of Shenzhen Municipal People’s Government (subject to S.F.G.No. [2001]38 document), established in the way of launch, the Company completed its registration at Shenzhen Municipal Administration for Industry and Commerce and obtained the Business License (No. : 4403012008325) on July 31, 2001.
- The founders of the Company are Li Ruijie, Jiangxi Evergreen Cement Group Co., Ltd, Wang Lixin, Zhang Yunxia, Chen Senhao and Zhou Yu.
- Note: 1. MP means the Prerequisite Clauses of the Articles of Association of Companies Seeking a Listing Outside the PRC.  
2. A means the Attachment to the Rules Governing the Listing on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited.
- Article 2      Company's Registered Chinese Name: 宝德科技集团股份有限公司  
Company’s English Name: Powerleader Science & Technology Group Limited
- MP2
- Article 3      Company’s Add: Room 43A, 43/F, Electronic Science & Technology Building, Shennan Middle Road, Shenzhen, P.R.C  
Zip Code: 518031  
Tel: (86 755) 83287692  
Fax: (86 755) 83273380
- MP3
- Article 4      The legal representative of the Company is the Chairman of the Board.
- MP4
- Article 5      The Company is a permanent existing limited stock company invested by the foreign investors.
- MP5
- Article 6      The Articles of Association shall become effective after being approved by the General Meeting of Shareholders in the form of a special resolution and be registered at Shenzhen Municipal Administration for Industry and Commerce. The Articles of Association is formulated mainly pursuant to the Company Law, Prerequisite Clauses of the Articles of Association of Companies Seeking a Listing Outside the PRC (“Prerequisite Clauses”) (Z.W.F.No.(1994)21) issued by the Securities Commission of the State Council and the State Commission for Restructuring the Economic System
- MP6

on August 27, 1994 and the Letter Concerning the Opinions about Amendment to the Articles of Association of Companies Seeking a Listing in Hong Kong (Z.J.H.H.No.[1995]1) issued by the Overseas Listing Department of China Securities Regulatory Commission and the Production System Department of the State Commission for Restructuring the Economic System on April 3, 1995.

The Company's original Articles of Association shall be superseded by the Articles of Association since the effective date of the Articles of Association.

The Articles of Association shall be deemed as a document which is used to standardize the Company's organization and behavior, identify the rights and obligations between the Company and the shareholders and among the shareholders and has the legal effects since it comes into force.

Article 7 The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, GM and other senior management. The aforesaid personnel may, according to the Articles of Association, make a claim for the matters in connection with the Company. MP7

Either shareholder may, according to the Articles of Association, prosecute against the Company; the Company may, according to the Articles of Association, file a lawsuit against either shareholder; either shareholder may, according to the Articles of Association, prosecute against any other shareholder; and either shareholder may, according to the Articles of Association, prosecute against any of the Company's director, supervisor, GM and other senior management.

The aforementioned prosecution includes filing a lawsuit to the People's Court or applying the arbitration authority for arbitration.

Article 8 The Company may invest in any other limited liability companies or limited stock companies and be liable for such company limited to its investment. MP8

Upon approval of the corporate approval department authorized by the State Council, the Company may, according to its operation and management demand, operate as a holding company listed in Article 12.2 of the Company Law.

The Company may not become the unlimited liability shareholder of any other economic organization.

Article 9 The Company's capital shall be divided into equal shares. The shareholder shall be liable for the Company limited to the shares in its possession and the Company shall be liable for its debts limited to its assets.

Under the condition that relevant laws and regulations are observed, the Company has the right to finance or borrow a loan, including but not limited to the issuance of corporate bonds, mortgage or pledge of all or part of its assets and business and other rights permitted by the national laws and administrative regulations. The Company may not damage or abolish the rights of any classified shareholder while exercising the rights mentioned above.

Article 10 The Company is an independent business entity. While carrying out any activities, the Company is required to comply with the laws and regulations of China and protect the shareholder's legal rights and interests. The Company shall be governed and protected by the laws and regulations of China and other relevant governmental regulations.

## **Chapter 2 Business Objective & Scope**

Article 11 The business objective of the Company is to conduct the business activities in accordance with the laws and operate according to the international practices and the modern enterprise management methods so as to make the enterprise to develop in a stable, rapid and health manner, help the shareholders to get satisfied economic benefits and contribute to the development of computer software and hardware career of China and the promotion of national economic construction and social development. MP9

Article 12 The business scope of the Company shall be subject to the items approved by its registration office. MP10  
Business scope of the Company: computer software, hardware and interface equipment, development, production, and sales of self-made computer accessories; import and export services; lease of property and property services; energy savings technology development services; energy savings technology consulting and exchange services; energy savings technology transfer services; energy technology consulting services; energy technology research and technology development services; energy management services; and power distribution services (the above items do not involve special management measures for foreign investment access.)  
With the resolution of the Company's General Meeting of Shareholders and upon the approval of the national relevant competent departments, the Company may, according to the changes of the domestic and foreign markets, demand of the domestic and foreign business and its development ability, appropriately adjust its business scope or investment direction and method.

MP11

## **Chapter 3 Shares & Registered Capital**

Article 13 The Company may at any time set up the common shares. Upon the approval of the corporate approval department authorized by the State Council, the Company may, according to its demand, set up any other class of shares.

Article 14 The shares issued by the Company are with par value. The par value of each share is RMB1.00. MP12

Article 15 Upon approval of the competent stock authority of the State Council, the Company may issue the stocks to the domestic and foreign investors. MP13

The foreign investor mentioned in the preceding paragraph means such

investor who subscribes the shares issued by the Company and is located in the territory of foreign countries, Hong Kong, Macao and Taiwan; the domestic investor means such investor who subscribes the shares issued by the Company and is located in the territory of China other than the aforesaid area.

Article 16 Such shares issued by the Company to the domestic investor as are subscribed in RMB shall be called as the domestic shares and such shares issued by the Company to the foreign investor as are subscribed in certain foreign currency shall be called as the foreign shares. MP14 A3-9

The domestic shares listed in the country shall be named as the domestic shares listed in China and the foreign shares listed overseas shall be named as the foreign shares listed overseas (“H Share”).

Upon approval of the General Meeting of Shareholders and the relevant governmental authorities, the domestic shares may be listed on the domestic stock exchange and the foreign shares listed overseas may be listed on the Growth Enterprise Market.

Article 17 Upon approval of the corporate approval department authorized by the State Council, the Company may issue a total number of 660,000,000 common shares of RMB 0.1 per share. The total share capital of the Company is RMB 66,000,000. At the beginning of establishment, the Company shall issue the Founders a total number of 66,000,000 common shares with the par value of RMB 1 for each share and accounting for 100% of the number of common shares issued by the Company. MP15

Article 18 After incorporation, the number of issued ordinary shares of the Company is presently 243,000,000 shares. The share structure of the Company is as follows:

1. shareholders of domestic shares hold 182,250,000 shares in aggregate, representing 75% of the issued share capital of the Company:
  - (1) Powerleader Investment Holding Company Limited (深圳市宝德投資控股有限公司) holds 102,184,500 shares, representing 42.05% of the issued share capital of the Company;
  - (2) 深圳市恒通達遠電子有限公司 (Shenzhen Hengtongdayuan Electronics Co., Ltd\*) holds 23,958,000 shares, representing 9.86% of the issued share capital of the Company;
  - (3) 哈爾濱世紀龍翔科技開發有限公司 (Harbin Shijilongxiang Technology Development Co., Ltd\*) holds 15,963,750 shares, representing 6.57% of the issued share capital of the Company;
  - (4) 烏魯木齊雅利安達股權投資有限公司 (Urumqi Yali Anda Investment Co., Ltd\*) holds 15,000,000 shares, representing 6.17% of the issued share capital of the Company;
  - (5) 深圳市綠恒科技有限公司 (Shenzhen Eternal Green Technology Co., Ltd\*) holds 7,893,750 shares, representing 3.25% of the issued share capital of the Company;
  - (6) 深圳市金博利通投資合夥企業(有限合夥) (Shenzhen Jinbolitong Investment Partnership (limited partnership)\*) holds 7,250,000 shares, representing 2.98% of the issued share capital of the Company;
  - (7) 深圳市志正立達投資合夥企業(有限合夥) (Shenzhen Zhizhenglida Investment Partnership (limited partnership)\*) holds 5,000,000 shares, representing 2.06% of the issued share capital of the Company;

(8) 深圳市嘉創聯合投資合夥企業(有限合夥) (Shenzhen Jiachuang Joint Investment Partnership (limited partnership)\*) holds 5,000,000 shares, representing 2.06% of the issued share capital of the Company;

2. shareholders of overseas listed shares hold 60,750,000 shares in aggregate, representing 25% of the issued share capital of the Company.

Article 19 The company approved by the Securities Management Department of the State Council may work out the plan of separate issuance of the foreign shares listed overseas and the domestic shares and the Board of Directors thereof may proceed with the implementation and arrangement of such separate issuance. MP17

The plan of separate issuance of foreign shares listed overseas and the domestic shares worked out by the Company pursuant to the provisions of the preceding paragraph may be implemented within 15 months since the date of approval of the Securities Management Department of the State Council.

Article 20 Where the Company separately issues the foreign shares listed overseas and the domestic shares within the total number of shares determined in the issuance plan, then the shares shall be floated in full and at one time. In case of failure to float such shares in full and at one time under any special circumstance, upon approval of the stock management department of the State Council, such shares may be issued separately. MP18

Article 21 The registered capital of the Company is RMB 243,000,000. Such original registered capital of the Company as is equal to RMB 225,750,000 has been paid up in full and the newly increased registered capital equal to RMB 17,250,000 shall be paid up in full by the newly increased investors at one time prior to the change of registration of the business license. MP19

Article 22 The Company may, according to its operation and development demand, increase the capital as per the relevant provisions of the Articles of Association. MP20

The Company may increase the capital by the use of the following methods:

- (1) To raise new shares from the non-specific investors;
- (2) To offer new shares to the existing shareholders;
- (3) To deliver new shares to the existing shareholders;
- (4) Other methods permitted by the laws and administrative regulations.

In case the Company needs to increase the capital to issue new shares, upon approval as per the provisions of the Articles of Association, it may, according to the national relevant laws and administrative regulations, do so and then make an announcement.



Article 23

Except for otherwise stipulated by the laws and administrative regulations, the shares of the Company may be transferred freely and not imposed on any

MP21  
A3-1(2)

lien.

Any holder of H Shares may, in whole or in part, transfer its shares according to the standard transfer format regulated by the Growth Enterprise Market. The transfer document shall be signed by the transferor and the transferee by hand or through printing.

A3-1(4)

## **Chapter 4 Capital Reduction & Redemption of Shares**

Article 24 Pursuant to the provisions of the Articles of Association, the Company may reduce its registered capital. MP22

Article 25 In case the Company needs to reduce its registered capital, it shall prepare a Balance Sheet and a List of Properties. MP23

The Company shall, within 10 days since the resolution on the reduction of registered capital is made, notify the creditors and, within 30 days, make an announcement in the newspaper three times at least. The creditors shall, within 30 days upon receipt of the notice or 90 days since the date of the first announcement if not receiving the notice, request the Company to cover the debts or provide the corresponding debt payment guarantee.

A3-7(1)

The registered capital of the Company incurred upon completion of the reduction of the registered capital shall not be less than the statutory minimum amount.

Article 26 Under the following circumstances, upon approval of the national relevant competent authorities, the Company may, according to the procedures listed in the Articles of Association, redeem its shares issued overseas: MP24

(1) To cancel the shares for the purpose of reduction of the Company's capital;

(2) To merge with any other company as a holder of the Company's shares;  
or

(3) Other circumstances permitted by the laws and administrative regulations.

Article 27 Upon approval of the national relevant competent authorities, the Company may redeem the shares in any one of the following ways: MP25

(1) To issue an offer for redemption to the shareholders as per the same proportion;

(2) To redeem by means of open trade at the Stock Exchange;

(3) To redeem by means of an agreement outside the Stock Exchange.

Article 28      Where the Company redeems the shares by means of an agreement outside      MP26

the Stock Exchange, then the prior approval of the General Meeting of Shareholders as per the Articles of Association shall be obtained. With the prior approval of the General Meeting of Shareholders in the same way, the Company may terminate or change the contract executed according to the aforesaid way or waive any of its rights under such contract.

Such contract in connection with the redemption of shares as is mentioned above includes (but not limits to) the agreement in connection with the performance of such obligations or the possession of such rights as are relevant to the redemption of shares.

The Company may not transfer the contract in connection with the redemption of its shares or any rights under such contract.

Article 29 After redeeming the shares in accordance with the laws, the Company shall, within the time limit stipulated by the laws and administrative regulations, cancel such part of shares and apply the original registration office for dealing with the change of registration of registered capital. MP27

The total face value of such shares cancelled shall be deducted from the registered capital of the Company.

