

**Zylox-Tonbridge Medical Technology Co., Ltd.**

**Articles of Association**

**Approved at the 2021 Third Extraordinary General Meeting of  
Zylox-Tonbridge Medical Technology Co., Ltd.  
held on September 23, 2021**

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## Chapter 1 General Provisions

**Article 1** Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司) (the “**Company**”) is a joint stock limited liability company established in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “**Company Law**”), the Securities Law of the People’s Republic of China (中華人民共和國證券法), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “**Special Regulations**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the “**Mandatory Provisions**”), the Letter of Opinions on the Supplement and Revision to Articles of Association of Companies to be Listed on Hong Kong (關於到香港上市公司對公司章程作補充修改意見的函), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant laws, administrative regulations of the State.

The Company is a joint stock limited liability company promoted and established by way of overall alteration by the former Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), which converted the total share capital of the Company into 263,401,001 shares with par value of RMB1 each based on the audited net assets of RMB926,002,038.14 as at January 31, 2021. The Company was registered at the Bureau of Market Supervision in Yuhang District, Hangzhou on March 2, 2021 and obtained its Business License (unified social credit code: 91330100053682455D). Currently, the Company has moved to Administration for Industry and Commerce of Zhejiang Province for registration.

The promoters of the Company are: Jonathon Zhong Zhao, OAP IV (HK) Limited, Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金 (有限合夥)), WEA Enterprises, LLC, Nanjing Hongjing Enterprise Management Consulting Co., Ltd. (南京鴻景企業管理諮詢有限公司), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Five Investment Limited, Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Lianyungang Yifan Medical Technology Co., Ltd. (連雲港億帆醫藥技術有限公司), Zhuhai Hanyi Equity Investment Fund Partnership (Limited Partnership) (珠海翰頤股權投資基金合夥企業(有限合夥)), Suzhou Industrial Park Xinjianyuan Phase II Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Highlight Medical Limited, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), Nanjing Qiankun Investment Centre (Limited Partnership) (南京乾坤投資中心(有限合夥)), Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership) (杭州海邦藥谷從正創業投資合夥企業(有限合夥)), Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)), Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥)),

Ourea Biotech HK Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)), Anji Zhikang Enterprise Management Partnership (Limited Partnership) (安吉致康企業管理合夥企業(有限合夥)), Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership) (杭州海邦羿谷創業投資合夥企業(有限合夥)), Myron Samuel Scholes, Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)), Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥)), AIHC Master Fund, Ningbo Meishan Free Trade Port Zone Fangyuan Chuangying Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區方源創盈股權投資合夥企業(有限合夥)), Xiamen Jianfa Xinxing Industry Equity Investment No. 7 Partnership (Limited Partnership) (廈門建發新興產業股權投資柒號合夥企業(有限合夥)), CITIC Securities Investment Co., Ltd. (中信証券投資有限公司), LBC Sunshine Healthcare Fund II L.P., Cormorant Global Healthcare Master Fund, LP, Hudson Bay Master Fund Ltd., Octagon Investments Master Fund LP, Homehealth Investment Limited and Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)).

**Article 2** The Company's registered names are:

Chinese name: 歸創通橋醫療科技股份有限公司

English name: Zylox-Tonbridge Medical Technology Co., Ltd.

**Article 3** Address of the Company: 1st & 2nd Floors, Building 1, No. 18 Keji Avenue, Yuhang Street, Yuhang District, Hangzhou, Zhejiang; postal code: 311121.

**Article 4** The legal representative of the Company is the chairman of the Board of Directors.

**Article 5** The Company is a joint stock limited company having perpetual existence. The Company shall be an independent corporate, and entitled to civil rights and take the civil responsibility in accordance with the laws, governed and protected by the laws, regulations and regulatory documents of the PRC.

**Article 6** The Company's full assets shall be divided into equal shares, and the shareholder shall hold responsibility to the Company in accordance with its shares, while the Company shall be responsible for its debts with all its assets.

**Article 7** The Article of Association is approved by the resolutions of the general meeting, and shall come into effect upon approval by the competent national departments and from the date on which overseas listed foreign shares issued by the Company are listed and traded at The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

**Article 8** The Articles of Association shall be legally binding on the Company and its shareholders, Directors, supervisors and senior management officers, all of whom have the rights to make any claims and propositions regarding any matters of the Company and take the corresponding responsibility pursuant to the Articles of Association.

A shareholder may take legal action against the Company pursuant to the Articles of Association; the Company may take legal action against any shareholder pursuant to the Articles of Association; a shareholder may take legal action against another shareholders pursuant to the Articles of Association; a shareholder may take legal action against the Directors, supervisors and senior management officers of the Company pursuant to the Articles of Association.

The legal action referred to in the preceding paragraph includes applications to courts or arbitral bodies.

**Article 9** The senior management officers referred to in the Articles of Association represent the general manager, deputy general managers, secretary to the Board of Directors and chief financial officer of the Company and other senior management officers identified by the Board.

**Article 10** The Company may invest in other companies and is liable to such companies to the extent of its capital contribution; however, unless otherwise specified by laws, the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises.

## **Chapter 2 Business Objective and Scope**

**Article 11** The business objective of the Company is to build a company with the first-class R&D and industrialization of high end medical devices in PRC, and obtain the product certifications and sale in EU and PRC in shortest period. While developing its own products, the Company also drives the development of relevant secondary industry chains, to provide high quality employment opportunity and tax revenue for the local area.

**Article 12** The business scope of the Company shall be pursuant to the projects as approved by the company registration authority.

After registered legally, the business scope of the Company includes: technology R&D, services, consulting of medical devices and transfer of achievements; produce: Class III 6846 Implant materials and artificial organs, Class III 6866 Medical polymer materials and products, Class III 6877 Interventional appliances, Class II 6810 Orthopedic surgery (orthopedics) surgical instruments (except those involving the implementation of special administrative measures on access stipulated by the state).

The Company may, based on the changes in domestic and international markets, business development and its own capabilities, subject to the approval of the general meeting and relevant government departments (if necessary), adjust its business scope in accordance with laws, and complete the relevant formalities of adjustments according to relevant provisions.

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

**Article 13** The Company shall set up ordinary shares at any time; according to its needs, the Company may create other classes of shares upon approval from authorized approving department of the State Council.

**Article 14** All the shares issued by the Company shall have a nominal value, each share having a nominal value of RMB1.

Renminbi referred to in the preceding paragraph means the lawful currency of the People's Republic of China.

**Article 15** The issuance of the Shares of the Company shall follow the principles of open, fairness and justice, and each share in the same class shall have the same rights.

For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. Any share subscribed by entity or individual shall pay the same price for each share.

Domestic shares and overseas listed foreign shares issued by the Company are entitled to the same rights in any distribution in the form of dividends or any other form.

**Article 16** Subject to the approval of the securities authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 17** Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas listed foreign shares.

Foreign currencies referred to in the preceding paragraph mean the freely convertible lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay for the shares subscribed.

The overseas listed foreign shares issued by the Company in Hong Kong shall be called H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

The Company's shares in issue but unlisted at both domestic and overseas stock exchanges shall be referred to as unlisted shares.

Where holders of domestic shares of the Company transfer the shares held by them to overseas investors, and such transferred shares are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority of the State Council and the Hong Kong Stock Exchange. All or part of the Company's domestic shares can be converted into foreign shares, and converted foreign shares can be listed and traded at the overseas stock exchanges. The transferred or converted shares that are listed and traded overseas shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. The transferred shares that are listed and traded overseas, or the domestic shares are converted into foreign shares and listed and traded overseas, which do not need the vote at general meeting or class general meeting to be convened. The overseas listed foreign shares which are converted by domestic shares belong to the same class as the overseas listed foreign shares listed at the same overseas stock exchange.

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

**Article 18** The total number of ordinary shares issued by the Company when it converted into a joint stock limited company as a whole is 263,401,001 with nominal value of RMB1 each; the name of each promoter, number of shareholding and shareholding percentage are as follows:

<b>No.</b>	<b>Name of Shareholder</b>	<b>No. of shareholding</b>	<b>Shareholding percentage</b>
1.	Jonathon Zhong Zhao	41,441,991	15.7337%
2.	OAP IV (HK) Limited	25,335,535	9.6186%
3.	Future Industry Investment Fund (Limited Partnership)	20,470,199	7.7715%
4.	Hangzhou Fujiang Investment Partnership (Limited Partnership)	5,682,939	2.1575%
5.	WEA Enterprises, LLC	13,476,617	5.1164%
6.	LBC Sunshine Healthcare Fund L. P	11,353,491	4.3103%
7.	Nanjing Hongjing Enterprise Management Consulting Co., Ltd.	11,333,000	4.3026%
8.	Zhuhai Guichuang Equity Investment Center (Limited Partnership)	10,958,575	4.1604%
9.	Zhuhai Tongqiao Investment Center (Limited Partnership)	10,151,978	3.8542%
10.	Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership)	9,577,095	3.6359%
11.	AIHC Master Fund	9,461,242	3.5920%
12.	Five Investment Limited	9,227,691	3.5033%
13.	Zhuhai Hanyi Equity Investment Fund Partnership (Limited Partnership)	6,746,205	2.5612%
14.	Suzhou Industrial Park Xinjianyuan Phase II Venture Capital Enterprise (Limited Partnership)	6,463,653	2.4539%
15.	Lianyungang Yifan Medical Technology Co., Ltd.	6,306,777	2.3944%
16.	Highlight Medical Limited	6,263,113	2.3778%
17.	Ourea Biotech HK Limited	5,792,319	2.1991%

<b>No.</b>	<b>Name of Shareholder</b>	<b>No. of shareholding</b>	<b>Shareholding percentage</b>
18.	Nanjing Yuyihui Investment Partnership (Limited Partnership)	4,983,293	1.8919%
19.	Ningbo Meishan Free Trade Port Zone Fangyuan Chuangying Equity Investment Partnership (Limited Partnership)	5,166,994	1.9616%
20.	Nanjing Qiankun Investment Centre (Limited Partnership)	4,667,000	1.7718%
21.	Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership)	3,955,030	1.5015%
22.	Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership)	3,513,103	1.3337%
23.	Hangzhou Fenhua Investment Partnership (Limited Partnership)	3,467,903	1.3166%
24.	Xiamen Jianfa Xinxing Industry Equity Investment No. 7 Partnership (Limited Partnership)	3,443,299	1.3072%
25.	Cormorant Global Healthcare Master Fund, LP	3,027,598	1.1494%
26.	Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership)	2,927,696	1.1115%
27.	Anji Zhikang Enterprise Management Partnership (Limited Partnership)	2,712,273	1.0297%
28.	Hudson Bay Master Fund Ltd.	2,649,148	1.0057%
29.	Suzhou Taihong Jinghui Investment Centre (Limited Partnership)	2,609,614	0.9907%
30.	Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership)	2,261,646	0.8586%
31.	Myron Samuel Scholes	2,000,000	0.7593%
32.	Octagon Investments Master Fund LP	1,892,249	0.7184%
33.	Ganzhou Titan Equity Investment Partnership (Limited Partnership)	1,306,810	0.4961%
34.	CITIC Securities Investment Co., Ltd.	1,155,572	0.4387%
35.	Homehealth Investment Limited	1,135,349	0.4310%

No.	Name of Shareholder	No. of shareholding	Shareholding percentage
36.	Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership)	484,004	0.1838%
	<b>Total</b>	<b>263,401,001</b>	<b>100.00%</b>

**Article 19** Upon the completion of the public issuance of overseas listed foreign shares, the capital structure of the Company comprises of 332,401,001 ordinary shares, including 201,881,003 domestic shares and 130,519,998 foreign shares.