The Company shall make an announcement upon completion of the reduction of capital and the change of registration at the registration office.

Article 30 Unless the Company is already on the stage of liquidation, for the purpose of redemption of the shares issued overseas, the Company shall comply with the following regulations: MP28

(1) Where the Company redeems the shares at the price of face value, then the cost arising from such redemption shall be deducted from the book balance of the Company's distributable profits and the earnings of such new shares as are issued for the purpose of redemption of old shares.

(2) Where the Company redeems the shares at the price above the face value, then the part equal to the face value shall be deducted from the book balance of the Company's distributable profits and the earnings of such new shares as are issued for the purpose of redemption of old shares; and the part exceeding the face value shall be disposed according to the following ways:

① To be deducted from the book balance of the Company's distributable profits, where the shares redeemed are issued at the price of face value;

② To be deducted from the book balance of the Company's distributable profits and the earnings of such new shares as are issued for the purpose of redemption of old shares, where the shares redeemed are issued at the price exceeding the face value; however, the amount deducted from the new shares issued shall not exceed the total premium got by the Company while the old shares redeemed are issued or the amount (including the premium amount while the new shares are issued) in the Company's premium account (or capital reserve fund account) while the redemption is conducted;

(3) The amounts paid by the Company for the purposes below shall be deducted from the distributable profits of the Company:

- 1) To obtain the right to redeem its shares;
  - 2) To change the contract in connection with the redemption of its shares;
  - 3) To discharge any of its obligations under any redemption contract.
- (4) After the total face value of such shares cancelled is deducted from the Company's registered capital as per relevant regulations, such amount used to redeem the face value of shares as is deducted from the distributable profits shall be included into the Company's premium account (or capital reserve fund account).

## **Chapter 5 Financial Assistance in Purchase of Corporate Shares**

Article 31 Neither the Company nor its subsidiary may at any time provide any financial assistance to the person who purchases or intends to purchase the Company's shares in any way. Such person who purchases the shares of the Company as is mentioned above include those who shall, directly or indirectly, undertake the obligations due to the purchase of the Company's shares. MP29

Neither the Company nor its subsidiary may at any time provide the financial assistance to the aforementioned person for the purpose of reduction or discharge of the obligations of the aforesaid obligors.

The provisions of this article shall not apply to the circumstances listed in Article 33 hereof.

Article 31 financial assistance mentioned in this Chapter shall include (but not limit to) the following ways: MP30

- (1) Gift;
- (2) Guarantee (including that the Guarantor shall undertake the responsibilities or provide the property to guarantee that the obligator may fulfill the obligations), compensation (other than such compensation arising from the faults of the Company) and termination or waive of the rights;
- (3) Provision of a loan or sign the contract under which the Company is obliged to first fulfill the obligations, change of such loan or the parties to the contract and transfer of such loan or the rights under the contract;
- (4) Such financial assistance provided in any other way under the circumstance that the Company is unable to pay the debts, has no net assets or its net assets may be significantly reduced.

The obligations to be fulfilled under this Chapter include those to be fulfilled by the obligator due to the execution of the contract or the arrangement (not matter such contract or arrangement can be enforced or fulfilled by the obligator independently or jointly fulfilled with any other person) or the change of the obligor's financial status in any other ways.

Article 33                      The following behavior shall not be deemed as those prohibited under Article 31 of this Chapter.                      MP31

(1) The Company provides relevant financial assistance actually for its own benefits; and such financial assistance is not used to purchase the shares of the Company but as a part attached to certain general plan of the Company;

(2) The Company legally makes a distribution by taking its assets as the dividends;

(3) The dividends are distributed in the form of shares;

(4) Pursuant to the Articles of the Association, the Company reduces its registered capital, redeems the shares and adjusts the shareholding structure;

(5) The Company provides a loan for its normal business activities within its business scope. However, such provision of a loan shall not result in the reduction of the Company's net assets, or even if a reduction is constituted, such financial assistance can be deducted from the Company's distributable profits;

(6) The Company provides funds for the employee share scheme. However, such provision shall not result in the reduction of the Company's net assets, or even if a reduction is constituted, such financial assistance can be deducted from the Company's distributable profits.

## **Chapter 6 Stocks & Register of Shareholders**

Article 34                      The stocks issued by the Company shall be the registered stocks, which are the proof evidencing that the shareholder holds the shares.                      MP32

In addition to the items required by the Company Law, the stocks of the Company shall also include the other items required by the Stock Exchange on which the stocks of the Company are listed.

Article 35                      The stock shall be executed by the Chairman. Where the Stock Exchange on which the stocks of the Company are listed requests that the stock should be executed by the other senior management of the Company, then the stock shall be executed by the other relevant senior management. The stock shall become valid after being stamped with the seal of the Company or sealed in a form of printing. With the authorization of the Board of Directors, the stock may be stamped with the seal of the Company. The signature of the Chairman or other senior management of the Company may be made in a form of printing.                      MP33  
A3-2(1)

Article 36                      The Company shall have a register of shareholders in which the following items are registered:                      MP34

(1) Name, address, occupation or nature of each shareholder;

- (2) Class and number of shares held by each shareholder;
- (3) Amount paid or payable for the shares held by each shareholder;
- (4) Number of shares held by each shareholder;
- (5) Date on which each shareholder is registered as a shareholder; and
- (6) Date on which each shareholder shall not be a shareholder any longer;

The register of shareholders shall be deemed as the sufficient proof evidencing that the shareholder holds the shares of the Company, however except that there is any evidence to the contrary.

Article 37 Pursuant to the understanding and agreement made between the competent stock authority of the State Council and the Overseas Stock Regulatory Authority, the Company may place the register of shareholders holding the foreign shares listed overseas in a foreign place and then entrust the overseas agency to manage such register. The original of register of shareholders holding such foreign shares listed overseas as are listed in Hong Kong shall be placed in Hong Kong. MP35

The Company shall place the copy of the register of shareholders holding the foreign shares listed overseas at its domicile. The overseas agency entrusted shall at any time ensure that the original and copy of the register of shareholders holding foreign shares listed overseas are in conformity with each other. A11c-1(b)

In case of any difference between the original and the copy of the register of shareholders holding foreign shares listed overseas, the original shall prevail.

Article 38 The Company shall keep a complete register of shareholders. MP36

The register of shareholders shall include the followings:

- (1) Such register of shareholders other than those listed in Item 2 and 3 of this article as is kept at the domicile of the Company;
- (2) Such register of shareholders holding foreign shares of the Company listed overseas are is kept at the place of the stock exchange where listing overseas is workable;
- (3) Such register of shareholders as is required to be placed at any other place in the opinion of the Board of Directors for the purpose of the listing of the Company's stocks.

Article 39 Each part of the register of shareholders may not be the same. In case of transfer of shares registered at certain part of the register of shareholders, during the existing of registration of such shares, such shares may not be registered at any other part of the register of shareholders. MP37

Any modification or amendment to each part of the register of shareholders shall be subject to the laws of the place where such part of the register of

shareholders is placed.

Article 40 For the transfer of such foreign shares listed overseas as are listed in Hong Kong, a written transfer document shall be signed in a general or common format or any other format accepted by the Board of Directors. Such document may only be executed by hand. Any and all of such transfer documents shall be kept at the legal address of the Company or any other address designated by the Board of Directors from time to time.

Such foreign shares listed overseas which are listed in Hong Kong and whose share capital has been paid up in full may be freely transferred pursuant to the Articles of Association; however, unless the following conditions are met, the Board of Directors may refuse to acknowledge any transfer document without a need to make any explanations:

(1) To pay the Company HK Dollar 2 or 2.5 or a higher fee accepted by the Growth Enterprise Market to register the share transfer document and such documents as are involved in or may affect the ownership of shares; A3-1(1)

(2) The transfer document only involves such foreign shares listed overseas as are listed in Hong Kong;

(3) Stamp duty in connection with the transfer document has been paid;

(4) Relevant stocks and such other proof evidencing that the transferor has the right to transfer the shares as are reasonably required by the Board of Directors shall be presented;

(5) If the shares are to be transferred to the joint holders, then the number of such joint holders may not exceed 4; A3-1(3)

(6) Relevant shares are not imposed on any lien of the Company; and A3-1(2)

(7) Relevant transfer documents are made in the standard transfer format regulated by the Growth Enterprise Market. A3-1(4)

Any shares may not be transferred to such person who is a minor or has an unsound mind or no legal civil capacity for conduct.

Article 41 The change of registration of the register of shareholders may not made due to the transfer of shares within 30 days prior to the commencement of the General Meeting of Shareholders or within 5 days prior to the base date on which the Company decides to distribute the dividends. MP38

Article 42 When the Company convenes the General Meeting, distributes the dividends, conduct liquidation and has any other behavior for the purpose of confirming the equity, the Board of Directors shall choose certain day as the fixed date of equity. When the fixed date of equity expires, the shareholders of record shall be the shareholders of the Company. MP39

Article 43 Any person who has any objections against the shareholder of record and thus requests to register its name in the register of shareholders or delete its name



om the register of shareholders may submit an application to the court

MP40

having jurisdiction for an amendment to the register of shareholders.

Article 44

Any person who is a shareholder of record or request to register its name in the register of shareholders may apply the Company to issue new stocks for such shares (that is the relevant shares) if his/her stocks (that is the original stocks) are lost.

MP41

Where the shareholder holding domestic shares loses his/her stocks and submits an application for re-issuance, then the provisions of Article 150 of the Company Law shall be implemented.

Where such shareholder holding foreign shares listed overseas loses his/her stocks and submits an application for re-issuance, then the laws and rules of the stock exchange of the place where the original of the register of shareholders holding foreign shares listed overseas or other relevant regulations shall be implemented.

Where the Company's shareholder holding such foreign shares listed overseas as are listed in Hong Kong loses his/her stocks and submits an application for re-issuance, then such re-issuance shall meet the following requirements:

(1) The applicant shall submit an application in the standard format designated by the Company and attach the Notarial Certificate or the statutory declaration document. The contents of such Notarial Certificate or the statutory declaration document shall include:

- ① Reasons for the applicant to submit an application, facts and proof of the missing of stocks; and
- ② An declaration regarding that no other person requests to register himself/herself as the shareholder for relevant shares.

(2) Such declaration regarding that any person other than the applicant requests to register himself/herself as the shareholder as has not been received before the Company decides to reissue new stocks;

(3) Where the Company decides to reissue new stocks to the applicant, then it shall make an announcement regarding the re-issuance of new stocks in the newspaper designated by the Board of Directors. The period of announcement shall be 90 days and such announcement shall be made at least once every 30 days.

(4) Before making an announcement about the re-issuance of new stocks, the Company shall need to present a copy of such uncommment to be published to the stock exchange in which the Company is listed and may publish such announcement upon receipt of the reply from such stock exchange and completion of the confirmation that such announcement has been displayed inside such stock exchange. The period of display of such announcement inside the stock exchange shall be 90 days.

In case such shareholder of relevant shares as are registered in the register of shareholders do not agree with the application for re-issuance of stocks, the Company shall mail a copy of the announcement to be published to such shareholder.

(5) When such 90-day period of the display of uncomment as is listed in Item 3 and 4 of this article expires, if the Company does not receive any objections against the re-issuance of stocks from any person, then it may, according to the application submitted by the applicant, reissue the new stocks.

(6) While reissuing new stocks pursuant to this article, the Company shall immediately cancel the original stocks and register the matters in connection with the re-issuance of such cancellation in the register of shareholders.

(7) Any and all costs arising from the cancellation of original stocks and the re-issuance of new stocks by the Company shall be borne by the applicant. Before the applicant does not provide any reasonable guarantee, the Company has the right to refuse to take any action.

(8) Such newspaper used to publish the re-issuance of new stocks as is mentioned in Item 3 of this article shall include at least one copy of Hong Kong Chinese and English newspaper.

Article 45 After the Company reissues the new stocks pursuant to the provisions of the Articles of Association, the name of such bona fide purchaser obtaining the aforesaid stocks or thereafter registered as the holder of such shares (if he/she is a bona fide purchaser) may not be deleted from the register of shareholders. MP42

Article 46 As for such person suffering from any damage due to the cancellation of original stocks or the re-issuance of new stocks, the Company is not obliged to make any compensation, unless such party involved can prove that the Company makes a fraud. MP43

## **Chapter 7 Shareholder's Rights and Obligations**

Article 47 The shareholder of the Company shall be the person who legally holds the shares of the Company and whose name is registered in the register of shareholders. MP44

The shareholder shall be entitled to the rights and perform the obligations as per the class and number of shares in its possession. Such shareholder holding the same class of shares shall be entitled to the same rights and perform the same obligations. A3-9

Article 48 Where two or more than two persons are registered as the joint shareholders of any share, then such persons shall be deemed as the joint owners of relevant shares, however the following provisions shall be met:

① The Company needs not to register more than four persons as the joint shareholders of any share;

② Any and all of the joint shareholders of any share shall individually or jointly undertake the responsibility to pay the amount payable for relevant shares;

③ In case any one of the joint shareholders is deceased, only such other persons of the joint shareholders as survive shall be deemed by the Company as those who have the ownership of relevant shares. However, the Board of Directors may request to provide such Death Certificate as it deems appropriate; and

(4) As for the joint shareholders of any share, only the joint shareholders ranking at the top of the register of shareholders have the right to receive the stocks of relevant shares or the notice of the Company or attend or exercise the voting rights at the General Meeting of Shareholders, or receive the dividends. Any notice sent to the aforesaid persons shall be deemed as having been sent to any and all of the joint shareholders of relevant shares.

Article 49

The common shareholder of the Company shall be entitled to the following rights:

MP45

(1) To receive the dividends and any forms of profit distribution as per the number of shares in its possession;

(2) To attend the General Meeting of Shareholders in person or by proxy and exercise the voting rights;

(3) To supervise, manage and put forward suggestions or challenge the Company's business activities;

(4) To transfer the shares in accordance with the laws, administrative regulations and the provisions of the Articles of Association;

(5) To receive relevant information pursuant to the provisions of the Articles of Association, including:

① To receive the Articles of Association upon payment of the cost;

② To access and make a copy upon payment of certain reasonable fee;

(i) Register of shareholders holding any shares;

(ii) Personal data of the Company's director, supervisor, GM and other senior management, including

(a) Current and former name and alternative name;

(b) Primary address (or domicile);

(c) Nationality;

(d) Full-time and other part-time job and title;

(e) ID Certificate and number;

(iii) Share capital status of the Company;

(iv) Report on the total face value, quantity, maximum and minimum price of each class of shares redeemed by the Company since the last fiscal year and the costs accordingly paid by the Company;

(v) Minutes of the General Meeting of Shareholders;

(6) To participate in the distribution of the Company's surplus properties as per the number of shares in its possession when the Company is terminated or on the stage of liquidation;

(7) Other rights granted by the laws, administrative regulations and the Articles of Association.

The exercise of the rights above shall not be frozen or damaged in any way only because the person who owns such rights and interests directly or indirectly fails to disclose such rights and interests to the Company.

A3-12

Article 50

The common shareholder of the Company shall perform the following obligations:

MP46

(1) To observe the Articles of Association;

(2) To pay the share capital as per the number of shares subscribed and in the way of becoming a shareholder;

(3) Other obligations required by the laws, administrative regulations and the Articles of Association.

Except for the conditions accepted by the shareholder while subscribing the shares, such shareholder is not obliged to increase any share capital.

Article 51

Except for the obligations required by the laws, administrative regulations or the listing rules of such stock exchange in which the shares of the Company are listed, while exercising the powers of the shareholder, the controlling shareholder may not make any decisions which may damage the interests of all or part of the shareholders on the following issues by casting a vote.

MP47

(1) To dismiss the director or supervisor sincerely from the viewpoint of the maximum interests of the Company;

(2) To approve the director or supervisor to deprive of the assets of the Company (for the benefit of himself/herself or other persons), including (but

not limited to) any opportunity beneficial to the Company;

(3) To approve the director or supervisor to deprive of the individual rights and interests of other shareholders (for the benefit of himself/herself or other persons), including (but not limited to) any distribution and voting rights, however not including the restructuring of the Company passed at the General Meeting of Shareholders as per the Articles of Association.

Article 52                      The controlling shareholder mentioned in the preceding paragraph shall meet any one of the following conditions:                      MP48

(1) Such person may, independently or jointly, elect more than a half of the directors;

(2) Such person may, interpedently or jointly, exercise at least 30% voting rights of the Company or control the exercise of at least 30% voting rights of the Company;

(3) Such person shall, independently or jointly, hold at least 30% of such shares as are issued by the Company overseas;

(4) Such person shall, interpedently or jointly, control the Company in fact and by other means.

## **Chapter 8 General Meeting of Shareholders**

Article 53                      The General Meeting of Shareholders is the authority of the Company and shall legally exercise the powers.                      MP49

Article 54                      The General Meeting of Shareholders is entitled to the following powers:                      MP50

(1) To make decisions on the Company's business policy and investment plan;

(2) To elect and replace the director and make decisions on the remuneration of such director;

(3) To elect and replace the supervisor served by the shareholder representative and make decisions on the remuneration of such supervisor;

(4) To examine and approve the report from the Board of Directors;

(5) To examine and approve the report from the Board of Supervisors;

(6) To examine and approve the Company's program for annual financial budget and final accounts;

(7) To examine and approve the Company's program for the profit

distribution and covering the losses;

(8) To adopt a resolution on the increase or decrease of the Company's registered capital;

(9) To adopt a resolution on the merger, division, dissolution and liquidation of the Company;

(10) To adopt a resolution on the issuance of corporate bonds;

(11) To adopt a resolution on the appointment, dismissal or non further appointment of certain accounting firm by the Company;

(12) To modify the Articles of Association;

(13) To put forward a proposal to the Company on behalf of the shareholders holding at least 5% voting shares;

(14) Such other matters which should be determined at the General Meeting of Shareholders as are regulated by the laws, administrative regulations and the Articles of Association.

Article 55 Without the prior approval of the General Meeting of Shareholders, the Company may not sign any contract under which such person other than the director, supervisor, GM or other senior management of the Company shall be responsible for the management of all or important affairs of the Company with such person. MP51

Article 56 The General Meeting of Shareholders is divided into the annual meeting and interim meeting. The General Meeting of Shareholders shall be convened by the Board of Directors. And the annual shareholder's meeting shall be convened once per year and within 6 months upon completion of each fiscal year. MP52

In case of any one of the following circumstances, the Board of Directors shall, within 2 months, convene the interim shareholder's meeting.

(1) The number of directors is less than the one regulated in the Company Law or two thirds of the one required in the Articles of Association;

(2) The losses not covered by the Company reaches one third of the total share capital;

(3) Such shareholders holding at least 10% of voting shares as are issued by the Company overseas proposes to convene the interim shareholder's meeting in writing;

(4) The Board of Directors deems it necessary or the Board of Supervisors proposes to convene.

Article 57 In case the shareholder's meeting is convened, the Company shall notify the MP53

shareholders of record of the matters discussed at the meeting and the time and place of the meeting in writing prior to 45 days before the meeting is convened. The shareholder who intends to attend the shareholder's meeting shall give a written reply about his/her attendance to the Company prior to 20 days before the meeting is convened.

The notice about convening the shareholder's meeting by the Company shall be sent no later than 60 days prior to the commencement of the meeting. The period of calculating the delivery of notice shall not include the date on which the meeting is convened and the notice is issued.

Article 58 Where the Company convenes the annual shareholder's meeting, then the shareholder holding at least 5% of voting shares may put forward a new proposal in writing to the Company. The Company shall include such matters listed in the proposal as are within the scope of duties of the shareholder's meeting into the agenda of such meeting. Such proposal shall be delivered to the Company at least 7 days prior to the issuance of the notice. MP54

Article 59 The Company shall calculate the number of such shares representing the voting rights as are held by the shareholders attending the meeting based on the written reply received 20 days prior to the commencement of the meeting. In case the number of such shares representing the voting rights as are held by the shareholders attending the meeting reaches more than a half of the total number of shares representing the voting rights, the Company may convene the shareholder's meeting; otherwise, the Company shall, within 5 days, notify the shareholders of the matters discussed at the meeting and the time and place of the meeting once again by giving a notice. In such case, the Company may convene the shareholder's meeting. MP55

The matters not specified in the notice shall not be decided at the interim shareholder's meeting.

Article 60 The notice of shareholder's meeting shall meet the following requirements: MP56

- (1) To be made in writing;
- (2) To specify the place, date and time of the meeting;
- (3) To specify the matters to be discussed at the meeting;
- (4) To provide the shareholder with the data and explanations required for such shareholder to make wise decisions on the matters discussed; such principle includes (but not limits to) the provision of specific conditions and contracts (if any) in connection with the proposed transaction and the careful explanation about the reasons and consequences while the Company needs to carry out the merger, redeem the shares and proceed with the reconstruction of share capital or other restructuring;
- (5) To, if any director, supervisor, manager or other senior management has any significant interest in the matters to be discussed, disclose the nature and degree of such interest and, if the matters to be discussed shall produce different impacts on such director, supervisor, manager or other senior management as the shareholder from the other same shareholders, to specify such difference;



(6) To present the whole contents of any special resolutions proposed to be adopted at the meeting;

(7) To expressly indicate in writing that the shareholder who has the right to attend and vote may authorize one or more than one shareholder agent to attend and vote in his/her name. However, such shareholder agent may not be the shareholder of the Company;

(8) To specify the time and place of delivery of the Letter of Authorization for Voting at the meeting.

Article 61 The notice of shareholder's meeting shall be sent to the shareholder (no matter such shareholder has the voting right or not) by hand or mail with postage paid and the address of recipient shall be the one registered in the register of shareholders.

MP57  
A3-7(1),(2)

For the shareholder holding domestic shares, the notice of shareholder's meeting may be issued in the form of an announcement.

The aforesaid announcement shall be, within 45 to 50 days prior to the commencement of the meeting, published in one or more newspapers designated by the stock management department of the State Council. Once such announcement is published, it shall be deemed that all of the shareholders holding domestic shares have received the notice of shareholder's meeting.

Where the dividend warrant is sent by mail when the exercise of rights is terminated, then if such dividend warrant has not been withdrawn, then such right may be exercised after such dividend warrant has not been withdrawn for a consecutive of two times. However, such rights may also be exercised if such dividend warrant is not delivered to the recipient and returned for the first time.

A3-13(1),(2)(a)&  
(b)

Regarding the exercise of the right to sell the shares of such shareholder who cannot be contacted, unless the following requirements are met, otherwise, such right may not be exercised:

- ① The dividend relevant to the shares has been paid at least three times within 12 years but not claimed during such period; and
- ② The Company publishes an advertising in the newspaper when such 12 years expire to indicate its intention to sell such shares and then notify the stock exchange.

Article 62 Where a meeting notice is not sent to the person who has the right to receive it or such person has not received such meeting notice due to the accidental omission, the meeting and the resolutions made at the meeting shall not accordingly become invalid.

MP58

Article 63 Any shareholder who has the right to attend the shareholder's meeting and exercise the voting right may authorize one or more than one person (such person may be not the shareholder) as the shareholder agent to attend and vote at the meeting in his/her name. With the authorization of such shareholder, such shareholder agent may exercise the following rights:

MP59

- (1) Such person may have a say at the shareholder's meeting;
- (2) Such person may, independently or jointly, request to vote by ballot;
- (3) Such person may exercise the right to vote by a show of hands or ballot. HOWEVER, if the number of shareholder agent authorized exceeds one, then such shareholder agent may only exercise the right to vote by ballot.

If such shareholder is the recognized clearing house (or its agent) (hereinafter referred to as "Recognized Clearing House") defined in the Stock and Futures (Clearing House) Regulations (Chapter 420 of Hong Kong Law), then he/she may authorize such one or more persons as it deems fit to serve as his/her representative at any shareholder's meeting or any classified shareholder's meeting; however, if more than one person is authorized, then the Letter of Authorization shall specify the number and class of share involved by such person with such authorization. Such person authorized may exercise the rights on behalf of the Recognized Clearing House as it is an individual shareholder of the Company.

Article 64 The shareholder may entrust its agent in writing. The entrustor or the agent entrusted by such entrustor in writing shall exercise the right to execute. Where the entrustor is a legal person, then the seal of such legal person shall be stamped or the director of or agent or personnel formally entrusted by such entrustor shall execute. MP60 A3-11(2)

Article 65 The Letter of Authorization for Voting by Proxy shall be kept at the address of the Company or any other place designated in the notice of convening the meeting within 24 hours prior to the commencement of such meeting as is voted by proxy in the Letter of Authorization or the designated time of voting. Where the Letter of Authorization is executed by any other person authorized by the entrustor, then a notary shall be done for the Letter of Authorization to be executed with the authorization or any other authorization document. Such Letter of Authorization or other authorization document notarized shall be kept at the address of the Company or any other place designated in the notice of convening the meeting together with the Letter of Authorization for Voting by Proxy. MP61

Where the entrustor is a legal person, then its legal representative or the person authorized by the Board of Directors and other decision-making body shall attend the shareholder's meeting of the Company on behalf.

Article 66 The shareholder may freely select to instruct the shareholder agent to cast a positive or negative vote in the format of such Letter of Authorization as is issued by the Board of Directors of the Company to it for the purpose of appointment of the shareholder agent and give separate instructions for the matters discussed and voted at the meeting. The Letter of Authorization shall specify that if the shareholder does not give any instructions, then the shareholder agent may cast a vote based on its true meaning. MP62 A3-11(1)

Article 67 Where the entrustor has been deceased, lost the ability for conduct, withdrawn the appointment or the authorization executed or relevant shares has been transferred prior to the vote, as long as the Company does not MP63

receive a written notice about such matters prior to the commencement of the meeting, then the voting cast by the shareholder agent according to the Letter of Authorization shall remain valid.