**Article 20** The Board of Directors of the Company may implement, through separate offerings, the proposals for the issuance of domestic shares and overseas listed foreign shares as approved by the securities authority of the State Council.

The Company may implement separately its proposals for the issuance of domestic shares and overseas listed foreign shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the securities authority of the State Council.

**Article 21** Where the total number of shares stated in the proposal includes issuance of overseas listed foreign shares and issuance of domestic shares, shares under such issuances should be fully subscribed. If the shares cannot be fully subscribed all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.

**Article 22** The registered capital of the Company is RMB332,401,001.

**Article 23** The Company may increase its capital pursuant to the needs of operation and development and in accordance with the laws, regulations, listing rules of the place where the stocks are traded, subject to the resolution of general meeting and based on the relevant requirements of the Articles of Association.

The Company may increase its capital by:

- (I) Offer new shares to non-specially-designated investors for subscription;
- (II) Place new shares to existing shareholders;
- (III) Offer new shares to existing shareholders;
- (IV) Issue new shares to specially-designated investors;
- (V) Convert capital reserves into share capital;

(VI) Any other means stipulated in the laws and administrative regulations and approved by the relevant regulatory authority.

Issuance of new shares by the Company shall be subject to approval as specified in the Articles of Association and listing rules of the place where the stocks are traded and follow the procedures specified in the relevant laws and administrative regulations of the PRC and the listing rules of the place where the stocks are traded.

**Article 24** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. Transfer and other documents related to the ownership of overseas listed foreign shares listed in Hong Kong or that may influence its ownership requires registration at local stock registration authority entrusted by the Company. If such registration shall be charged any fee, it shall not exceed the highest fee specified by the Hong Kong Listing Rules from time to time.

Save as otherwise specified by laws, administrative regulations and the approval of overseas listed foreign shares from the stock exchange where the company was listed, the Company's shares with full payment may be transferred freely and shall not be subject to any lien.

If the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4.

**Article 25** Shares of the Company held by promoters shall not be transferred for a period of one year after the Company's establishment. The shares issued before the public issuance of shares by the Company shall not be transferred within 1 year of the date on which the stocks of the Company are listed and traded at the stock exchange.

The Directors, Supervisors and senior management personnel of the Company trading the Company's shares are subject to laws and regulations, regulatory rules of the place where the stocks of the Company are listed and the Article of Association. The Directors, Supervisors and senior management personnel of the Company shall notify the Company of their holding of Shares in the Company and changes of their holdings during their tenures. The Shares transferable by them during each year of their tenures shall not exceed 25% of their total holdings of the Shares of the Company. The Shares in the Company held by them are not transferable within 1 year from the date on which the Company's Shares are listed and traded. The Shares in the Company held by them shall not be transferred within half year of their departure from the Company.

## Chapter 4 Reduction of Registered Capital and Repurchase of Shares

**Article 26** Pursuant to the Articles of Association, the Company may reduce its registered capital. The reduction in registered of capital shall be made in accordance with the procedures set out in the Company Law, other applicable regulations and the Articles of Association.

**Article 27** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. The creditors may require the Company to repay its debts or provide corresponding guarantee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received.

**Article 28** The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules, listing rules of the place where the stocks of the Company are listed, and the Articles of Association and subject to the approval of the relevant governing authorities of the People's Republic of China, repurchase its outstanding shares based on lawful procedures under the following circumstances:

- (I) Cancellation of its shares for the purpose of reducing its registered capital;
- (II) Merger with another company which holds the shares of the Company;
- (III) When utilizing shares in Employee Share Ownership Plan or as share awards;
- (IV) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (V) When utilizing shares to convert into convertible bonds issued by the Company and that can be converted into stocks;
- (VI) When necessitated by the Company to protect its value and its shareholders' interest;
- (VII) Any other circumstance permitted by laws and administrative regulations, listing rules of the place where the stocks of the Company are listed and approved by the regulatory authorities.

Except under the above circumstances, the Company shall not engage in any activities for the purchase and sale of its share.

Where the Company repurchase its shares under the circumstances as mentioned in items (I) and (II), a resolution thereon shall be made at the general meeting; Where the Company repurchase its shares under the circumstances as mentioned in items (III), (V) and (VI), a Board resolution thereon may, pursuant to the requirements of the Articles of Association or the mandate of the general meeting, be passed at a Board meeting that is attended by at least two-thirds of Directors.

Where the Company repurchase its shares under the circumstances as mentioned in items (III), (V) and (VI), the repurchase shall be carried out by public concentrated transaction.

In the event that the Company purchases its shares in accordance with the first paragraph of this Article under the circumstance as mentioned in item (I), the shares shall be cancelled within ten days from the date of purchase; in the event that the Company purchases its shares under either circumstance as mentioned in items (II) and (IV), the shares shall be transferred or cancelled within six months; in the event that the Company purchases its shares under either circumstance as mentioned in items (III), (V) and (VI), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within 3 years.

The Company shall not accept any of its own shares as the subject of pledge.

If it is otherwise provided in laws and regulations, normative documents and relevant requirements under the securities regulatory authority of the place where the Company's Shares are listed regarding the relevant matters of the repurchase of the Shares, the latter shall prevail.

**Article 29** The Company may, upon the approval of the relevant governing authorities of the People's Republic of China, repurchase its shares in one of the following ways:

- (I) making a pro rata general offer of repurchase to all its shareholders;
- (II) repurchasing through public trading on a stock exchange;
- (III) repurchasing the Shares by agreement without involving a stock exchange;
- (IV) other means approved by the relevant regulatory authorities.

**Article 30** The Company must obtain the prior approval of the shareholders at a general meeting, in the manner stipulated in the Articles of Association, before repurchase shares by means of an off-market agreement outside a stock exchange. The Company may, by obtaining the prior approval of the shareholders' general meeting in the same manner, rescind or vary the agreement it has entered into, or waive any rights in the agreement.

An agreement for the repurchase of shares referred to in the preceding paragraph includes but is not limited to an agreement to become obliged to repurchase shares and acquire to have the right to repurchase shares.

The Company shall not assign an agreement to repurchase its shares or any right provided in such agreement.

In the case of redeemable shares in the company, for the purpose of the redeemable shares that the Company is entitled to repurchase, if the repurchases are not made on the market or by tender, the prices shall be limited to a maximum price; if repurchases are made by tender, such tender should be made available to all shareholders equally.

**Article 31** Where the Company cancels this portion of the shares due to the repurchase of shares, it shall be conducted within the term prescribed by laws, administrative regulations or the listing rules of the place where the Company's shares are listed, and apply to the registration authority of original company for the registration of change of registered capital.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 32** Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its issued shares:

- (I) for repurchases of Shares by the Company at their par value, payment shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose;
- (II) where the Company repurchases its Shares at a premium to its par value, payment up to the par value shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
  - (1) if the Shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;

- (2) if the Shares being repurchased are issued at a premium to its par value, payment shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose; however, the amount deducted from the proceeds of issuance of new Shares shall not exceed the aggregate amount of the premium received by the Company from the issuance of the Shares so repurchased, nor shall it exceed the amount in the Company's premium account or capital reserve fund account (including premium on the new issue) at the time of such repurchase;
- (III) the payments paid by the Company for the following purposes shall be expensed from the Company's distributable profits:
- (1) acquisition of the rights to repurchase its own Shares;
  - (2) variation of any contract to repurchase of its shares;
  - (3) releasing from its obligations under repurchase contract.
- (IV) after the aggregate par value of the canceled Shares is deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the Shares at par value shall be credited to the Company's premium account (or capital reserve fund account).

If it is otherwise provided in laws, regulations, rules, normative documents and relevant requirements under the securities regulatory authority of the place where the Company's Shares are listed regarding the financial treatment of the repurchase of the Shares, the latter shall prevail.

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

**Article 33** The Company or its subsidiaries (including the affiliated enterprises) shall not offer any financial assistance at any time by any means to persons who purchase or intend to purchase the Company's Shares. The aforementioned purchasers include both persons who have directly or indirectly assumed obligations due to purchasing the Company's Shares.

The Company or its subsidiaries (including the affiliated enterprises) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligors.

This Article shall not apply to the circumstances specified in Article 35 hereof.

**Article 34** The financial assistance referred to in this Chapter includes, but is not limited to, the following:

- (I) gifts;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of properties by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's default) or the release or waiver of any rights;
- (III) the provision of loans or the entrance into any agreement under which the obligations of the Company are to be fulfilled prior to the obligations of another party, and a change in the parties to, and the assignment of rights arising under such loans or agreement;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent, has no net assets, or under any other situations when its net assets would be reduced to a material extent.

The "obligations" referred to in this Chapter shall include the obligations of an obligor which have arisen from entering into an agreement or making an arrangement (regardless of whether such agreement or arrangement is enforceable, or whether such obligations are assumed by the obligor individually or jointly with any other person) or any obligations that arise out of changes made in any other way to the obligor's financial condition.

**Article 35** The following acts shall not be deemed to be acts as prohibited by Article 33 hereof:

- (I) the financial assistance provided by the Company is either genuinely for the interests of the Company and the main purpose of the financial assistance is not to purchase Shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (II) the lawful distribution of the Company's properties in the form of dividends;
- (III) the distribution of dividends in the form of Shares;
- (IV) the reduction of registered capital, repurchase of Shares, and adjustment of shareholding structure, etc. in accordance with these Articles;

- (V) the provision of a loan by the Company within its scope of business and in the ordinary course of business activities (provided that this does not lead to a reduction in the net assets of the Company or that if this causes a reduction, the financial assistance is taken from the Company's distributable profits);
- (VI) provision of funds by the Company for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Company or that if there causes a reduction, the financial assistance is taken from the Company's distributable profits).