Article 68                      The resolution of shareholder' meeting is divided into the ordinary resolution and special resolution.                      MP64

The ordinary resolution made at the shareholder's meeting shall be passed by such shareholder (including the shareholder agent) attending the shareholder's meeting as holds more than a half of the voting rights.

The special resolution made at the shareholder's meeting shall be passed by such shareholder (including the shareholder agent) attending the shareholder's meeting as holds more than two thirds of the voting rights.

Article 69                      While casting a vote at the shareholder's meeting, the shareholder (including the shareholder agent) shall exercise the right to vote limited to the number of voting shares in its possession, one vote for one share.                      MP65

While casting a vote for relevant matters, any privilege or restrictions then imposed on the voting rights of any class of shares shall be observed.

Article 70                      The resolution submitted for casting a vote shall be voted by a show of hands, unless the rules of listing in the Growth Enterprise Market or any other applicable laws, statutes or regulations requires to vote by casting a vote or the following person request to vote by ballot before or after the results of voting by a show of hands are declared:                      MP66

(1) Chairman of the meeting;

(2) At least two shareholders who attend and have the right to vote in person or by proxy;

(3) Any one or more shareholders who attend in person or by proxy and have the right to vote at the meeting and own no less than one tenth of the total voting rights of all of the shareholders casting a vote.

Unless a vote by ballot is required in the way mentioned above, while the Chairman declares to deal with the resolution in the way of voting by a show of hands and include such results in the minute of relevant meeting, then a final proof of relevant facts shall be constituted and in such case it is no need to prove the number or proportion of positive or negative votes cast for such resolution.

Any request for casting a vote may be rejected.

Article 71                      If the matter required to be voted by ballot is the election of the Chairman of the meeting or the termination of the meeting, then a vote shall be immediately cast; otherwise, the Chairman shall decide when to cast a vote and the other matters may be continuously discussed at the meeting. The results of voting shall still be deemed as the resolution passed at such meeting.                      MP67

The results of voting shall be declared at the site.

Article 72	While voting is cast, the shareholder (including the shareholder agent) having two or more votes shall not need to cast all positive votes or negative votes while exercising the right to vote.	MP68
Article 73	In case the number of negative votes is equal to the number of positive votes, no matter such notes are cast by a show of hands or ballot, the Chairman of the meeting has the right to cast another vote.	MP69
Article 74	The following matters shall be passed at the shareholder’s meeting in the form of an ordinary resolution:	MP70
	<ul style="list-style-type: none"><li>(1) Work report from the Board of Directors and the Board of Supervisors;</li><li>(2)Such program for profit distribution and covering the losses as is formulated by the Board of Directors;</li><li>(3) Dismissal of the member of the Board of Directors and the Board of Supervisors and the remuneration and terms of payment of such member;</li><li>(4) Annual budget and final accounts report, balance sheet, income statement and other financial statements of the Company;</li><li>(5) Such other matters as are other than those passed in the form of a special resolution under the laws, administrative regulations or the Articles of Association.</li></ul>	A3-4(3)
Article 75	The following matters shall be passed at the shareholder’s meeting in the form of a special resolution:	MP71
	<ul style="list-style-type: none"><li>(1) Increase or reduction of the Company’s capital and the issuance of any class of stocks, warrants and other similar stocks;</li><li>(2) Issuance of the corporate bonds;</li><li>(3) Division, merger, dissolution and liquidation of the Company;</li><li>(4) Modification to the Articles of Association</li><li>(5) Such other matters as may significantly affect the Company if passed in the form of an ordinary resolution but should be passed in the form of a special resolution at the shareholder’s meeting.</li></ul>	
Article 76	Where the shareholder requests to convene the interim shareholder’s meeting or the classified shareholder’s meeting, then the following procedures shall be observed:	MP72

(1) Such two or more than two shareholders as jointly hold 10% or above voting shares at the meeting to be convened may execute one or several copies of the written request having the same format and contents, proposes the Board of Directors to convene the interim shareholder's meeting or the classified shareholder's meeting and specify the topics of the meeting. The Board of Directors shall convene the interim shareholder's meeting or the classified shareholder's meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as per the one incurred on the date on which the shareholder submits a written request.

(2) If the Board of Directors fails to, within 30 days upon receipt of the aforesaid written request, issue the notice of convening the meeting, then such shareholder who submits such request may, within 4 months since the Board of Directors receives such request, at its sole discretion convene the meeting. The procedures of convening should be the same as the one of convening the shareholder's meeting by the Board of Directors as possible.

Where the shareholder convenes the meeting at its sole discretion because the Board of Directors fails to, upon the aforementioned request, convened the meeting, then any reasonable fee incurred therefrom shall be borne by the Company and deducted from such amount as is owed by the Company to the director who makes a breach of the duty.

Article 77      The Chairman shall convene and preside over the shareholder's meeting. In case the Chairman cannot attend the meeting due to any reasons, the Deputy Chairman shall do so. In case neither the Chairman nor the Deputy Chairman can attend the meeting, the Board of Directors may nominate one director of the Company to convene and preside over the meeting; otherwise, the shareholders attending may elect one person to serve as the Chairman of the meeting. In case the shareholders attending cannot elect the Chairman due to any reasons, such shareholder (including the shareholder agent) attending as holds the maximum voting shares shall serve as the Chairman of the meeting. MP73

Article 78      The Chairman of the meeting has the right to decide whether or not to pass the resolution of the shareholder's meeting, declare the results at the meeting and then include in the minutes. His/her decision shall be final. MP74

Article 79      In case the Chairman of the meeting has any doubt about the voting results, he/she may count the number of votes. If the Chairman of the meeting does not count the votes, and if the shareholder or shareholder agent attending has any objection against the results declared by the Chairman of the meeting, then such shareholder or shareholder agent may immediately request to count the votes after the results are declared and the Chairman of the meeting should do so. MP75

If the Company is aware that pursuant to the rules of listing in the Growth Enterprise Market, any shareholder has to waive the right to vote or is restricted for the proposal of any specific resolution and can only vote for or against the proposal of any specific resolution, then any votes cast by such shareholder in person or by proxy under the condition that such regulation or restriction is violated shall be invalid and not calculated.

Article 80 If the notes will be counted at the shareholder's meeting, then the results of such counting shall be included in the minutes. MP76

The minutes of the shareholder's meeting, book of signature of the shareholders attending and the Letter of Authorization for Attendance in Proxy shall be kept at the domicile of the Company.

The aforesaid minutes, signature book and Letter of Authorization may not be destroyed within 10 years.

Article 81 The shareholder may freely access to the copy of the minutes of the shareholder's meeting during the working hours of the Company. Where any shareholder requests a copy of such minutes from the Company, then the Company shall, within 7 days upon receipt of the reasonable fee, deliver such copy. MP77

## **Chapter 9 Special Voting Procedures of Classified Shareholders**

Article 82                      The shareholders who hold different types of shares are called as classified shareholders.                      MP78

Classified shareholders enjoy rights and undertake obligations in accordance with the provisions of laws, administrative regulations and this constitution.

Article 83 In case the Company intends to alter or abolish the rights of classified shareholders, it should be carried out after shareholders' general meeting adopts in special resolution and the affected classified shareholders respectively adopt in shareholders' general meeting convened according to Article 85 to Article 88.                      MP79

Article 84                      The following circumstances should be regarded as to alter or abolish the rights of classified shareholders:                      MP80

(1) To increase or decrease the number of classified shares, or increase or reduce the number of the classified shares which enjoy the same or more voting rights, distribution rights or other privileges as this classified share.

(2) To replace all or part of the classified shares with other categories, or replace all or part of the other classified shares with the classified shares or grant such conversion rights;

(3) To cancel or reduce the dividend on shares which the classified shares own and obtain the dividend on shares which have been generated or the rights of accumulating dividend;

(4) To reduce or cancel the right by which the classified shares have the priority to obtain dividends on shares or the priority to obtain the rights of property distribution in liquidation of the Company;

(5) To increase, cancel or reduce the right of shares conversion, options, voting rights, transference rights, priority ration right and the right to obtain securities of the Company which the classified shares own;

(6) To cancel or reduce the rights of obtaining the Company's payables by particular currency which the classified shares own;

(7) To establish a new category which enjoys the same or more voting rights, distribution rights or other privileges as which the classified shares have;

(8) To limit or increase the limit on transfer or ownership of classified shares;

(9) The rights of issuing the classified shares or another classified shares subscription rights or shares conversion;

(10) To increase the rights and privileges of other classified shares;

(11) The corporate's restructuring program would constitute that different classified shareholders will take responsibilities disproportionately in reorganization;

(12) To modify or repeal the provisions which are set in this chapter.

Article 85 When it comes to Article 84 (2) to (8), (11) to (12) , the affected classified shareholders, whether they have voting rights in the shareholders' general meeting originally or not, would have voting rights in the general meeting of classified shareholders. However, the interested shareholders do not have voting rights in the general meeting of classified shareholders. MP81

The meanings of "interested shareholders" referred in the preceding paragraph are as following:

(1) When the Company issues repurchase offer to all shareholders at the same proportion or repurchase their own shares by the way of open transaction in securities exchange according to the provisions of Article 27 of the constitution, the "interested shareholders" refer to the majority shareholders defined in Article 52 of the constitution;

(2) When the Company repurchases its own shares by the way of agreement outside of Securities Exchange in accordance with the provisions of Article 27 of the constitution, the "interested shareholders" means the shareholders related to the agreement;

(3) In the Company's restructuring program, the "interested shareholders" refers to the shareholders who take responsibilities at the proportion lower than other shareholders of the class and shareholders who own different interests with other shareholders in this classified shareholder.

Article 86 The resolution of the classified shareholders' meetings could only be made after being adopted by over two-thirds of the shareholders who have voting rights and attend the classified shareholders' meeting under Article 85. MP82

Article 87 In case the Company holds classified shareholders' meeting, a notice in written form shall be made 45 days before the meeting informing all the registered shareholders of this classified shares of the matters under discussion as well as the meeting date and place. The shareholders who propose to attend the meeting should send a written reply on attending the meeting to the Company 20 days before the meeting. MP83

In case the number of shares represented by the shareholders proposing to attend the meeting which have voting right in the meeting exceeds half of the total number of the classified shares which have voting right in the meeting, the Company could hold classified shareholder meeting; otherwise, the Company should inform shareholders once again of the matters under discussion as well as the meeting date and place within five days by public notice. After public notice, the Company could hold classified shareholder meeting.



Article 88 The notice of classified shareholder meeting could only be given to the shareholders who have the right to vote at the meeting. MP84

Classified shareholder meetings should be held in the same procedures as much as possible as the shareholders' general meeting, the clauses about the holding procedures of shareholders' general meeting in this constitution apply to classified shareholder meeting.

Article 89 Except the shareholders of other classified shares, the shareholders of domestic share and the shareholders of overseas listed foreign-owned shares are deemed as different classified shareholder. The domestic shareholders of domestic share and the shareholders of non-listed foreign-owned shares are not deemed as different classified shareholder. MP85

The following circumstances are not applicable to the special procedures of classified shareholders vote: A11c-1(f)(i)&(i i)

(1) After being approved by special resolution in the shareholders' general meeting, the Company shall individually or simultaneously issue domestic shares and overseas listed foreign-owned shares at each interval of 12 months, the number of domestic shares and overseas listed foreign-owned shares to be issued respectively does not exceed 20% of the shares issued of this class;

(2) The plan on issuing domestic shares and overseas listed foreign-owned shares on establishment of the Company is completed within 15 months from the date of approval by the securities regulatory department under the State Council.

## Chapter 10 Board of Directors

Article 90 The Company shall set up a Board of Directors. The Board of Directors shall be composed of 8 directors including a chairman, a vice chairman and six directors (three of whom shall be independent non-executive directors). MP86

Article 91 Article 91 The first candidate of Board of Directors is nominated by the sponsor and elected by inaugural meeting of the Company. The term of directors starts since the date of winning the election.

Article 92 The directors are elected by the shareholders' meeting with term of three years. Upon the expiry of tenure, directors could take office after re-election. All the directors appointed to fill in casual vacancy shall accept the election by shareholders in the first shareholders' general meeting. Every director (including directors with specified term of office) should leave and take office in turn at least once every three years. MP87

The intention to nominate director candidates and the written notice in which candidates express that they are willing to accept the nomination should be issued to the Company at least seven days before shareholders' meeting.

A3-4,(4)&(5)

Chairman and Vice Chairman are elected and removed by over half of all directors. Chairman and vice chairman will serve for a period of three years. Under the premise that the requirements of GEM board Listing Rules are met, they could take office after re-election.

Directors need not hold the shares of the Company.

Shareholders' general meeting could recall any directors (including directors, general manager or other executive director) before their term of office is expired by the way of ordinary resolution under the premise of compliance with relevant laws and administrative regulations, but the proposed claims shall not be affected by this in accordance with any contract.

The directors may serve as general manager or other senior management positions (except supervisors).

Article 93

The Board of Directors shall be responsible for shareholders' meeting and exercise the following functions and powers:

MP88

- (1) To be responsible for convening shareholders' general meeting and make report to shareholders' general meeting;
- (2) To implement the resolutions of shareholders' general meeting;
- (3) To determine the Company's business plans and investment programs;
- (4) To develop the Company's annual financial budget program and final settlement program;
- (5) To develop the Company's profit distribution plan and loss recovery plan;
- (6) To develop program about the Company increasing or decreasing registered capital and insurance of the Company's bonds;
- (7) To formulate the program of merger, division and dissolution;
- (8) To determine the setting of the Company's internal management structure;
- (9) To appoint or dismiss the general manager. According to the nomination of general manager, appoint or dismiss the deputy general manager, financial person in charge and other senior management personnel, determine their remuneration and payment methods.
- (10) To develop the Company's basic management system;
- (11) To formulate the constitution amendment;

(12) To make the Company's initial major acquisitions or sales disposal;

(13) Under the premise of complying with relevant laws, regulations and this constitution and relevant rules, exercise the Company's right to raise capital and borrow as well as decide mortgage, lease, subcontract or transfer of the Company's major assets, and authorize the general manager to exercise the powers mentioned herein within a certain range;

(14) In case the number of director vacancy does not exceed the number provided in the *Company Act* or not less than two-thirds of the amount required in the constitution, appoint any person as director to fill in temporary vacancy of the Board of Directors. The term of temporary directors shall continue until the next shareholders' general meeting. The director is eligible for re-election; A3-4(2)

(15) Other functions and powers granted by shareholders' general meeting and the constitution.

As for the Board of Directors make resolutions as in the preceding paragraph, except (6), (7), (11) and (12) which must be voted and agreed by more than two-thirds of directors, and the rest parts could be voted and agreed by more than half of the directors.

Board of Directors exercises any rights which are provided in the constitution to be exercised by shareholders' general meeting. The Board of Directors shall comply with the provisions of the constitution and the provisions which shareholders' general meeting formulate from time to time, but the regulations developed by the Company's shareholders' general meeting do not make the originally valid act by Board of Directors before this provision void.

Article 94 When the Board of Directors disposes fixed assets, such as dispose the expectancy of fixed assets, in case the sum of the value which is obtained from disposed fixed assets within four months before this disposal recommendation exceeds 33% of the value of fixed assets of the Company that is shown in balance sheet under recent discussion by shareholders' general meeting, then the Board of Directors shall not dispose or agree to dispose this fixed asset prior to the approval of shareholders' general meeting. MP89

The disposal of fixed assets in this section includes the transfer of certain assets and interests, but excluding the act of providing security by fixed assets.

The validity of the transactions carried out by the Company's disposal of fixed assets shall not be affected for violation of paragraph (1) of this article.

Article 95 The chairman of the Board of Directors shall exercise the following powers: MP90

(1) To preside over shareholders' general meeting, convene and preside over Board of Directors' meetings;

(2) To check the implementation of resolutions of the Board of Directors;

(3) To sign the securities issued by the Company;

(4) To sign the Company's other important files or authorize one or more of the directors of the Company by power of attorney to sign the Company's other important files.

(5) Other functions and powers granted by the Board of Directors;

When the chairman of the Board of Directors is unable to fulfill its functions and powers, the chairman of the Board of Directors could designate a vice chairman to perform its functions and powers on behalf of him.

Article 96                      The Board of Directors shall convene at least two meetings annually which                      MP91  
are convened by the chairman of the Board of Directors.

In case of urgent matter, after over one third of the directors or general manager makes a proposal, a provisional Board of Directors' meeting could be held.

Article 97                      In case the time and address for Board of Directors' meeting are specified in advance                      MP92  
by the Board of Directors, the meeting could be convened without notice. If the Board of Directors does not decide the time and place of Board of Directors' meetings in advance, the chairman of the Board of Directors shall instruct the Company Secretary to notify all directors and Chairman of the Board of Supervisors of the time and place of Board of Directors' meetings by telex, telegram, fax, express mail, registered mail or by special person no less than ten days and no more than thirty days in advance before the meeting.

In case of emergency matters, a provisional Board of Directors meeting needs to be convened, the chairman of the Board of Directors should instruct the Company secretary to notify all directors and Chairman of the Board of Supervisors of the time and place of temporary Board of Directors' meetings by telex, telegram, fax, express mail, registered mail or by special person no less than two days and no more than ten days in advance before temporary Board of Directors' meeting.

The notice shall be written in Chinese language and shall include agenda and topic. The English translation version of relevant notice could be attached if necessary.

In case directors have attended the meeting and has not proposed any objection about failing to receive the meeting notice before or at the meeting, it should be deemed to have issued the meeting notice.

Article 98                      The Board of Directors' meetings could be held only with the attendance of                      MP93  
more than half of directors.

Each director has one vote. Without violation of the situations referred in the second paragraph of Article 93 of this constitution, the Board of Directors makes a resolution which must be adopted by over half of all current directors.

In case the number of dissenting vote and affirmative vote are equal, the chairman of the Board of Directors has the right to vote one more.

A Director shall neither vote on any contract or arrangement which the director itself or any of its associates (as defined in the GEM board Listing Rules) has material interest in or any other proposed Board of Director's resolution, nor count in the quorum which is present at the same Board of Directors' meeting.

A3-4(1)

Article 99 Directors may attend the directors' regular meeting or special meeting by telephone or other communications facilities. With the above facilities, all participants could clearly hear other person's speech and talk to or exchange with each other, then such directors shall be deemed to have personally attended the meeting.

MP94

Board of Directors' meetings should be attended by directors themselves. In case a director is unable to attend for reasons, he could appoint other director in writing to attend the Board of Directors' meeting on behalf of him. The appointment shall set forth empower scope.

The directors who attend the meeting on behalf shall exercise the rights of the directors within their authority scope. In case the directors neither attend certain Board of Directors' meeting nor commission representative to attend, it shall be deemed to have given up the voting right at that meeting.

The appointed representative himself must be a director. When counting the quorum of Board of Directors' meeting, one should count the representative himself and the director represented separately; he could not veto affirmatively and negatively simultaneously by his right. Directors must also notify the Company of the termination of appointment of its representatives.

Article 100 The reasonable expenses incurred by directors attending Board of Directors' meeting should be paid by the Company. These costs include transportation costs from the place of directors to the meeting place (if this is different from that of directors), subsistence charge during the meeting, rental of meeting places and local transportation fees etc.

Article 101 The Board of Directors should make meeting records on the decision under discussion. The directors and recorder attending the meeting shall sign in the meeting record. The directors shall be responsible for the resolution of the Board of Directors. In case the resolution of the Board of Directors is in violation of laws, administrative regulations or the constitution resulting in severe losses to the Company, the directors who participate in the resolution shall be liable for the Company; but in case it is proved that the director express opposition in meeting and that is recorded in the minutes, the director may be exempted from responsibility.

MP95

Article 102 The Board of Directors should make meeting records on the decision under discussion. The directors and recorder attending the meeting shall sign in the meeting record. The directors shall be responsible for the resolution of the Board of Directors. In case the resolution of the Board of Directors is in violation of laws, administrative regulations or the constitution resulting in severe losses to the Company, the directors who participate in the resolution shall be liable for the Company; but in case it is proved that the director express opposition in meeting and that is recorded in the minutes, the director may be exempted from responsibility.

Article 103 Unless the Board of Directors otherwise provides, the general manager of non-concurrent directors may attend the Board of Directors' meeting and is entitled to receive such meeting notice and related documents. However, unless the General Manager holds a concurrent post of Director, otherwise he shall not be entitled to put to vote or cast a vote at the Board of Directors' meetings.

## **Chapter 11 Board Secretary**

Article 104 The Company shall set board secretary (the "Company Secretary"). The Company secretary is the senior management personnel of the Company. MP96

Article 105 The Company secretary should be a natural person who has necessary expertise and experience and is appointed by the Board of Directors. Its main functions and powers are:

(1) To ensure that the Company has complete files and records;

(2) To ensure that the Company shall prepare and submit the reports and files required by the administration for industry and commerce and other agencies by law;

(3) To ensure that the register of shareholders of the Company is properly set up; to ensure that the person who is entitled to obtain the Company's relevant records and documents can obtain relevant records and documents in a timely manner;

MP97

(4) To fulfill the duties of company secretary by law and this constitution (including the reasonable requirements of the Board of Directors).

(1) To ensure that the Company has complete files and records;

Article 106 The Company directors or other senior management personnel could hold a concurrent post as the Company secretary. The accountants from accounting firm hired by the company shall not hold a concurrent post as the Company secretary. MP98

Article 107 In case the Company secretary is also director, if a certain act must be made by director and company secretary separately, then the person who is both part-time director and company secretary shall not make it as double identity. MP98

## **Chapter 12 General Manager**

Article 108 The Company shall set up one general manager, who shall be appointed or MP99

dismissed by the Board of Directors.

The Company shall set up several deputy general managers and one financial person in charge. Deputy General Manager and the financial person in charge are nominated by the general manager, who shall be appointed or dismissed by the Board of Directors.

Article 109

The general manager is responsible for the Board of Directors who shall exercise the following powers and functions:

MP100

- (1) To preside over the Company's production and operation management, organize and implement the resolutions of Board of Directors;
- (2) To organize and implement the Company's annual business plans and investment programs;
- (3) To draw up the setting program of the Company's internal management organs;
- (4) To draw up the Company's basic management system;
- (5) To establish the Company's basic rules and regulations;
- (6) To submit to appoint or dismiss or transfer the Company's Deputy General Manager, financial person in charge, chief engineer and chief economist;
- (7) To appoint or dismiss responsible management personnel other than those should be appointed or dismissed by the Board of Directors;
- (8) To personally (or commission a Deputy General Manager) convene and preside over the general managers meetings, which are attended by the general manager, vice general manager and other senior management personnel;
- (9) To determine to give rewards and penalties on the employees of the Company or upgrade or downgrade, increase salary or decrease wage, appoint, employ, fire and dismiss;
- (10) Within the mandate scope of the Board of Directors, exercise the rights of mortgage, lease, sub-contract or transfer the Company's assets;
- (11) Other functions and powers granted by this constitution and the Board of Directors.

The vice general managers assist the general manager in work.

Article 110 The General Manager attends the Board of Directors' meeting; the General Manager who is not a director has no voting right in the Board of Directors' meeting.

MP101

Article 111

When general manager and deputy general manager exercise their functions and powers, they shall perform integrity and diligence obligations in

MP102

accordance with the laws, administrative regulations and the provisions of this constitution.

When general manager and vice general manager perform their duties, they shall not exceed or alter the resolution of shareholders' general meetings and the Board of Directors' meeting.

## **Chapter 13 Board of Supervisors**

- |             |  |                     |
|-------------|--|---------------------|
| Article 112 | The Company sets up board of supervisors.<br><br>Board of Supervisors is responsible for supervising the Board of Directors, directors and other senior management personnel to prevent their abuse of power and violation of the rights and interests of shareholders, the Company as well as employees.  | MP103               |
| Article 113 | Board of Supervisors consists of three supervisors, one of whom serves as the chairman of the board of supervisors. Supervisors have a term of three years and can be appointed after re-election. The appointment and removal of the chairman of the Board of Supervisors are adopted by more than two-thirds of supervisors through vote.  | MP104<br>A11c-1d(i) |
| Article 114 | The Board of Supervisors consists of two shareholder representatives and one employee of the Company. Shareholder representatives are elected and removed by shareholders' meeting; the staff representative is elected and recalled democratically by the Company's staff.  | MP105               |
| Article 115 | The Company's director, general manager or other senior management personnel (including but not limited to the Company's financial person in charge) shall not concurrently serve as supervisor.   | MP106               |
| Article 116 | The Board of Supervisors shall convene at least one meeting each year, which is convened by the Chairman of the Board of Supervisors.  | MP107               |
| Article 117 | The board of supervisors is responsible for shareholders' general meeting and shall exercise the following powers and functions by law:<br><br>(1) To check the Company's financial affairs;<br><br>(2) To supervise the Company's directors, general manager and other senior management personnel's behavior in violation of the laws, administrative regulations or the constitution in performance of the Company's duties;<br><br>(3) When the directors of the Company, general manager and other senior management personnel's behaviors damage the interests of the Company, | MP108               |



demand the foregoing persons to correct;

(4) To check the financial reporting, business reporting and profit distribution plan and other financial information which the Board of Directors proposes to submit to the shareholders' general meeting. In case of any doubt, commission a certified public accountant or independent auditor to re-examine in the name of the Company;

(5) To propose to convene interim shareholders' general meeting;

(6) To negotiate with the directors or to prosecute the directors on behalf of the Company;

(7) Other powers and functions provided in this constitution.