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

**Article 36** Share certificates of the Company shall be in a registered form.

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

During the period the Company's H shares remain listed on the Hong Kong, the Company shall at any time ensure that all title documents relating to H share certificates include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form in respect to such shares which bear statements to the following effect:

- (I) The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Special Regulations and other provisions relating to laws, administrative regulations, and the Articles of Association.
- (II) The acquirer of the shares agrees with the Company, each shareholder, director, supervisor and senior management officer of the Company, and the Company acting for itself and for each director, supervisor and senior management officer agrees with each shareholder to refer all disputes and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any referral to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award, which is final.
- (III) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.

(IV) The acquirer of shares authorizes the Company to enter into a contract on his behalf with each director and senior management officer whereby such directors and senior management officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

Where the share capital of the Company includes shares that do not carry voting rights, the words “non-voting” must appear on the name of such shares.

Where the share capital of the Company includes shares with different voting rights, the name of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 37** The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company’s shares are listed requires the share certificates to be signed by senior management officers of the Company, the share certificates shall also be signed by other relevant senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed or printed with the Company’s seal under the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or relevant senior management officer of the Company on the share certificates may also be in printed form.

All overseas listed foreign shares shall be transferred in ordinary or common form of transfer or in written documents of transfer of any other form acceptable to the Board of Directors (including standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). If the transferor or transferee of the Company’s shares are the recognised clearing house (“**Recognised Clearing House**”) as defined in the relevant ordinances of Hong Kong law in force from time to time or its agent, the written documents of transfer can be signed by hands or in machine printed form. All transfer documentaries must be put in the legal address of the Company or other places as the Board of Directors may designate from time to time.

In the event of paperless issuance and trading of the shares of the Company, other requirements stipulated by the securities regulatory authorities of the places where the shares of the Company are listed shall apply.

**Article 38** The Company shall establish a register of shareholders in accordance with evidence from the securities registration organization, and shall enter therein the following particulars:

- (I) the name, address (domicile), occupation or nature of each Shareholder;
- (II) the class and number of Shares held by each Shareholder;

- (III) the amount paid or payable for the Shares held by each Shareholder;
- (IV) the serial number(s) of the share certificate(s) held by each Shareholder;
- (V) the date on which each Shareholder is registered as a Shareholder;
- (VI) the date on which each Shareholder ceases to be a Shareholder.

The register of Shareholders shall be sufficient evidence to the holding of the Shares of the Company by a Shareholder, except in cases with contrary evidence.

**Article 39** The Company may keep overseas the register of shareholders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of shareholders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 40** The Company shall keep a complete shareholders' register.

Shareholders' register shall include the following parts:

- (I) the register of shareholders kept at the Company's domicile (other than those registers of shareholders as described in items (II) and (III) of this Article);
- (II) the register(s) of shareholders of overseas listed foreign shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

**Article 41** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is maintained.

**Article 42** Unless otherwise stipulated, laws, administrative regulations, departmental rules, normative documents of PRC and the relevant stock exchanges or regulatory authorities in the place where the Company's shares are listed, the formalities for transferring ownership of shares shall be suspended before the general meeting of shareholders or the benchmark day before the Company decides to distribute dividends.

**Article 43** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates, or engages in other activities that require the determination of identity of shareholders, the Board of Directors shall set a date for registration of the shareholding. When the date for registration of the shareholding is terminated, the registered shareholders shall be the shareholders enjoying the relevant rights and interests.

**Article 44** If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 45** If any Shareholder in the register of shareholders or any person requesting to have his/her name recorded in the register of shareholders loses his/her share certificates ("**original share certificates**"), the said Shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares ("**relevant Shares**").

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

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

If a holder of overseas listed foreign shares of a Hong Kong listed company loses his share certificates and applies for their replacement, the replacement of his shares certificates shall meet the following requirements:

- (I) the applicant shall submit an application in standard form as prescribed by the Company accompanied by a notarial document or statutory declaration. The notarial document or statutory declaration shall specify the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement declaring that no other person shall be entitled to request to be registered as the shareholder in respect to the Relevant Shares.

- (II) no statement has been received by the Company from any person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.
- (III) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board of Directors. The announcement shall be made at least once every 30 days over a period of 90 days.
- (IV) the Company shall, prior to the publication of the announcement of its intention to issue a replacement certificate, deliver to the stock exchange where its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered holder a copy of the announcement to be published.

- (V) if, upon expiration of the 90-day period for announcement and exhibition referred to in items (III) and (IV) of this Article, the Company has not received any objection from any person to the issuance of replacement certificates, the Company may issue replacement certificates to the applicant according to his application.
- (VI) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and replacement issue into the register of shareholders accordingly.
- (VII) all expenses relating to the cancellation of an Original Certificate and the issuance of a replacement certificate by the Company shall be borne by the applicant. The Company has the right to refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 46** Where the Company issues a replacement certificate pursuant to the Articles, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 47** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

The Company shall have the right to issue share warrants to bearers. No new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond a reasonable doubt that the original has been destroyed.

## **Chapter 7 Rights and Obligations of Shareholders**

**Article 48** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations; each class of shareholders of the Company shall enjoy equal rights in any distribution made in the form of dividends or otherwise.

**Article 49** The Shareholders holding ordinary Shares shall enjoy the following rights:

- (I) to be entitled to dividends and other forms of distributions in proportion to the number of Shares;
- (II) to propose, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with laws;
- (III) to supervise and manage the operations activities of the Company, and to make suggestions and enquiries accordingly;
- (IV) to transfer, bestow or pledge the Shares held by them in accordance with the laws, administrative regulations, listing rules of places where the Company's Shares are listed and the Articles;
- (V) to obtain relevant information in accordance with the Articles, including:
  - 1. to obtain the Articles of Associations after paying the production costs thereof;
  - 2. to inspect for free and to acquire the right to duplicate after paying a reasonable charge:
    - (1) all parts of the register of Shareholders;

- (2) personal particulars of each of the Company's directors, supervisors, and senior management officers, including:
  - a. present and former name and alias;
  - b. principal address (domicile);
  - c. nationality;
  - d. full-time and all other part-time occupations and positions;
  - e. identification certificate document and its number.
- (3) reports on the state of the issued share capital of the Company;
- (4) reports on the par value, number, highest and lowest prices of each class of Shares in relation to any repurchase by the Company of its own Shares since the last accounting year, as well as all the expenses paid by the Company for this purpose (classified as domestic Shares and foreign Shares);
- (5) receipts of corporate bonds, resolutions of the Board meetings, resolutions of the Supervisory Committee and the financial and accounting reports;
- (6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Supervisory Committee;
- (7) the annual report for the previous year that has been filed with the State Administration for Market Regulation or any other competent authorities;
- (8) meeting minutes of the general meeting (for inspection by shareholders only) and special resolutions of the Company.

Except for items (2) and (5), the Company shall maintain the documents described above at the address of the Company in Hong Kong in accordance with the requirements of the Hong Kong Listing Rules, for free inspection by the public and holder of overseas listed foreign shares.

The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel.

- (VI) to participate in the distribution of the remaining assets of the Company based on the number of Shares held in the event of the Company's dissolution or liquidation;
- (VII) to demand the Company to acquire their Shares (for Shareholders who disagree with the resolutions adopted at a Shareholders' general meeting in relation to the merger or division of the Company);
- (VIII) with respect to shareholders individually or jointly holding three percent (3%) or above shares of the Company, they have the right to propose an extraordinary resolution and submit it to the Board of Directors in writing ten (10) days before the date of the general meeting;
- (IX) to have other rights conferred in accordance with the laws, administrative regulations, departmental rules and listing rules of places where the Company's Shares are listed and the Articles.

The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share of such person by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 50** The ordinary shareholders of the Company shall assume the following obligations:

- (I) to abide by the obligations stipulated in the laws, administrative regulations and listing rules of places where the Company's shares are listed and the Articles;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to abuse the shareholders' rights to impair the interest of the Company or other shareholders, not to abuse the Company's status as an independent legal person or the shareholders' limited liability to impair the interest of creditors of the Company;

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law.

Shareholders of the Company who abuse the Company's status as an independent legal person and the shareholders' limited liability to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

(IV) to assume other obligations as stipulated in the laws, administrative regulations, departmental rules and listing rules of places where the Company's Shares are listed or the Articles.

Unless otherwise stipulated, shareholders are not liable to make any further contribution to the share capital other than according to the terms that were agreed by the subscriber of the relevant shares at the time of subscription.

**Article 51** Except for the obligations imposed by laws, administrative regulations or the listing rules of places where the Company's shares are listed, a controlling shareholder shall not exercise his voting rights on the following matters to the detriment of interests of all or part of the Shareholders when exercising his rights as a shareholder:

- (I) exempting Directors and Supervisors from acting in good faith with the best interests of the Company;
- (II) approving Directors and Supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunity that is beneficial to the Company;
- (III) approving Directors and Supervisors (for the benefit of themselves or others) to deprive other Shareholders' own rights, including (but not limited to) any distribution rights and voting rights, but excluding the reorganisation of the Company approved by the shareholders' general meeting in accordance with the Articles of Association.

**Article 52** The controlling shareholder described in the preceding article means a shareholder who satisfies any one of the following conditions:

- (I) any person acting on his own or in concert with other parties who has the power to elect not less than half of the directors;
- (II) any person acting on his own or in concert with other parties who has the power to exercise or control the exercise of thirty percent (30%) or more of the voting rights of the Company;
- (III) any person acting on his own or in concert with other parties who holds thirty percent (30%) or more of the outstanding shares of the Company;
- (IV) any person acting on his own or in concert with other parties who has actual control over the Company in any other manner;
- (V) any other persons stipulated in the relevant laws, administrative regulations or listing rules of the place where the Company's shares are listed.

## Chapter 8 Shareholders' General Meetings

**Article 53** The Shareholders' general meeting shall be the governing organ of the Company. It may exercise the following functions and powers in accordance with the law.

**Article 54** The shareholders' general meeting shall have the following functions and powers:

- (I) to decide on the business policies and investment plans of the Company;
- (II) to elect and replace Directors and to decide on the remuneration of the relevant Directors;
- (III) to elect and replace supervisors who are shareholder representatives and to determine matters relating to the remuneration of and supervisors;
- (IV) to review and approve reports made by the Board;
- (V) to review and approve reports made by the Supervisory Committee;
- (VI) to review and approve the Company's annual financial budget, final accounts;
- (VII) to review and approve the Company's plans for profit distribution and loss recovery plans;
- (VIII) to resolve on resolutions concerning the increase or reduction of the Company's registered capital;
- (IX) to make resolutions on the Company's issuance of debentures, any kind of shares, warrants and other similar securities, and its listing plan;
- (X) to make resolutions on the merger, division, dissolution, liquidation or change incorporate form of the Company;
- (XI) to resolve on resolutions on the engagement, reappointment, discontinuation or dismissal of the accounting firms by the Company;
- (XII) to amend the Articles of Association and the rules of procedure of the general meeting, the Board of Directors and the Board of Supervisors;

- (XIII) to consider and approve matters required to be considered and approved by the Company at the general meeting of shareholders under the Hong Kong Listing Rules;
- (XIV) to deliberate on equity incentive plan;
- (XV) to review the proposals raised by the Shareholders representing above three percent (3%) of the Company's Shares with voting rights;
- (XVI) to review other issues which should be decided by the Shareholders' general meeting as stipulated by laws, regulations, listing rules of the place where the Company's Shares are listed and our Articles of Association.

“Within one year” refers to “within one financial year”.

**Article 55** Where the company provides guarantee for the shareholders or actual controllers of the company, the resolution shall be made by the shareholders' meeting.

When the general meeting of shareholders is deliberating the proposal to provide guarantee for the shareholder or the actual controller, the shareholder or the shareholder controlled by the actual controller shall not participate in the voting of the matters specified in the preceding paragraph. The vote shall be adopted by more than half of the voting rights held by other shareholders present at the meeting.

**Article 56** Unless the Company is under exceptional circumstances such as crisis, the Company shall not enter into contracts with a party (other than a Director, Supervisor, and senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the pre-approval of the general meeting by special resolution.

**Article 57** The general meetings shall be divided into annual general meetings and extraordinary general meetings. A general meeting shall be convened by the Board. Annual general meetings shall be convened once a year, and be held within six (6) months after the end of the previous accounting year.

**Article 58** An extraordinary general meeting shall be convened within two (2) months from the date of occurrence of any of the following events:

- (I) the number of Directors is less than the minimum number required by the Company Law or less than two-thirds (2/3) of the number stipulated in the Articles;
- (II) the outstanding loss of the Company accounts for one-third (1/3) of the Company's total paid-up share capital;

- (III) when Shareholders who individually or jointly holding more than ten percent (10%) of the Company's outstanding Shares with voting rights request an extraordinary general meeting to be convened in writing;
- (IV) the Board deems it necessary to convene the meeting;
- (V) the Supervisory Committee proposes to convene the meeting;
- (VI) when proposed by two or more independent non-executive directors;
- (VII) other circumstances as stipulated by laws, administrative regulations, departmental rules and listing rules of the place where the Company's Shares are listed or the Articles.

The shareholding mentioned in (III) above is calculated based on the date which the notice of the general meeting being despatched. However, before or on the date of announcement of the resolutions approved at the general meeting of the Company, the number of the Company's shares individually or jointly held by the shareholders mentioned in (III) above shall not be lower than ten percent (10%) of the total number of the Company's shares with voting rights; should the shareholding less than ten percent (10%), relevant resolutions made in their proposals proposed by the shareholders mentioned in (III) at the extraordinary general meeting shall become invalid.

**Article 59** The Company shall hold its general meetings either at its domicile or other place designated by the convener of the shareholders' general meeting.

A general meeting shall be conducted in the form of a physical meeting at the designated venue for meeting. The Board of the Company may, according to the specific circumstances and in accordance with the provisions of laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association, where applicable, adopt other voting methods to facilitate the shareholders' participation in the shareholders' general meeting. Shareholders who attend the shareholders' general meeting in the above-mentioned manner shall be deemed to be present at the meeting.

**Article 60** When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding three percent (3%) or more of the Company's total shares with voting rights shall be entitled to propose new proposals in writing to the Company and submit to the convener ten (10) days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting for the consideration.

**Article 61** The convener shall inform each shareholder the time, place and deliberation matters of the Shareholder's general meeting 20 business days before it is held, and shall inform each shareholder the extraordinary general meeting 15 days or 10 business days (whichever is longer) before the meeting.

An extraordinary general meeting shall not transact business not stated in the notice of meeting.

**Article 62** Notice of the shareholders' general meeting shall:

- (I) be issued in writing;
- (II) specify the venue, date and time of the meeting;
- (III) state the matters to be discussed at the meeting;
- (IV) provide Shareholders with all necessary information and explanation to enable Shareholders to make informed decisions on the matters to be discussed. This means that when (including but not limited to) any merger, share repurchase, share capital reorganization or any proposals relating to change in the structure of the Company are involved, the detailed terms and contracts (if any) of the proposed transaction and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;
- (V) disclose the nature and extent of such interest if any of the Directors, Supervisors and senior management have material interest in the matters to be discussed; and shall explain the difference if the effects of the matters to be discussed have a different effect on a Director, Supervisor and senior management as Shareholders compared to other Shareholders of that same class;
- (VI) contain the full text of any proposed special resolution to be voted on at the meeting;
- (VII) contain a clear statement that the Shareholders entitled to attend and vote has right to appoint one or more proxies to attend and vote on his/her behalf, and such proxy need not be a Shareholder of the Company;
- (VIII) specify the time and venue for delivering the proxy form authorizing the proxy to vote at the relevant meeting.

**Article 63** Except as otherwise stipulated in the Articles, the notice of the general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of Domestic Shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred above shall be published at the websites of the stock exchanges and in one or more newspapers designated by the Securities Regulatory Authorities of the State Council 15 days or 10 business days (whichever is longer) prior to the convening of extraordinary general meetings, or 20 business days prior to the convening of Shareholders' annual general meetings. Once such an announcement is made, all holders of the Domestic Shares shall be deemed to have received the relevant notice of the general meeting.

**Article 64** The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting.

**Article 65** Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) in writing to act as his or her proxy to attend and vote at the meeting on his or her behalf.

The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the instructions of the Shareholder(s), exercise the following rights:

- (I) the Shareholders' right to speak at the general meeting;
- (II) the right to demand a poll by himself/herself or jointly with others;
- (III) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

**Article 66** The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorized in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

**Article 67** The instrument of proxy shall be lodged at the address of the Company or at other places specified in the notice of meeting at least 24 hours prior to the relevant meeting at which the proxy is authorized to vote, or within 24 hours prior to the specified time of voting. Where the instrument of proxy is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the instrument of proxy shall be notarized. The notarized power of attorney or other authorization documents, together with the instrument of proxy, shall be lodged at the address of the Company or at other places specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other governing bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

Where the shareholder is a Recognised Clearing House (or its agent) defined by the relevant ordinances of Hong Kong law in force from time to time, the shareholder may authorise one or more persons it considers appropriate as his/her proxy(ies) or representative(s) at any shareholders' general meeting or class meeting; however, if more than one person are authorised, the instrument of proxy or power of attorney shall contain the number and class of shares for which such persons are authorized. The person(s) so authorised can represent the Recognised Clearing House (or its agent) to exercise the right (shall not be required to produce evidence of shareholding, the notarised authorization and/or further evidence to prove that he/she/they has/have been duly authorised.), as if the persons are the Company's individual shareholders.

**Article 68** The form of any instrument of proxy issued to a shareholder by the board of directors of the Company for the shareholder to appoint a proxy shall allow the shareholder to freely instruct the proxy to cast vote for or against from voting and enable the shareholder to give separate instructions on each matter to be voted at the meeting.

Such instrument of proxy shall contain a statement that in the absence of instructions from the shareholders, their proxies may vote at their own discretion.

**Article 69** Where the appointing shareholder has deceased, lost capacity, revoked the appointment or the signed instrument of authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

**Article 70** Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

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

Special resolutions of the general meeting shall be passed by more than 2/3 of the voting rights represented by Shareholders (including proxies) present at the meeting.

When related transactions are considered at a general meeting, if applicable laws, regulations, or the listing rules of the stock exchange of the place where the Company's Shares are listed require, the related shareholders shall not participate in voting. The number of shares with voting rights represented by them shall not be counted in the total number of valid votes.

**Article 71** Shareholders (including proxies) who vote at a general meeting shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the shareholders' general meeting. However, shares held by the Company itself do not carry voting rights, and such shares shall not be included in the total number of shares with voting rights held by shareholders attending the shareholders' general meeting.

**Article 72** Any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by a show of hands.

If the chairman of the meeting decides to vote by a show of hands, voting at general meetings shall be conducted by a show of hands unless the following persons require voting by poll before or after voting by a show of hands:

- (I) chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies thereof;
- (III) one or certain shareholders (including proxies) severally or jointly holding 10% or more of shares with voting rights at the meeting.

If the chairman of the meeting decides to vote by a show of hands, unless a poll is demanded, the announcement by the chairman that whether the proposals have been passed based on the results of voting by a show of hands and the recording of such in the minutes shall be conclusive evidence. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution at the meeting.

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

**Article 73** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time as the chairman deems appropriate, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.

**Article 74** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 75** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 76** Where any shareholder is, under the applicable laws and regulations and the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 77** The following matters shall be approved by a general meeting by ordinary resolutions:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (III) appointment and removal of Directors and non-employee supervisors, and their remuneration and method of payment thereof;
- (IV) annual budgets, final accounts of the Company;
- (V) annual reports of the Company;
- (VI) to resolve on resolutions on the engagement, dismissal or discontinuation of the appointment of accounting firms by the Company;
- (VII) other matters which shall be approved by the shareholders' general meetings other than those required to be passed by special resolutions pursuant to laws, administrative regulations, listing rules of the place where the Company's shares are listed or the provisions of the Articles.

**Article 78** The following matters shall be approved by general meeting by special resolutions:

- (I) increasing or reducing the registered capital of the Company and issuing Shares of any class, equity warrants and other similar securities;
- (II) the issuance of corporate bond by the Company;
- (III) division, merger, dissolution and liquidation or change of corporate form of the Company;
- (IV) amendment to these Articles;
- (V) matters stipulated by laws, administrative regulations, listing rules of the place where the Company's Shares are listed or these Articles, or matters which are determined by an ordinary resolution of the general meeting to be of material significance to the Company and are required to be approved by way of special resolutions.

“Within one year” refers to “within one financial year”.