Supervisor attends the Board of Directors' meeting as a nonvoting delegate.

Article 118 The Board of Supervisors' meeting must be held with the attendance of two-thirds or more of the supervisors. MP109  
A11c-1(d)(ii)

The resolution of the board of supervisors should be voted and adopted by two-thirds or more of the supervisors of the Company.

Article 119 The reasonable expenses incurred by the hired lawyers, certified public accountants, independent auditors and other professionals when the Board of Supervisors exercise its powers and functions shall be borne by the Company. The reasonable fees incurred by supervisors attending the meetings of the board of supervisors should be paid by the Company, which include transportation costs from the location of supervisors to the conference venue (if this is different from the location of supervisors), accommodation fees during the meeting, rental of meeting place and local transportation fees etc. MP110

Article 120 A supervisor shall faithfully perform its supervisory duties in accordance with the laws, administrative regulations and the provisions of the constitution. MP111

## **Chapter 14 Qualifications and Obligations of Director, Supervisor, GM & Senior Management Personnel**

Article 121 In case of any one of the following circumstances, anyone could not serve as the Company's director, supervisor, general manager or other senior management personnel: MP112

(1) The person without civil capacity or limited capacity for civil conduct;

(2) The person is sentenced and no more than five years pass after expiration of execution term due to guilty of corruption, bribery, appropriation of property, misappropriation of property or destruction of

social and economic order, or the person who is deprived of political rights for crime, and no more than five years pass after expiration of execution term;

(3) The person who holds a post as the director, factory managing director or manager of bankrupt company or in liquidation due to poor management, and is personally responsible for the corporate bankruptcy, no more than three years pass since the date of completion of the Company or enterprise's bankruptcy and liquidation;

(4) The person who holds a post as the legal representative of the Company or enterprise whose business license is revoked for violation of laws and takes personal responsibility, no more than three years pass since the date when the Company or enterprise's business license is revoked;

(5) The person who have a large amount of debt due and outstanding;

(6) The person under investigation by judicial authorities in breach of criminal law, the case is not yet wound up;

(7) The person who can not hold the post as enterprise leaders by law, administrative regulations;

(8) Non-natural person;

(9) The person who is ruled by relevant competent authorities as violation of the provisions of relevant securities laws and is involved in fraud or dishonesty, less than five years pass since the date of this ruling.

Article 122                      The effectiveness on the bona fide third party from the behavior of the directors of the Company, general manager and other senior management personnel on behalf of the Company shall not be affected because of any irregularities in taking office, election or qualification.                      MP113

Article 123                      In addition to the obligations by laws, administrative regulations or listing rules of the Securities Exchange which the Company's shares listed on , the Company's directors, supervisors, general manager and other senior management personnel exercise their authority given by the Company, they shall have the following responsibilities for each shareholder:                      MP114

(1) Shall not go beyond the business scope provided in its business license;

(2) Must act in good faith to the best interests of the Company;

(3) Shall not deprive any form of company property including (but not limited to) the opportunities to the benefit of the Company;

(4) Shall not deprive the individual rights and interests of shareholders including (but not limited to) distribution rights, voting rights, but does not include corporate restructuring which is submitted to and adopted by shareholders' general meeting under this constitution.

Article 124      The Company's directors, supervisors, general manager and other senior management personnel have responsibilities to act what they should act with caution, diligence and skills which a reasonable and prudent person should show in similar circumstances.      MP115

Article 125      When exercising its rights or fulfill its obligations, the Company's director, supervisor, general manager and other senior management personnel must comply with the principle of good faith , should not place himself in the situation in which his own interests and obligations are in possible conflict. The principles include (but are not limited to) fulfilling the following obligations:      MP116

(1) To act in good faith to the best interests of the Company as starting point;

(2) To exercise its powers within its scope of authority ;shall not overstep its authority;

(3) Personally exercise the modest discretion conferred without being manipulated by others; shall not transfer the modest processing power to others without the permission of law and administrative regulation or the consent of shareholders' general meeting in case of information.

(4) The shareholders of the same class should be treated equally; the shareholders of different class should be treated fairly;

(5) Unless otherwise provided in this constitution or otherwise approved by the shareholders' general meeting in case of information, shall not enter into a contract, transaction or arrangement with the Company;

(6) Shall not use the Company's property for their own personal interests in any form without the consent of shareholders' general meeting in case of information;

(7) May not make use of their position to accept bribes or other illegal income; and occupy the Company's property in any form including (but not limited to) the favorable opportunities to the Company;

(8) Shall not accept commission related to the Company's transaction without the consent of shareholders' general meeting in case of information;

(9) To comply with this constitution, faithfully perform their duties, and safeguard the interests of the Company, may not use their positions and powers in the Company for their own personal gain;

(10) To compete with the Company in any form without the consent of shareholders' general meeting in case of information;

(11) Shall neither misappropriate the Company's funds nor lend the

Company's funds to others; shall not deposit the Company's assets into the account in his own name or other name; may not use the Company's assets to provide guarantee for the Company's shareholders or other personal debts;

(12) Shall not disclose any confidential information involving the Company gained during his tenure without the consent of shareholders' general meeting in case of information; shall not use this information unless for the purpose of the interests of the Company; however, one may disclose the information to the court or other competent government authorities in the following cases:

(a) Provided by law;

(b) Required by public interest;

(c) The interests demands of the directors, supervisors, general manager and other senior management personnel.

Article 126

Required by the obligation of good faith, the directors, supervisors, general manager and other senior management personnel shall not instigate the following persons or institutions ("relevant persons") to make what the directors, supervisors, general manager and other senior management personnel could not do;

MP117

(1) The spouse or impuberism children of the directors, supervisors, general manager and other senior management personnel;

(2) The directors, supervisors, general manager and other senior management personnel or the trustee referred in (a) of this article;

(3) The directors, supervisors, general manager and other senior management personnel or the partners referred in paragraph (a), (b) of this article;

(4) The Company which is separately controlled in fact by the directors, supervisors, general manager and other senior management personnel, or the company which is separately controlled in fact by the person referred in paragraph (a), (b), (c) of this article or the Company's other directors, supervisors, general manager and other senior management personnel;

(5) The controlled directors, supervisors, general manager and other senior management personnel referred in section (4) of this article.

Article 127 The fiduciary obligations borne by the Company's directors, supervisors, general manager and other senior management personnel shall not necessarily terminate because of expiration of their term. The confidential obligations for the corporate's business secrets are still valid after the end of the term of office. The duration of other obligations shall be determined in accordance with the principles of fairness, which depends

MP118

on the time length between incident occurrence and leaving office and in what circumstances and conditions the relationship with the Company ends.

Article 128 The responsibilities as the Company directors, supervisors, general manager and other senior management personnel in violation of a specific obligation can be lifted by the shareholders' general meeting in case of information, but with the exception of the circumstances prescribed in Article 51 of this constitution. MP119

Article 129 The Company's directors, supervisors, general manager and other senior management personnel directly or indirectly have important interest with the contract, transaction and arrangement which the Company has entered into or planned (exclude the employment contract between the Company and the directors, supervisors, general manager and other senior management personnel). Whether related matters need the approval from the Board of Directors under normal circumstances, the nature and extent of the interest shall be disclosed to the Board of Directors as soon as possible. MP120

Unless the interested directors, supervisors, managers or other senior management personnel discloses to the Board of Directors in accordance with the requirements of the preceding paragraph of this article, and the Board of Directors will not count it into quorum and it fails to attend the voting meeting and approve the matter. The Company has the right to revoke the contract, transaction or arrangement, but except that it is a goodwill party who has no knowledge of his behavior in breach of its obligations for relevant directors, supervisors, general managers and other senior management personnel. A3-4(1)

The relevant person of the Company's directors, supervisors, managers or other senior management personnel has interest with a certain contract, transaction or arrangement, the relevant directors, supervisors, managers or other senior management personnel should also be regarded as with interest.

Article 130 In case the Company's directors, supervisors, managers or other senior management personnel notifies the Board of Directors in written form before the Company considers to enter into relevant contract, transaction or arrangement for the first time, declares that if the contract, transaction or arrangement reached later has interest with it due to the content in the notice, then the relevant directors, supervisors, managers or senior management personnel are deemed to have made disclosure provided in the proceeding article of this chapter within the scope of notice. MP121

Article 131 The Company shall not pay tax in any way for its directors, supervisors, general manager and other senior managers. MP122

Article 132 The Company shall neither directly or indirectly provide loans or loan MP123

guarantees to the Company and its parent Company's directors, supervisors, general manager and other senior management personnel, nor provide loans or loan guarantees to the relevant person of the aforementioned personnel.

The preceding provisions shall not apply to the following situations:

(1) The Company provides loans to its subsidiaries or provides loan guarantees to its subsidiaries;

(2) The Company shall provide loans or loan guarantees to the Company's directors, supervisors, general manager and other senior management personnel or other funds according to the employment contract approved by the shareholders' general meeting to pay the cost incurred for the purpose of the Company or fulfill its duties;

(3) In case the Company's normal business scope includes providing loans and loan guarantees, then the Company could provide loans or loan guarantees to the Company's directors, supervisors, general manager and other senior management personnel and its relevant persons, however, the conditions for providing loans and loan guarantees shall be normal commercial conditions.

Article 133 In case the Company provides loans by violation of the preceding provisions, the receiver shall immediately repay regardless of their loan conditions. MP124

Article 134 The loan guarantee provided by violation of the provisions in paragraph 1 of Article 132 may not compel the Company to implement with the following exceptions: MP125

(1) To provide loans to the Company or its parent Company's directors, supervisors, general manager and relevant person of other senior management personnel, the loan provider is uninitiated;

(2) The security provided by the Company has been sold to bona fide purchasers by loan provider.

Article 135 The guarantees described in the preceding paragraph of this article include that guarantor assumes responsibilities or provide property to ensure that the obligators fulfill their obligations. MP126

Article 136 In case the company directors, supervisors, general manager and other senior management personnel violates the obligations to the Company, the Company reserves the right to take the following measures in addition to various rights and remedies provided by laws and administrative regulations: MP127

(1) To require the directors, supervisors, general manager and other senior management personnel to compensate for the losses to the Company caused by its negligence;

(2) To repeal any contract or transaction entered into between and by the Company and the relevant directors, supervisors, general manager and other senior management personnel, as well as any contract or transaction entered

into between and by the Company and the third party (when the third party clearly knows or ought to know that the directors, supervisors, managers and other senior management personnel on behalf of the Company violate the due obligations to the Company);

(3) To request the relevant directors, supervisors, general manager and other senior management personnel to surrender the gains due to breach of obligations;

(4) To recover the amount of money which is received by the directors, supervisors, general manager and other senior management personnel while these should have been received by the Company, including (but not limited to) commission;

(5) To require relevant directors, supervisors, general manager and other senior management personnel to return the earned or possibly earned interest produced by the sum of money which should be handed over to the Company;

(6) To take legal proceedings to rule that the obtained property as the directors, supervisors, general manager and other senior management personnel violates its obligations shall be owned by the Company.

Article 137 The Company should enter into a written contract on remuneration with the Company's directors and supervisors, which is subject to prior approval by the shareholders' general meeting. The fore-mentioned remuneration includes: MP128

(A) As the remuneration of the Company's directors, supervisors or senior management personnel;

(B) As the remuneration of the directors, supervisors or senior management personnel of the Company's subsidiary;

(C) The remuneration for other services for the management of the Company and its subsidiaries;

(D) The amount of money obtained as compensation by the director or supervisor for loss of position or retirement.

In addition to the former contract, the directors or supervisors shall not lodge an appeal to the Company due to the aforesaid matters for its interests due.

Article 138 It should be provided in the contract on remuneration which is entered into between and by the Company and the directors and supervisors that, when the Company is acquired, the Company's directors and supervisors have the right to receive compensation or other payments for loss of position or retirement under the condition of prior approval of the shareholders' general meeting. The aforesaid company is acquired in one of the following conditions: MP129

(A) Any person makes a purchase offer to all shareholders;

(B) Any person makes a purchase offer aiming at making the offeror to become majority shareholder. The definition of majority shareholder is the same as that defined in Article 52 of the constitution.



If the relevant director and supervisor do not comply with the provisions of this article, any monies which he receives shall belong to the person who sells its shares due to the foregoing offer. The directors and supervisor shall bear the costs incurred due to distribute these funds in proportion; the fee shall not be deducted from such payments.

## **Chapter 15 Financial Accounting System and Profit Distribution**

Article 139 In accordance with the provisions of the laws, administrative regulations and China Accounting Standards developed by the financial authorities of the State Council, the Company develops its own financial accounting system. MP130

Article 140 The Company shall prepare a financial report in the end of each accounting year which shall be examined and verified by law. MP131

The Company's financial report includes the following financial and accounting statements and affiliated detail list: A3-5

- (1) Balance sheet;
- (2) Statement of loss and gain;
- (3) A table of changes in financial position (or cash flow statement);
- (4) Financial situation specification;
- (5) A table of profits distribution.