**Article 79** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

- (I) Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.
- (II) If the Board of Directors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary general meeting or class meeting.
- (III) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which general meetings are to be convened by the Board of Directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors and supervisors.

**Article 80** The general meeting shall be convened by the Board, the chairman of which shall also act as the chairman of the meeting. If the chairman of the Board fails or is unable to perform his or her duties, the Board may appoint a director of the Company to convene the meeting and act as the chairman of the meeting. In the event that no chairman is appointed, the attending shareholders shall elect one person to act as the chairman of the meeting; if for any reason, the shareholders fail to elect a chairman of the general meeting, the shareholder (including his/her proxy) holding the largest number of voting shares among the attending shareholders shall be the chairman of the general meeting.

**Article 81** The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the general meeting has been passed in accordance with the voting results. His/her decision shall be final and shall be announced at the meeting and recorded in the meeting minutes. Resolutions of the general meeting shall be announced in due time according to the relevant laws, regulations, requirements of the securities regulatory authorities of the place where the Company's securities are listed or these Articles. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result of each resolution and the details of each of the resolutions passed.

**Article 82** If the chairman of the meeting has any doubt about the voting result of any resolution put to the vote, he/she may arrange to recount of the votes. If the chairman of the meeting does not arrange to re-count the votes, any shareholder or proxy attending the meeting who dissent from the result announced by the chairman of the meeting shall be entitled to request re-counting of votes immediately after such announcement, in which case the chairman of the meeting shall immediately arrange recounting of the votes.

**Article 83** If ballots are counted at a general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes together with the attendance record of shareholders, the powers of attorney of the proxies and valid record of other means of voting, shall be kept at the domicile of the Company.

**Article 84** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days upon receipt of the payment for reasonable charges.

## Chapter 9 Special Procedures for Voting by Class Shareholders

**Article 85** Shareholders holding different classes of shares are referred to as class shareholders.

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the provisions of the Articles of Association.

**Article 86** If the Company proposes to change or nullify the rights of the class Shareholders, this proposal should be passed by a special resolution at the Shareholders' general meeting and passed at the meeting convened according to Articles 88 to 92 of the Articles of Association respectively by the related class of Shareholders.

Upon approval from the competent securities regulatory authorities of the State Council and approved by the Hong Kong Stock Exchange, the domestic shareholders the Company may transfer all or part of their shares to overseas investors and list and trade the said shares on foreign stock exchanges, or convert all or part of the domestic shares into overseas listed foreign shares and list and trade the said shares on foreign stock exchanges, which shall not be deemed to be a proposed change or nullification of the rights conferred on any class of shareholders.

**Article 87** The rights of a certain class of Shareholders shall be deemed to be changed or nullified in the following circumstances:

- (I) to increase or reduce in the number of the Shares of such class, or increase or reduce the number of the class Shares which enjoy the same or more voting rights, distribution rights or other privileges;
- (II) to convert part or whole of the Shares of such class into other class(es), convert part or whole of the Shares of other class(es) into such class, or grant such conversion rights;
- (III) to cancel or reduce the rights of such class of Shares to receive accrued dividends or cumulative dividends;
- (IV) to reduce or cancel the privileged rights of such class of Shares to acquire dividends or obtain distribution of properties during liquidation of the Company;
- (V) to increase, cancel or reduce the conversion, option, voting, transfer or privileged allotment rights of such class of Shares or the rights of such class of Shares to obtain securities of the Company;

- (VI) to cancel or reduce the rights of such class of Shares to receive amounts payable by the Company in a particular currency;
- (VII) to establish new class(es) of Shares with the same or more voting rights, distribution rights or other privileges as compared with those enjoyed by such class of Shares;
- (VIII) to impose restriction or additional restrictions on the transfer or ownership of such class of Shares;
- (IX) to issue the share subscription options or share conversion options of such class or another class of Shares;
- (X) to increase the rights or privileges of other class(es) of Shares;
- (XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of Shareholders during the restructuring; and
- (XII) to revise or nullify the provisions specified in the Articles of Association.

**Article 88** Where issues specified in items (II) to (VIII), (XI) to (XII) of Article 87 are involved, the affected class Shareholders, whether or not they are entitled to vote at Shareholders' general meetings originally, shall have the right to vote at shareholders' class meetings. However, the Shareholders with conflicts of interests shall have no voting rights at the meeting for such class of Shareholders.

“Shareholder(s) with conflicts of interests”, as such term is mentioned in the preceding paragraph, means:

- (I) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on Hong Kong Stock Exchange under Article 29 hereof, “Shareholder(s) with conflicts of interests” shall refer to the controlling Shareholders as defined in the Articles of Association;
- (II) In the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under Article 29 hereof, “Shareholder(s) with conflicts of interests” shall refer to shareholders who are related to the agreement;
- (III) In the case of a restructuring of the Company, “Shareholder(s) with conflicts of interests” refers to a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 89** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds (2/3) or more of the voting rights in accordance with Article 88 hereof.

**Article 90** When the Company is to convene a shareholders' class meeting, it shall issue a written notice fifteen days or ten business days (whichever is later) prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.

In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is more than one half (1/2) of the total number of voting shares of that class, the Company may convene a shareholders' class meeting. Otherwise, the Company shall within five (5) days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders' class meeting.

If provisions otherwise provided by the listing rules of the place where the Company's shares are listed, these provisions shall apply.

**Article 91** The notice of a shareholders' class meeting shall be sent to the Shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting, unless otherwise stipulated in the Articles of Association.

**Article 92** Except for other classes of Shareholders, domestic shareholders and foreign shareholders of foreign listed shares are treated as different classes of shareholders.

The special voting procedure at a Shareholders' general meeting for class Shareholders shall not apply for the following cases:

- (I) Upon the approval by way of a special resolution passed by a Shareholders' general meeting, the Company independently or simultaneously issues domestic Shares and overseas listed foreign Shares every twelve (12) months, provided that the amount of each class of Shares intended to be issued is not more than twenty percent (20%) of the issued and outstanding Shares of the respective class;

- (II) The Company's plan on issuing domestic Shares and overseas listed foreign Shares at the time of establishment, which is completed within fifteen (15) months from the date of approval from securities regulatory authority under the State Council;
- (III) Upon approval from the competent securities regulatory authorities of the State Council and approved by the Hong Kong Stock Exchange, the domestic Shareholders of the Company will transfer its shares to offshore investors or the domestic Shareholders of the Company are approved to convert all or part of the domestic shares into foreign shares, and list and trade the said shares on foreign stock exchanges.

## **Chapter 10 Board of Directors**

**Article 93** The Company shall establish a Board, which shall be accountable and report its work to the shareholders' general meeting. The Board shall consist of nine directors, in which there shall be three executive directors, three non-executive directors, and three independent non-executive directors. The Board shall have one chairman. The chairman shall be appointed and could be removed by a majority of all members of the Board. The term of office of the chairman shall be 3 years and is renewable upon re-election.

**Article 94** The Company shall set aside a period of time before convening the meeting in respect of candidates nominated by shareholders taking up the role of directors. Within this period, shareholders may issue a written notice to the Company in respect of nominating a candidate to be a director, and such candidate may issue the written notice regarding the indication of his/her intention to accept the nomination to the Company. The aforementioned period shall be at least seven days and shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

**Article 95** Directors shall be elected or removed from office at a general meeting. Each term of office of a Director shall be three years, and a Director may be re-elected and re-appointed upon expiry of his/her term of office.

The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the Directors' term expires and re-election not be held in time, or where the resignation of a director during his term of office causes the number of board members to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, the listing rules of the places where the Company's shares are listed and the Articles of Association before the re-elected Directors take office.

Before the expiration of any Director's term of office, subject to the relevant laws and administrative regulations, the general meeting of shareholders may remove such Director by ordinary resolution. The removal may not affect any claim of the Director for damages that may be made pursuant to any contract.

The Directors need not hold any of our shares.

**Article 96** The board of directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (I) convening Shareholders' general meetings and reporting its performance at the Shareholders' general meetings;
- (II) implementing resolutions of the Shareholders' general meetings;
- (III) determining the Company's business plans and investment plans of the Company;
- (IV) formulating annual financial budget plans and final account plans of the Company;
- (V) formulating profit distribution plans and plans for recovery of losses of the Company;
- (VI) formulating proposals for the increase or reduction of the Company's registered capital, and for the issuance of the Company's debentures or other securities and the listing;
- (VII) formulating proposals for the Company's merger, division, dissolving and change in corporate form of the Company;
- (VIII) deciding on the Company's internal management structure;
- (IX) appointing or dismissing the general manager of the Company, the secretary to the Board of Directors of the Company and the company secretary; appointing or dismissing deputy general manager and senior management personnel including person-in-charge of finance of the Company based on the nominations of the general manager, and determining their emoluments;
- (X) establishing the basic management system of the Company;
- (XI) drafting proposals for the amendment to the Articles of Association;
- (XII) authorizing the chairman of the Board of Directors to exercise part of the functions and powers of the Board of Directors;

- (XIII) formulating the Company's equity incentive plan;
- (XIV) proposing the amount of Directors' remuneration and the scheme of payment method, and report to the general meeting for decision;
- (XV) proposing the engagement or change of the appointment of accounting firms auditing for the Company to the Shareholders' general meeting;
- (XVI) other functions and powers stipulated by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed and the Articles of Association.

Saved for items (VI), (VII) and (XI), the aforesaid matters proposed by the Board of Directors shall be approved by consent of over two-thirds (2/3) of the Directors, while the rest shall be approved by consent of over one half of the Directors.

Should the foregoing exercise of such functions and powers by the Board, or any transaction or arrangement of the Company be considered and reviewed by a general meeting according to the listing rules of the stock exchange of the place where the Company's shares are listed, such shall be submitted to the general meeting for consideration and review.

**Article 97** The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

For the purposes of this Article, the term "disposal of fixed assets" includes an act involving the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

**Article 98** The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) To preside over the shareholders' general meetings and to convene and preside over the meetings of the Board of Directors;
- (II) To supervise and inspect the implementation of resolutions of the Board of Directors;

- (III) To sign the Company's share certificates, debentures and other marketable securities;
- (IV) To sign material documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;
- (V) In case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide ex-post reports to the Board and the shareholders' general meeting;
- (VI) To nominate or recommend general manager, company secretary, secretary to the Board for the Board to consider and vote;
- (VII) To propose convening of an extraordinary board meeting;
- (VIII) To exercise other functions and powers conferred by the Board of Directors.

**Article 99** In the event that the chairman of the Board of Directors is unable to carry out his duties or fails to perform his duties, a director elected by half or more of all directors may perform his duties.

**Article 100** Meetings of the Board shall be classified into the regular meetings of the Board and extraordinary meetings of the Board.

At least four (4) regular Board meetings shall be convened each year on a quarterly basis. Board meetings shall be convened by the chairman of the board. The meeting notice and meeting documents shall be served on all directors and supervisors at least fourteen (14) days before the meeting (excluding the day of the meeting). The Board of Directors shall have arrangements to ensure that all directors have the opportunity to put forward matters for discussion to be included in the agenda of the regular meetings of the Board of Directors.

Regular meetings and meetings to consider matters in which the board considers major shareholders or directors have major conflicts of interest, and appointment and dismissal of the secretary of the Company shall not be convened by means of written resolutions.

Board meetings shall generally be convened on-site. Whenever it is necessary, the Board meetings may be convened through video, telephone, fax, or email after agreement of the convener (the presider) or proposer provided that the directors can fully give their opinions. The Board meetings may also be held on-site and off-site simultaneously.

**Article 101** The chairman of the board shall convene an extraordinary board meeting in one of the following circumstances:

- (I) When proposed by more than one tenth of the shareholders with voting rights;
- (II) When proposed by one third or more of the directors;
- (III) When proposed by the Supervisory Committee;
- (IV) Other circumstances stipulated by the Articles of Association.

**Article 102** The notice of extraordinary board meeting shall be served in writing to all directors, supervisors, and the senior management by hand, mail, e-mail, or facsimile three days before the date of the meeting. In case of emergency and an extraordinary board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 103** Except for the extraordinary meeting of the Board under urgent circumstances, the notice of board meeting shall be served by hand or facsimile, e-mail, and other means.

A notice of a meeting of the Board in writing shall include the following particulars:

- (I) the date and venue of the meeting;
- (II) matters to be considered at the meeting;
- (III) the date of issuance of the notice.

If a meeting is held by means of correspondence, the notice of the meeting shall specify the manner, deadline and address for the directors to send the votes.

**Article 104** The board meeting shall be attended by more than half of the directors.

Each director has one vote. Save as otherwise specified in the Articles of Association, resolutions made by the Board shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman of the Board of Directors shall have a casting vote.

**Article 105** Where a Director or any of his/her close associates has any interest in the subject matter of the board meeting, such Director shall abstain from the meeting, and his/her voting rights shall be withdrawn and he/she shall not be counted in the quorum of the meeting. Where any Director is required to abstain from voting, the relevant meeting of the Board may be held when more than half of the uninterested Directors attend the meeting, and the resolutions formed shall be passed by more than half of the uninterested Directors. If the number of uninterested Directors attending the meeting is less than 3, the relevant proposals shall not be voted and shall be submitted to the general meeting for review.

**Article 106** Meetings of the Board shall be attended by the Directors in person. If a Director is unable to attend a meeting for any reason, he/she shall appoint another director in writing to attend the meeting on his/her behalf. Such an instrument of appointment shall specify the names of the proxy, the issues, the scope of the authorization granted by the principal, and the term of validity of the appointment and include the principal's signature or seal.

The Director attending the meeting on other's behalf shall exercise the rights of a Director within the scope of authorization. If a Director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

**Article 107** The vote on board resolutions shall be taken by way of voting on a show of hands or of an open ballot at the on-site meeting.

On the premise that the directors are assured to have fully expressed their views at an extraordinary board meeting, they can vote on a motion by way of communication, and the resolution shall be signed by the directors attending the meeting and delivered to the Company by hand, mail, e-mail or facsimile.

**Article 108** The Board shall keep minutes of resolutions on matters discussed at relevant meetings (which shall include any concerns raised or dissenting views expressed by the directors). The minutes shall be signed by the directors and the person who recorded the minutes present at such meetings. The Board shall, after the meeting, send the preliminary and finalized draft of the meeting minutes to all directors in a reasonable period of time, and the former shall be used for directors' expression of opinions, and the latter shall be used for record purpose.

Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, a director may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes at the Board meeting.

Archives of board meetings, including notices of meeting, meeting materials, attendance books, powers of attorney for attendance by proxy, voice recording of meeting, ballots, meeting minutes signed by the attending directors for confirmation, meeting summaries, resolution records, etc., shall be kept by the secretary to the Board. Such minutes shall be available for inquiry at any reasonable time upon reasonable notice by any director. The minutes of Board meetings shall be kept as archives of the Company.

**Article 109** The Board shall establish an audit committee, a remuneration committee and a nomination committee and other special committees if necessary to provide advice and opinions for its significant decisions. The membership and the rules of procedure are agreed by the Board. Any special committees shall not resolve on a proposal in the name of the Board; however, in compliance with the mandatory provisions under PRC's relevant laws, regulations, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed, they shall exercise the right of decision on the authorized matters under the special authorization of the Board.

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

**Article 110** The Company has one secretary of the Board, which is appointed or dismissed by the Board of Directors. The secretary of the Board is the senior management of the Company.

**Article 111** The secretary of the board shall be a natural person with the requisite professional knowledge and experience. His primary duties include:

- (I) ensuring that the document of the Board complies with the relevant laws and regulations;
- (II) ensuring that the Company has complete organizational documents and records;
- (III) ensuring that the Company prepares and submits reports and documents required by relevant authorities pursuant to the law;
- (IV) ensuring the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (V) other duties required by laws, regulations, the Articles of Association, other management systems of the Company, and the stock exchange listing rules for the listing of company stocks.

**Article 112** A director or other senior management officers of the Company may concurrently act as the secretary of the Board. The accountants of the accounting firm which has been appointed by the Company and the management officers of controlling shareholders shall not concurrently act as the secretary of the Board.

If a director of the Company concurrently serves as the secretary of the Board, in the event that an action must be carried out by a director and the secretary of the Board respectively, the person who holds the offices of director and secretary of the Board shall not act in dual capacity.

## **Chapter 12 General Manager**

**Article 113** The Company shall have one general manager, who shall be appointed or removed by the Board of Directors. In principle, the chairman of the Board of Directors shall not concurrently act as general manager.

According to its need, the Company shall have certain deputy general managers, who shall be appointed or removed by the Board of Directors.

**Article 114** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, arrange for the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to propose plans for establishment of the Company's internal management organization;
- (IV) to formulate the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board of Directors appointment or dismissal of deputy general managers and chief finance officer of the Company by the Board of Directors;
- (VII) to decide to appoint or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;

(VIII) to formulate system for employees' wages, welfare and rewards and punishment and determine their recruitment and dismissal;

(IX) to exercise other functions and powers conferred by the Articles of Association or the Board of Directors.

**Article 115** The general manager shall attend board meetings and, if the general manager is not a director, he shall not have voting right thereat.

**Article 116** In the exercise of his powers, the general manager shall comply with the laws, administrative regulations, listing rules of the places where the shares of the Company are listed and the Articles of Association, and fulfil his duties in good faith and with due diligence.

### **Chapter 13 Supervisory Committee**

**Article 117** The Company shall have a supervisory committee.

**Article 118** The Supervisory Committee is comprised of 3 supervisors. The Supervisory Committee shall have one chairman. The term of office of a supervisor shall be three years. Upon maturity of the term of office, a supervisor shall be eligible for re-election and re-appointment.

The appointment and dismissal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 119** The supervisors shall be the representatives of shareholders and employees of the Company. The ratio of the employee representative Supervisors shall be no less than one-third. The employee representative supervisor shall be elected by employees of the Company on the representative staff and workers meetings, the staff and workers meetings or through other forms of a democratic election.

**Article 120** The directors and senior management officers shall not concurrently act as supervisors.

**Article 121** The meetings of the Supervisory Committee shall be held at least once every six months, which shall be convened by the chairman of the Supervisory Committee. The Supervisors can propose to convene extraordinary meetings of the Supervisory Committee.

**Article 122** The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the law:

(I) to check the financial affairs of the Company;

- (II) to supervise the directors and senior management members in the performance of their duties, and to put forward proposals on the removal of any director or senior management members who violates laws, administrative regulations, listing rules of place where the stock of the Company are listed, the Articles of Association or any resolution of the general meeting;
- (III) to demand directors and senior management members to make rectification if their conduct has damaged the Company's interest;
- (IV) to review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the general meetings and to engage certified public accountants and practicing auditors in the name of the Company to assist in the review whenever queries arise;
- (V) to propose the convening of extraordinary general meetings;
- (VI) to act on behalf of the Company in negotiation with a director or bringing an action against a director;
- (VII) in the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professional organizations, such as accounting firms and law firms, to assist in its work. Any expenses incurred thereby shall be borne by the Company;
- (VIII) to exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

Supervisors shall attend the board meetings.

**Article 123** If the number of members of the Supervisory Committee falls below the quorum due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his or her term of office, the incumbent supervisor shall continue to perform his or her duties as a supervisor in accordance with laws, administrative regulations, listing rules of the place where the stocks of the Company are listed, and the Articles of Association until the incoming supervisor takes up his or her position.

**Article 124** Resolutions of the Supervisory Committee shall be passed by the affirmative votes of more than two-thirds of the members of Supervisory Committee.

**Article 125** The reasonable expenses incurred in respect of engaging a professional, such as a lawyer, certified public accountant, practicing auditors, by the Supervisory Committee in exercising its functions and powers shall be borne by the Company.

**Article 126** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations, listing rules of the place where the stocks of the Company are listed, and the Articles of Association.

**Article 127** The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting.

A supervisor is entitled to request that an explanatory note is made in the minutes with regard to his/her speech at the meeting. The minutes of Supervisory Committee meetings shall be kept at the domicile of the Company as archives of the Company.

#### **Chapter 14 Qualifications and Obligations of Directors, Supervisors and Senior Management Members of the Company**

**Article 128** The following persons may not serve as a Director, Supervisor, or senior management members of the Company:

- (I) A person without capacity or with limited capacity for civil conduct;
- (II) A person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served;
- (III) A person who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of their companies or enterprises;
- (IV) A person who served as legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) A person who has a relatively large amount of debts which have fallen due but have not been settled;
- (VI) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;

- (VII) A person who, according to law, administrative regulations, and listing rules of place where the stocks of the Company are listed is not permitted to be the leader of an enterprise;
- (VIII) A person who is not a natural person;
- (IX) A person who has been convicted by the competent authority for violation of relevant securities regulations and such violation involved fraudulent or dishonest act, where less than 5 years have elapsed since the date of such conviction;
- (X) Other persons stipulated in the relevant laws and regulations of the place where the stocks of the Company are listed.