Article 141 The Company's accounting year adopts Gregorian calendar year system, i.e. from January 1 to December 31 in Gregorian calendar annually is an accounting year.

The Company adopts RMB as standard money for accounting. The accounts shall be written in Chinese language.

Article 142 The Board of Directors shall submit financial report prepared by the Company at each annual shareholders' meeting to the shareholders which is provided by the relevant laws, administrative regulations, normative files promulgated by local governments and competent departments. MP132

Article 143 The Company's financial report is required to be prepared in the Company 20 days before shareholders' annual meeting is convened for shareholders' inspection. Each shareholder of the company is entitled to obtain the financial report mentioned in this chapter. MP13  
3 A3-  
5

The Company should send the aforementioned financial reporting to each shareholder of overseas listed foreign-owned shares by prepaid postage mail at least 21 days before the convening of shareholders' general meeting. The

signee's address shall be subject to the registered address in the roll of

A3-5

shareholders.

The Company should send each document, which must be sent by Chinese laws, administrative regulations or the Securities Exchange of the Company's shares listed, as well as the aforementioned financial report to the relevant shareholders.

- |             |  |       |
|-------------|--|-------|
| Article 144 | The Company's financial statements should be prepared according to Chinese accounting standards and regulations. In addition, according to the needs of the Company, the financial statements may also be prepared in accordance with international accounting standards or accounting standards applicable to the Company's listing venue(s). In case there is major discrepancy between the two financial statements prepared in accordance with the two sets of accounting standards, it should be stated in the notes to the financial statements. When the Company allocates after-tax profit for a relevant accounting year, the set of financial statements that contain the lesser after-tax profit out of the above two financial statements shall prevail. | MP134 |
| Article 145 | The quarterly reports, interim results, annual reports or any financial data published or disclosed by the Company should be prepared in accordance with Chinese accounting standards and laws, rules and regulations applicable in China. In addition, if the Company considers necessary, the Company may also prepare its financial statements in accordance with international accounting standards or accounting standards applicable to the Company's listing venue(s).  | MP135 |
| Article 146 | The Company shall publish twice financial report in each accounting year, i.e. publish interim financial report within 60 days after the end of the first six months of an accounting year, and publish annual financial report within 120 days after the end of an accounting year.   | MP136 |
| Article 147 | Besides the statutory account book, the Company shall not set up another account book.<br><br>The Company's statutory account book can be available to the directors and supervisors for inspection.   | MP137 |
| Article 148 | After the Company's interim financial report and annual financial report are completed, in accordance with relevant Chinese securities laws, the relevant formalities and announcements must be dealt with in accordance with the provisions of relevant security laws, regulations and the Securities Exchange of the Company's shares listed.  |       |
| Article 149 | The profits after payment of relevant taxes shall be allocated according to the following order:<br><br>(1) To make up the losses;<br><br>(2) To draw statutory public reserve fund;   |       |

(3) To draw statutory community chest;

(4) To pay the dividend of preferred stock (if any);

(5) To extract any public reserve fund;

(6) To pay the dividend of common stock.

As for the paragraph (5) to (6) of this article, the specific allocation ratio in a particular year shall be developed by the Board of Directors depending on the Company's operations and development need, and be subject to the approval of the shareholders' general meeting.

Article 150 Before making up losses and drawing statutory reserve fund and statutory community chest, the Company may not distribute dividends. The Company shall not pay interest to the shareholders for dividends, except for the dividends which are due but unpaid yet by the Company.

Article 151 The Company is required to extract 10% of the profit after tax as a statutory public reserve fund. In case the statutory public reserve fund has reached 50% of registered capital, it could no longer be extracted.

The Company shall extract 10% of the profit after tax as statutory community chest.

Any public reserve fund shall be extracted from the Company's profits in accordance with the resolution of shareholders' general meeting.

Article 152 The Company's public reserve fund includes statutory public reserve fund, any public fund and capital public fund. The public fund could be used for the following purposes:

(1) To make up the losses;

(2) To expand the Company's production and operation; and

(3) To increase share capital. The Company may convert public reserve fund into capital through the resolution of shareholders' general meeting, and distribute bonus shares or increase the nominal value per share according to the original shares proportion of shareholders. However, when the statutory public reserve fund is converted into capital, the amount of remaining public reserve fund shall not be less than 25% of the registered capital.

Article 153 The capital public reserve fund includes the following amounts:

MP138

(1) Premium obtained from issuance over stock denomination;

(2) Other income included in the capital public reserve fund in accordance with the provisions of the competent financial department of the State Council.

Article 154 The Company needs to extract statutory community chest used for the collective welfare of the employees of the Company.

Article 155 Under the premise of no violation of Article 149, 150 and 151, the annual dividend shall be distributed within six months after the end of each accounting year at the proportion of shares held. The annual dividend shall be adopted by the shareholders' general meeting, but the amount of distributable dividend could not exceed the amount proposed by the Board of Directors.

In addition to the distribution of annual dividends, the shareholders' general meeting of the Company may authorize the Board of Directors to allocate the interim dividend, but the amount of the interim dividend shall not exceed 50% of the distributable profits in the Company's interim profit table.

The capital of any shares paid before pressing for capital are entitled to enjoy interest. However, the shareholders have no right to receive dividends declared thereafter on capital paid in advance. The right of confiscating the unclaimed dividends could be exercised after the expiration of six years since the date of declaring distributing dividend.

A3-3(1)(2)

Article 156 The Company could distribute dividends in the form of cash or stock (or take the above two forms simultaneously).

MP139

The dividends of ordinary shares or other distributions and values confirmation shall be distributed in RMB.

The dividends of overseas listed foreign-owned shares listed in Hong Kong or other cash distribution shall be paid in Hong Kong dollars in accordance with relevant regulations on Chinese foreign exchange management; exchange rate should be converted as the average closing price of HK : RMB reported by the People's Bank of China on each working day in one week before the date of dividend declare.

Article 157 Otherwise there is a resolution of shareholders' general meeting, the Board of Directors could distribute interim dividend or bonus.

Article 158 When the Company distributes dividends to its shareholders, the Company shall withhold the payable taxes of shareholders' dividend income in accordance with Chinese tax law.

Article 159 The Company shall commission a dividend collection agent for the shareholders of overseas listed foreign-owned shares. The dividend collection agent shall receive dividends distributed by the Company's overseas listed foreign-owned shares and other amounts payable on behalf of the relevant shareholders.

MP140

The dividend collection agent commissioned by the Company shall comply with the requirements of the relevant provisions of the laws or Securities Exchange in listing city. The dividend collection agent commissioned by the Company for the shareholders of overseas listed foreign-owned shares listed in Hong Kong shall trustee company registered in accordance with the Hong Kong *Trustee Ordinance*.

A11c-1(c)

Article 160 Under the premise of compliance with the relevant Chinese laws and regulations, the Company may exercise the power of forfeiture for the unclaimed dividend, provided that such powers shall not be exercised prior to the expiration of applicable relevant limitation of action.

The Company reserves the right to terminate sending dividend coupons by post to certain overseas listed foreign-owned shareholder in case such dividend warrant is not drawn in currency for consecutive two times. However, in case after such dividend coupons are not delivered to the recipient for the first time and are returned, the Company may also exercise such power.

## Chapter 16 Appointment of Accounting Firm

Article 161 The Company shall employ independent accounting firm, in compliance with national relevant provisions prescribed, to audit its annual financial reporting and examine and verify other accounting reports. MP141

The first accounting firm of the Company shall be employed by the founding meeting prior to the first general meeting, and whose tenure will be expired once the first general meeting ends.

Where the founding meeting doesn't exercise the functions and powers prescribed in the foregoing paragraph, the board of directors shall exercise such functions and powers.

Article 162 The employment term of the accounting firm shall be from the end of this annual general meeting to the end of the next annual general meeting. MP142

Article 163 The accounting firm employed by the Company shall have the rights as follows: MP143

a. to examine the book of accounts, records and vouchers of the Company at any time, meanwhile, to have the right to request directors, general manager and other senior managers of the Company to provide pertinent data and instructions;

b. to request the Company to take all reasonable measures to obtain necessary data and instructions required by the accounting firm from its subsidiaries for the purpose of performing duties;

c. to attend the general meeting and to obtain meeting notice or other information any shareholder has the right to receive with respect to the meeting, and to address in any one general meeting in relation to the issues as it acts as the accounting firm of the Company.

Article 164 Where the accounting firm is vacant, prior to the holding of the general meeting, the board of directors may appoint an accounting firm to fill such vacancy. However, during the duration of vacancy, if the Company has other incumbent accounting firm, such accounting firm still can exercise the foregoing issues. MP144

Article 165 No matter how the articles of the contract signed by and between the accounting firm and the Company stipulate, the general meeting may decide to dismiss such accounting firm by the ordinary resolution prior to expiration of any one accounting firm. Where the accounting firm concerned claims against the Company due to being dismissed, the rights concerned shall not be influenced MP145



Article 166

The remuneration to the accounting firm and the way to decide such remuneration shall be decided in general meeting. If the accounting firm is

MP146

employed by the board of directors, then the remuneration of the foregoing firm shall be determined by the board of directors.

Article 167

The accounting firm employed, dismissed or not to further be employed continuously shall be decided by the general meeting, which shall be reported to securities administration departments of the State Council for records.

MP147

Where the general meeting is planned to pass resolution to employ any one non-incumbent accounting firm to fill vacancies of such firm, or to further employ any one firm employed by the board of directors, or dismiss any one accounting firm whose tenure has not expired, the following provisions shall be complied with:

A11c-1(e)(i)(A)

a. Any proposal in relation to employment or dismissal shall be sent to the accounting firm to be employed or left, or having been left in the accounting year concerned prior to delivery of the notice of the general meeting.

To leave office shall include being dismissed, resigned or retirement.

b. If the outgoing accounting firm gives statements in writing and requests the Company to inform shareholders of such statements, the Company shall take the following measures unless it is too late for the company regarding the receipt of such statements:

(1) The notice delivered for the purpose of making resolution shall give statements to the outgoing accounting firm; and

A11c-1(e)(i)(B)(x)

(2) The copy of the statements shall be delivered to shareholders as the annex of the notice by the means specified by these Articles of Associations.

A11c-1(e)(i)(B)(y)

c. If the Company fails to deliver the statements made by the accounting firm concerned according to the foregoing paragraph (b), the accounting firm concerned may request to read out such statements in shareholders' meeting and may further make claims.

A11c-1(e)(i)(C)

d. The accounting firm left has the right to attend the following meetings:

(1) the general meeting that it shall be attended in its tenure;

A11c-1(e)(i)(D)(x)

(2) the general meeting that it shall attend to fill the vacancy for its dismissal; and

A11c-1(e)(i)(D)(y)

(3) The general meeting convened for its resignation.

A11c-1(e)(i)(D)(z)

The accounting firm left has the right to receive all the notices of the aforesaid meetings and other information related to such meetings, and makes a statement with regard to issues involving in the former accounting firm in the proceeding meetings.

Article 168

Where the Company dismisses or doesn't further employ the accounting firm, the Company shall notify the accounting firm in advance and the firm has the

right to make statements to the

general  
meeting,  
However,  
where the  
accounting  
firm  
resigns, it  
shall make  
statements  
to the  
general  
meeting

MP148

whether the Company has improper acts or not.

The accounting firm may resign in the form of delivering the notice of resignation in writing to the legal address of the Company. The notice shall come into force as of the date when it delivers to the legal address or the later date indicated in the notice. Such notice shall include the following statements:

(1) it is assumed that the resignation doesn't involve in any statement that shall be notified shareholders or creditors; or A11c-1(e)(ii)(A)

(2) The statements that shall be notified. A11-1(e)(ii)(B)

Within 14 days upon receipt of written notice indicated in the foregoing paragraph, the Company shall send the photocopy of the notice to relevant competent authority. If the statement in the foregoing paragraph (2) is stated in the notice, the Company shall put the copy of the statement into the Company for shareholders' reference. Meanwhile, the Company shall send the aforesaid statement copy to each shareholder holding overseas listed foreign shares via mail in postage paid, the address of the receiver shall be subject to that in the shareholders' register. A11c-1(e)(iii)

If the notice of the accounting firm to resignation states the some statements needs to notify, the accounting firm may request the board of directors to convene the general meeting temporarily to hear the explanations in relation to resignation. A11c-1(e)(iv)

## **Chapter 17 Labor Management & Trade Union Organization**

Article 169 Pursuant to Chinese laws, regulations and relevant administrative rules, the Company shall formulate the Company's labor management, personnel management, salaries and welfares and social insurance and other systems.