If the directors, supervisors, or senior management members are elected, appointed or engaged in violation of this Article, such election, appointment or engagement shall be invalid. Any director, supervisor, and senior management member falling into any of the circumstances set out in this Article during his/her term of office shall be dismissed by the Company.

**Article 129** The validity of an act carried out by a director and senior management member of the Company on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

**Article 130** In addition to the obligations imposed by law, administrative regulations or listing rules of the place where the stocks of the Company are listed, each of the Company's directors, supervisors and senior management members owes the following obligations to each shareholder, in the exercise of the functions and powers granted to him by the Company:

- (I) Not to cause the Company to exceed the scope of business specified in its business license;
- (II) To act bona fide in the best interests of the Company;
- (III) Not to expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (IV) Not to expropriate the personal rights and interests of shareholders, including (but not limited to) rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 131** Each of the Company's directors, supervisors and senior management members, in the exercise of his powers or discharge of his obligations, owes the duty to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 132** Each of the Company's Directors, supervisors, and senior management officers shall perform his duties on the principle of honesty and good faith, and shall not put himself in a position where his interests and his duties may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (I) to act bona fide in the best interests of the Company;
- (II) to exercise his powers within his terms of reference and not to act ultra vires;
- (III) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations, listing rules of the place where the shares of the Company are listed or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided in the Articles of Association or with the informed approval of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property in any way for his own benefit without the informed consent of the shareholders given in a general meeting;
- (VII) not to exploit his position to accept bribes or obtain other illegal income, not to expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;

- (X) not to use his position to procure business opportunities that should have otherwise been available to the Company for himself or others, or to operate businesses similar to that of the Company for his own benefits or on behalf of others, or to compete with the Company in any way, without the informed consent of the general meeting;
- (XI) not to misappropriate the Company's funds, not to open any account in his own name or in any other name for the deposit of the Company's assets or funds, or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals;
- (XII) not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders given at a general meeting; nor shall he use such information other than for the Company's benefit; however, disclosure of such information to the court or other governmental competent authorities is permitted if:
  - 1. the law so requires;
  - 2. public interest so requests;
  - 3. the interests of the relevant Director, supervisor, and senior management officers so require.

**Article 133** Each Director, supervisor, or senior management officer of the Company shall not direct the following persons or institutions ("**related parties**") to do anything that such Director, supervisor, or senior management officer cannot do:

- (I) the spouse or minor child of the Company's Director, supervisor, or senior management officer;
- (II) the trustee of the Company's Director, supervisor, or senior management officer or any person referred to in sub-paragraph (I) of this Article;
- (III) the partner of the Company's Director, supervisor, or senior management officer or any person referred to in sub-paragraphs (I) and (II) of this Article;
- (IV) a company in which the Company's Director, supervisor, or senior management officer, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other Directors, supervisors, and senior management officers of the Company, has de facto control; and
- (V) the Directors, supervisors, and senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

**Article 134** The fiduciary duties of a Director, supervisor, and senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between occurrence of the event concerned and termination of tenure and the circumstances and terms under which their relationship with the Company have been terminated.

**Article 135** Except for circumstances prescribed in Article 51 hereof, a Director, supervisor, and senior management officers of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given in a general meeting.

**Article 136** Where a Director, supervisor, or senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement made or proposed contract, transaction or arrangement with the Company (other than the employment contracts of the director, supervisor, and senior management officers with the Company), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

A Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a material interest nor shall such Director be counted in the quorum present at the meeting.

Unless the interested Director, supervisor, or senior management officer of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto without knowledge of the breach of duty by such director, supervisor, or senior management officer.

A Director, supervisor, or senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party is interested.

**Article 137** Where a Director, supervisor, or senior management officer of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, the relevant director, supervisor or the senior management officers shall be deemed to have made the disclosure stipulated in the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that

such notice shall have been given before the date on which the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 138** The Company shall not pay taxes in any manner for its directors, supervisors, or senior management officers, except for the case of withholding and paying individual income tax for the foregoing persons in accordance with relevant laws and regulations.

**Article 139** The Company shall not directly or indirectly provide a loan to or provide any guarantee for a loan to a director, supervisor, or senior management officer of the Company or the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (I) the provision by the Company of a loan or a guarantee for a loan to its subsidiaries;
- (II) the provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, or senior management officers pursuant to their employment contracts which were approved by the shareholders in a general meeting for him to settle expenditures incurred for the Company or in performing his duties and responsibilities;
- (III) if the ordinary scope of business of the Company includes the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to the relevant directors, supervisors, or senior management officers or their related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

**Article 140** A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

**Article 141** Any loan guarantee provided by the Company in breach of the first subparagraph of Article 139 hereof shall be unenforceable against the Company, except in the following circumstances:

- (I) the lender was not aware of the relevant circumstances when he provided a loan to a related party of the directors, supervisors, and senior management officers of the Company or of the Company's controlling shareholders;
- (II) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 142** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of the guarantor to undertake responsibility or provide property to ensure the performance of obligations by the obligator.

**Article 143** Where a director, supervisor, or senior management officer of the Company is in breach of his obligations owed to the Company, the Company has, in addition to the rights and remedies provided for in the laws, administrative regulations and the listing rules of the place where the shares of the Company are listed, the right to take the following measures:

- (I) to demand such director, supervisor, or senior management officer compensate for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction that has been entered into by the Company with such director, supervisor, or senior management officer, or with a third party (where such third party has known or should have known that such director, supervisor, or senior management officer that represents the Company has breached his duties owed to the Company);
- (III) to demand such director, supervisor, or senior management officer to surrender profits obtained as a result of the breach of his obligations;
- (IV) to recover any monies received by the director, supervisor, or senior management officer that should have been received by the Company, including (but not limited to) commissions;
- (V) to demand the return of interest earned or which may have been earned by such director, supervisor, or senior management officer on the monies that should have been paid to the Company.

**Article 144** The Company shall, with the prior approval of shareholders in a general meeting, enter into a written contract with its director and supervisor regarding his remuneration. The aforesaid emoluments include:

- (I) emoluments in respect to his service as director, supervisor or senior management officer of the Company;
- (II) emoluments in respect to his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (III) emoluments in respect to the provision of other services in connection with the management of the Company and any of its subsidiaries;

- (IV) payment to the director or supervisor as compensation for loss of office or his retirement;
- (V) an undertaking by the director and supervisor to the Company to observe the Company Law, the Special Regulations, the Articles, the Codes on Takeovers and Mergers and Share Buy-back and other rules formulated by the Hong Kong Securities and Futures Commission and the Hong Kong Stock Exchange, and an agreement that the Company shall have the remedies provided in the Articles, and that neither the contract nor his office is capable of assignment;
- (VI) an undertaking by the director and supervisor to the Company to observe and perform his obligations to shareholders in accordance with the Articles;
- (VII) an arbitration clause as provided hereof.

No proceedings may be brought by a director or supervisor against the Company for any benefit due to him in respect to the matters mentioned in this Article except pursuant to the contract mentioned above.

**Article 145** The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders' general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) a takeover offer made by any person to all shareholders;
- (II) a takeover offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in the Articles.

If the relevant director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis shall be borne by the relevant director or supervisor and shall not be deducted from the that sum.

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

**Article 146** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations, and the listing rules of the place where the shares of the Company are listed and PRC accounting standards formulated by the State finance authorities.

**Article 147** The Company shall adopt the Gregorian calendar year for its accounting year, namely, the accounting year shall be from January 1 to December 31. At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.

**Article 148** The Company's Board of Directors shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, the listing rules of the place where the shares of the Company are listed, and normative documents promulgated by the local government and the competent authorities.

**Article 149** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The Company shall send by prepaid mail the directors' report, together with the balance sheet (including each document to be attached to the balance sheet as prescribed by law) and statement of profit and loss or statement of income and expenditure, or summary of the financial report to each holder of overseas listed foreign shares at least 21 days before the annual general meeting at the address recorded in the register of shareholders. The Company can proceed by way of announcements, including publication via the Company's website and/or on newspapers, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules, normative documents and the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed.

**Article 150** The financial statements of the Company shall be prepared in accordance with accounting standards and regulations of the PRC, as well as international accounting standards, or the those of the place outside the PRC where the shares of the Company are listed. If there is any material discrepancy between the financial statements prepared in accordance with the two accounting standards, such discrepancy shall be stated in the notes to financial statements. In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the abovementioned two financial statements shall be adopted.

**Article 151** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with accounting standards and regulations of the PRC, as well as in accordance with either international accounting standards, or those of the place outside the PRC where the shares of the Company are listed.

**Article 152** The Company shall publish its financial reports twice every accounting year, namely, the interim financial report shall be published within sixty (60) days after the end of the first six (6) months of each accounting year and the annual financial report shall be published within one hundred and twenty (120) days after the end of each accounting year.

Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.

**Article 153** The Company shall not establish books of accounts other than those required by law.

**Article 154** Capital reserve fund includes the following items:

- (I) any premium from share issuance at the price higher than the par value of shares;
- (II) any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

**Article 155** The Company may distribute dividends in the form of (or a combination of both):

- (I) cash;
- (II) shares;
- (III) other means permitted by laws, administrative regulations, departmental rules, and regulatory provisions in the place where the shares of the Company are listed.

The cash dividend and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividend and other amounts paid by the Company to the holders of foreign shares shall be calculated and declared in Renminbi and paid in foreign currency or RMB. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of foreign shares shall be arranged in accordance with the provisions of the state regulations on foreign exchange administration.

**Article 156** The Company shall appoint a receiving agent for holders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends and other amounts payable by the Company to them in respect to the overseas listed foreign shares.

The receiving agent appointed by the Company shall satisfy requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange.

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

**Article 157** Any amount paid up in advance of calls on any shares may carry interest but shall not entitle such shareholder to the dividend subsequently declared.

Where power is given to forfeit unclaimed dividends, that power shall not be exercised until the expiry of the applicable effective period.

The Company has the power to cease sending dividend warrants by post to a holder of overseas listed foreign shares. The Company shall only exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is undelivered and returned.

The Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (I) the Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period; and
- (II) upon expiration of the 12-year period, the Company publishes an announcement in one or more newspapers of the region where the Company's shares are listed, indicating our intention to sell the Shares and notifies the securities regulatory authority of the place where the Company's shares are listed of such intention.

## Chapter 16 Appointment of Accounting Firms

**Article 158** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company.

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting.

In case of failure to exercise such functions and powers at the inauguration meeting provided in the preceding paragraph, the Board shall exercise such functions and powers instead.