Article 170 The Company shall carry out engagement system for various-level managers and contract system for other staffs. The Company may decide to allocation of staff at its own, and has right to employ and dismiss managers and staffs at its own in accordance with laws and regulations, stipulations prescribed by the Contact.

Article 171 The Company, in light of its economic benefits, has the right to decide salaries and welfare benefits of various-level managers and various staffs at its owns, within the scope prescribed by relevant China's administrative laws and regulations.

Article 172 In accordance with relevant administrative laws and regulations stated in Central and local governments, the Company shall arrange medical care, retirement insurance and unemployment insurance for managers and staffs and implement labor insurance and security provisions provided by relevant laws and regulations in relation to retired and unemployed workers.

Article 173 Workers of the Company may organize trade union to carry out activities and maintain workers' lawful rights and benefits according to laws. Furthermore, the Company shall provide prerequisites for activities organized by labor union of the Company. The Company shall appropriate fund for labor union so as to carry out activities in accordance with China's laws.

## Chapter 18 Merger & Division

Article 174 Proposal with respect to merger or division of the Company shall be put forward by the board of directors, upon passing the prescribed procedures herein, relevant examination and approval procedures shall be handled according to laws. Such shareholders as reject the merger or division proposal have the rights to request the Company or shareholders approving such merger or division proposal to purchase the shares they held in a reasonable price. The description to resolution of merger or division shall be made as special archives for shareholders' reference. MP149

The foregoing archives shall be delivered to the holders of overseas listed foreign shares in Hong Kong Exchange Stock via mail.

Article 175 The merger of companies may be achieved in two forms, merger by absorption and merger by new incorporation. MP150

For the purpose of merger of companies, each party of merger shall sign merger agreement; moreover, balance sheet and property list shall be prepared. The Company shall notify creditors within 10 days as of the date of resolution of merger and issue notifications at least 3 times within 30 days in newspapers. A3-7(1)

Upon merger of the Company, the benefits and interests and debts of each party of merger shall be borne by the existing company or new incorporated company.

Article 176 If the Company divides, the property and assets shall be distributed correspondingly. MP151

If the Company divides, division agreement shall be signed among parties requesting division and balance sheet and list of assets shall be prepared. The Company must notify creditors within 10 days as of the date of decision of division resolution, meanwhile, the Company must give announcement at least 3 times in newspapers within 30 days. A3-7(1)

The liabilities of the Company before division shall be borne by companies after division as agreed.

Article 177 If registration items change arising from merger or division, change registration must be applied to registry for transaction according to laws; if the Company dissolves, the cancellation registration shall be handled according to law; if a new company is incorporated, the company incorporation registration shall MP151

be handled  
according  
to laws.

MP152

## Chapter 19 Dissolution & Liquidation

- Article 178      If the Company has any one of the following circumstances, the Company shall be dissolved and liquidation shall be proceeded in accordance with laws      MP153
- a. dissolution resolution is passed in the general meeting;
  - b. dissolution is necessary for merger or division;
  - c. the bankruptcy is declared according to laws since the Company fails to pay off due liabilities; and
  - d. the Company is ordered to close according to law due to its violation of laws and administrative rules.
- Article 179      Where the Company is dissolved due to provisions provided in the preceding Article (a), the liquidation group shall be established within 15 days whose candidates shall be decided by the ordinary resolution in the general meeting.      MP154
- Where the Company is dissolved due to provisions provided in the preceding Article (c), the liquidation group shall be established by shareholders, relevant authorities and professionals who are organized by the people's court according to relevant laws so as to conduct liquidation.
- Where the Company is dissolved due to provisions provided in the preceding Article (d), competent authorities shall organize shareholders, relevant authorities and professionals to establish liquidation group to conduct liquidation.
- Article 180      Where the board of directors decides to dissolve and liquidate the Company (unless liquidation arising from the declaration of bankruptcy), the board must declare that the board of directors, based on the comprehensive investigation made by the board of directors, considers that the Company may pay off all the liabilities within 12 months as of the date of liquidation in the notice stating the general meeting shall be convened arising from the above circumstance.      MP155
- Upon the resolution of liquidation passing in the general meeting, the functions and powers of the board of directors of the Company shall be terminated immediately.
- Liquidation group shall comply with instructions given by the general meeting to report to the general meeting annually at least one time for their income and outlays, the business and liquidation progress of the company, furthermore, it shall make final report to the general meeting at the end of the liquidation.
- Article 181      The creditors shall be notified of the establishment of the liquidation group of the Company within 10 days as of the date of such establishment, and the announcement shall be made in newspapers at least for 3 times within 60      MP156  
A3-7(1)

days, the liquidation group shall register the creditor's rights.

Article 182                      The liquidation group shall exercise the following functions and powers during the course of liquidation:                      MP157

- a. to liquidate the company's properties, prepare the balance sheet and list of assets respectively,
- b. to notify or make announcement to creditors;
- c. to transact the Company's business not settled in relation to liquidation;
- d. to pay up taxation payment owed;
- e. to settle credits and debts;
- f. to dispose the residual properties after paying off debts; and
- g. to participate in civil action on behalf of the Company.

Article 183                      After the liquidation group has liquidated the company's properties, prepared balance sheet and list of assets, liquidation scheme shall be prepared and reported to the general meeting or relevant competent authorities for confirmation.                      MP158

Article 184                      The liquidation charge, including remuneration to members and advisors of liquidation group, shall be appropriated in priority from the assets of the company prior to paying off other liabilities of other creditors.

Article 185                      Once the Company resolves to conduct liquidation, it is not allowed for any person to dispose the properties of the Company without permission of liquidation group. In the course of liquidation, the Company may not develop any new operation activities.                      MP158

After the Company gives priority to pay liquidation charges, the liquidation group shall pay off the company's properties in the following sequence:

- a. to pay salaries and labor insurance fee owed to workers of the Company;
- b. to pay taxation payment owed; and
- c. to pay off the company's debts.

The residual properties, after paying off debts, shall be distributed by the liquidation group in share class and proportion held by shareholders in the following sequence:

- a. the par value of preference shares shall be distributed to shareholders thereof; if the preference shares can not be paid off in full, the distribution shall refer to the proportion of shares held by the shareholders of preference shares; and
- b. The distribution shall be conducted as per the proportion held by the



shareholders of ordinary shares.

- Article 186 The members of liquidation group shall be devoted to their duties to perform obligations of liquidation in good faith according to laws.
- The members of liquidation group shall not accept bribes or other illegal income in use of their powers, and shall not deprive of the company's properties. Where the damages incur due to intention or gross negligence, the liquidation group members must be liable for such damages.
- Article 187 Where the Company property is not sufficient to pay off debts after the liquidation group has settled company property, prepared balance sheet and list of assets in liquidation due to dissolution of the Company, declaration of bankruptcy shall be applied to the people's court immediately. MP159
- Where the company is bankrupt declared by the people's court upon adjudication, the liquidation group shall hand over the liquidation matters to the people's court for transaction.
- Article 188 After the liquidation ends, the liquidation group shall make liquidation report and income and layouts statements and financial account book, upon verified by China's Certified Public Accountants, to report to the general meeting or relevant competent authorities for confirmation. MP160
- The liquidation group shall, within 30 days as of the date of confirmation by the general meeting or relevant competent authorities, report and deliver the aforesaid documents to registry of the company for the purpose of application for cancellation of the company registration and announcement that the company terminates.
- Chapter 20 Procedures of Amendment to the Articles of Association**
- Article 189 The Company shall amend the Articles of Association in accordance with stipulations provided by the laws, administrative regulations and these Articles of Association, which will come into force upon approval by the examination of authorities. MP161
- Article 190 Amendments to the Articles of Association involving in necessary articles shall, upon approval by the company examination departments authorized by the State Council and securities administration departments of the State Council, become effective; while amendments involving in company registration items, registration items shall be changed according to laws. MP162

## Chapter 21 Notice

Article 191 Unless otherwise specified herein, the Company shall deliver the notice, data or written statements to holders of overseas listed foreign shares by courier or by mail in postage paid way, in the registered address of each shareholder of overseas listed foreign shares. The notices, data or written statements delivered to shareholders of non-listed foreign shares shall be delivered and sent to the addresses provided by holders of non-listed foreign shares to the Company by courier or in postage paid way.

The shareholders who don't provide registered addresses or are available due to errors or emissions of address shall be deemed as to have received relevant notices on the condition that the Company sets forth and keeps relevant notices for 24 hours in legal address of the Company.

Article 192 Where the notice is delivered by mail, the address shall be indicated clearly and delivered in postage paid way; 5 days after sending the notice, the shareholders shall be regarded as to have received the notice concerned.

Article 193 Such notices, documents, data or written statement as are delivered to the Company by shareholders or directors shall be sent to legal address by courier or registered mail, or handled to or sent to the registration agent of the Company by registered mail.

If the shareholders or directors confirm if necessary, the notices, documents, data or written statements have been delivered, such shareholders or directors shall provide evidences indicating the above mentioned notices, documents, data or written statements have been sent to proper addresses in normal way or in postage paid way.

## **Chapter 22 Dispute Resolution**

Article 194 The Company shall abide by the rules for disputes as follows:

MP163

- a. Where disputes or claims in relation to the company's business occur based on rights and obligations provided by the Articles of Association, Company Law and other laws and administrative laws and regulations between shareholders of overseas listed foreign shares and the company, shareholders of overseas listed foreign shares and the company's director, supervisor, general manager or other senior managers, shareholders of overseas listed foreign shares and domestic shareholders and shareholders of non-listed foreign shares, parties concerned shall submit such disputes or claims for arbitration.

Where the proceeding disputes or claims are submitted for arbitration, all claims or disputes shall be completed; regarding all of persons arising from the same cause of action or such persons as are needed to participate in such disputes or claims, if the foregoing persons are shareholders, directors, supervisors, general manager or other senior managers, they shall be subject to the arbitration.

Any dispute with regard to definition and register of shareholders may be solved in arbitration way.

- b. Either applicant for arbitration may choose China International Economic and Trade Arbitration Commission as arbitration agency pursuant to arbitration rules, or may choose Hong Kong International Arbitration Center as arbitration agency according to the securities arbitration rules prescribed. After either applicant for arbitration submits disputes or claims, the other party must be arbitrated in the arbitration agency chosen by the applicant.

If either applicant chooses Hong Kong International Arbitration Center as the arbitration authority, then the other party may request to implement such arbitration in Hong Kong in accordance with securities arbitration rules provided by Hong Kong International Arbitration Center.

- c. Where disputes or claims in relation to the company's business occur based on rights and obligations provided by the Articles of Association, Company Law and other laws and administrative laws and regulations between shareholders of non-listed foreign shares and the company, shareholders of non-listed foreign shares and the company's director, supervisor, general manager or other senior managers, shareholders of non-listed foreign shares and domestic shareholders, among shareholders of non-listed foreign shares, parties concerned shall submit such disputes or claims to China International Economic and Trade Arbitration Commission, South China Sub-Commission for arbitration in Shenzhen pursuant to available arbitration rules at that time.
- d. Chinese laws shall be applicable for disputes or claims settled by arbitration specified in the foregoing paragraph (a) unless otherwise provided by laws and administrative laws and regulations.
- e. The arbitration made by the arbitration authority shall be final and binding on all parties.

## Chapter 23 Supplementary Provisions

- |             |  |                            |
|-------------|--|----------------------------|
| Article 195 | Unless otherwise provided herein, notices, data or written statements delivered to shareholders of H share of the Company shall be sent to each shareholder, according to the registered address of each shareholder of H share (including addresses beyond Hong Kong) by courier or by mail, and notices to shareholders of H share may be sent in Hong Kong as much as possible. Considering the newspapers and periodicals for issuing announcements specified herein shall be those appointed or required by relevant laws, administrative laws and regulations of China. If announcements shall be made to shareholders of overseas listed foreign shares according to stipulations herein, announcements concerned shall be issued according to GEM listing rules. | A3-7(2)&(3)<br><br>A3-7(1) |
| Article 196 | These Articles are made in Chinese and in English; if there is any discrepancy   |                            |

between two versions, Chinese version shall prevail.

Article 197 The following words and expressions defined in these Articles shall have the following meaning, unless otherwise by the context:

These Articles	Articles of Association of the Company
The board of directors	The Board of directors of the Company
The chairman	The chairman of the Board of directors of the Company
The directors	The directors of the Company
Legal Address	Room 43A, 43/F, Tower C, Electronics and Technology Building, Shennan Middle Road, Shenzhen, P.R.C
CNY	Legal currency of China
Secretary	The Company Secretary appointed by the board of directors
GEM	Growth Enterprise Market of Hong Kong Stock Exchange Co. Ltd.
Nation, China	People's Republic of China
The accounting firm herein has the same meaning with auditor.	

MP165

Article 198 These Articles of Association of the Company shall be constructed and interpreted by directors of the Company within the range of laws, regulations, licensed by the administrative rules

PowerLeader Science & Technology Group Co., Ltd