**Article 159** The accounting firm appointed by the Company shall hold their position from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

**Article 160** The accounting firm appointed by the Company shall have the following rights:

- (I) the right to review the books, records and documents of the Company at any time, the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;
- (II) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;
- (III) the right to attend general meetings and to receive all notices of, and other information relating to, the meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 161** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. However, if other accounting firms are holding the position of the accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

**Article 162** The shareholders in a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. However, the accounting firm's right (if any) to claim damages from the Company which arise from its removal shall not be affected thereby.

**Article 163** The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

**Article 164** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by a shareholder' general meeting, and shall be filed with the securities regulatory authority of the State Council.

Where a resolution is passed at a shareholders' general meeting to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy of the accounting firm, or to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) before the notice of general meeting is given, a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. Leaving includes leaving by removal, resignation and retirement.
- (II) if the leaving accounting firm makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:
  - 1. in any notice about the resolution to be made, state the fact that the leaving accounting firm has made such representations; and
  - 2. attach a copy of the representations to the notice and send it to shareholders in the manner stipulated in the Articles of Association.
- (III) if the Company fails to send out the accounting firm's representations in the manner set out in item (II) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further complaints.

(IV) an accounting firm that is leaving its post shall be entitled to attend:

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

The leaving accounting firm shall be entitled to receive all notices of, and other information relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 165** If the Company decides to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

(I) the accounting firm may resign from its office by depositing the written notice of resignation at the registered address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

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

(II) the Company shall, within fourteen (14) days of the receipt of the written notice referred to in item (I) of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement under item (I) 2 of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection.

The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares (being a shareholder entitled to a report on the financial position of the Company) at the address registered in the shareholder's register or, subject to applicable laws, regulations and the Listing Rules, publish on the Company's website or on the designated website of the stock exchange where the Company's shares are listed.

(III) if the accounting firm's notice of resignation contains a statement under item (I) 2 of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## **Chapter 17 Merger, Division, Dissolution and Liquidation of the Company**

**Article 166** In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and such proposal shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval formalities pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to the merger and division of the Company to purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders. The aforesaid documents shall be sent to each holder of overseas listed foreign shares by post.

**Article 167** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. In accordance with the provisions of the Company Law, the Company shall notify the creditors within ten (10) days from the date of the resolution of the general meeting to merge and publish an announcement in a newspaper recognized by the stock exchange where the Company's shares are listed within thirty (30) days, and settle the debts or provide appropriate guarantees as required by the creditors.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 168** In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days from the date on which a resolution is adopted in favor of the division and shall publish an announcement in a newspaper recognized by the stock exchange where the Company's shares are listed within thirty (30) days from the date of such resolution.

The companies after the division shall be jointly and severally liable for the debts incurred by the Company before its division, unless otherwise agreed in a written agreement in relation to discharge of debts concluded before the division by the Company with its creditors.

**Article 169** Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

## **Chapter 18 Dissolution and Liquidation of the Company**

**Article 170** In any of the following circumstances, the Company shall be dissolved and liquidated according to law:

- (I) other causes of dissolution as provided for in the Articles of Association;
- (II) a resolution on dissolution is passed by shareholders at a general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the Company is legally declared bankrupt due to its failure to repay debts due;
- (V) the Company's business license is revoked or the Company is ordered to close or to be cancelled for violation of laws or administrative regulations; or
- (VI) The Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding ten percent (10%) or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company, and the People's Court will dissolve the Company pursuant to laws.

**Article 171** Where the Company is dissolved pursuant to items (I), (II), (V) and (VI) of Article 170, a liquidation committee shall be formed within fifteen (15) days from the date of occurrence of such grounds for dissolution, to start the liquidation process. The liquidation committee consists of directors or the members determined by shareholders' general meeting. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

Where the Company is to be dissolved pursuant to the provision of item (4) of Article 224 hereof, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 172** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

**Article 173** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and publish announcements in newspapers recognized by the stock exchange where the Company's shares are listed within sixty (60) days. The creditors may declare their claims to the liquidation committee within thirty (30) days from the date when it receives the above notice or within forty-five (45) days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 174** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify creditors by sending notice and making public announcement;

- (III) to deal with and settle any outstanding businesses of the Company;
- (IV) to pay outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts; and
- (VII) to represent the Company in any civil proceedings.

**Article 175** After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and present it to the shareholders' general meeting or to the People's Court for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company remains continuing but shall not commence any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before repayment of the Company's debts in full in accordance with the preceding paragraph.

**Article 176** In the event of the Company's liquidation due to dissolution, if, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to a People's Court for declaration of bankruptcy.

After the Company is declared bankrupt by a ruling from a People's Court, the liquidation committee shall hand over the liquidation matters to the People's Court.

**Article 177** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and financial accounts for the liquidation period which shall be submitted to the general meeting or a People's Court for confirmation after being verified by a certified public accountant in the PRC. The liquidation committee shall within thirty (30) days after the confirmation by the general meeting or a People's Court, submit the foregoing documents to the Company's registration authority and apply for deregistration of the Company, and publish an announcement relating to the termination of the Company.

## **Chapter 19 Procedures for Amendments to the Articles of Association**

**Article 178** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

**Article 179** Any amendments to the Articles of Association shall be made after the relevant decision-making procedures and the necessary formalities have been fulfilled in accordance with the relevant laws, administrative regulations and the provisions of the Articles of Association. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

## **Chapter 20 Notice and Announcement**

**Article 180** Subject to the laws, regulations, rules and the relevant provisions of the stock exchange where the Company's shares are listed, the notice of the Company may be given in the following forms:

- (I) By hand;
- (II) By mail;
- (III) By fax or e-mail;
- (IV) By posting on the websites of the Company and a website designated by the Hong Kong Stock Exchange;
- (V) Other forms.

The notices, materials or written announcement of the general meeting should be delivered to the holders of overseas listed foreign shares in any of the following manners:

- (I) To be delivered to every holder of overseas listed foreign shares by hand or by mail to the registered addresses of such holder of overseas listed foreign shares;
- (II) Announced at the websites designated by the securities regulatory authority or the stock exchange where the Company's shares are listed in accordance with relevant laws, administrative regulations and listing rules;
- (III) Any other matters as required by the stock exchange of the place where the Company's shares are listed and the listing rules.

Even if the Articles of Association have otherwise provided for the methods of announcement or notification for any documents, notices, or other corporate communications, subject to relevant provisions of the stock exchange where the Company's shares are listed, the Company may choose to publish its communications by the means specified in item (4) of the first paragraph in this Article or other means specified by the relevant stock exchange where the Company's shares are listed to issue corporate communications, to replace the means of sending written documents to each holder of overseas listed foreign shares by hand or by mail. The abovementioned corporate communications refer to any documents sent or to be sent by the Company to the shareholders for reference or for taking action, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), Directors' report (together with the balance sheets and profit and loss statements), notice of the general meetings, circulars and other communication documents.

**Article 181** For a notice of the Company delivered by hand, the recipient shall sign (or affix a seal) on the note of receipt and the receipt date shall be the date of service. If the notice is delivered via post, it shall be deemed to have been received forty-eight (48) hours after the date on which such notice is delivered to the post office. If the notice is delivered by way of fax or electronic mail or by way of publishing information on websites, it shall be deemed to have been received on the date it is sent. If the notice is delivered by way of announcement, it shall be deemed to have been received on the date on which the announcement is first published.

**Article 182** Any notices, documents, information or written statements given by shareholders or directors to the Company may be delivered to the legal address of the Company by hand or by registered mail.

**Article 183** The shareholders or directors of the Company who want to prove that certain notices, documents, materials, or written statements have been sent to the Company shall provide evidential materials showing that such notices, documents, materials, or written statements have been sent to the Company by methods prescribed in Article 182 hereof within designated time, specifically, the provision of receipt confirmation in the case of delivery by person, and in the case of delivery by post, the provision of evidence showing that the relevant mail, clearly addressed, with recipient's name clearly written and the postage pre-paid, has been sent to the right address.

**Article 184** In the event that the listing rules of the stock exchange where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the preference stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by applicable laws and regulations and pursuant to the applicable laws and regulations.

The Company issues announcements and information disclosure to holders of domestic shares through the stock exchange's website and media satisfying the requirements prescribed by securities regulatory authority under the State Council. If an announcement should be issued to holders of overseas listed foreign shares according to the Articles of Association, the relevant announcement shall also be published in accordance with the method stipulated in the listing rules of the place where the Company's shares are listed.

All notices or other documents required to be filed by the Company with the Hong Kong Stock Exchange shall be in English or accompanied by a signed and certified English translation.

The information disclosed by the Company in other public media shall not precede designated newspapers and designated websites, and shall not replace the Company's announcements in other forms such as press releases or answering questions from reporters.

The Board of Directors has the right to adjust the newspapers and periodicals for Company's information disclosure, but should ensure that the designated newspapers and periodicals for information disclosure comply with the relevant laws and regulations and the qualifications and conditions stipulated by the securities regulatory authority and stock exchange where the Company's shares are listed.

## **Chapter 21 Resolution of Disputes**

**Article 185** The Company shall abide by the following principles for dispute resolution:

- (I) If any disputes or claims in relation to the Company's business, with respect to any rights or obligations under the Articles of Association of the Company, the Company Law or any other relevant laws and administrative regulations, arise between holders of overseas listed foreign Shares and the Company, between holders of overseas listed foreign shares and the Company's Directors, Supervisors, General Managers and other senior management personnel of the Company, or between holders of overseas listed foreign shares and holders of domestic shares, the parties concerned shall submit such disputes or claims to arbitration.

When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Company, the Company's Shareholders, Directors, Supervisors, General Managers and other senior management personnel of the Company) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.

Disputes with respect to the definition of Shareholders and disputes concerning the register of Shareholders need not be resolved by arbitration.

- (II) An applicant may choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its arbitration rules. Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant.

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

- (III) Unless otherwise provided by laws and administrative regulations, the laws of the PRC shall apply to the settlement of any disputes or claims that are resolved by arbitration described in item (I) above.

- (IV) The award of the arbitration institution shall be final and binding upon all parties.

## **Chapter 22 Supplementary Provisions**

**Article 186** The Board of Directors may formulate detailed rules for the Articles of Association pursuant to the provisions of the Articles of Association. The detailed rules for the Articles of Association shall not contradict the provisions of the Articles of Association.

**Article 187** In the Articles of Association, the meaning of the term “accounting firm” is the same as that of “auditor”.

**Article 188** The terms “above” and “within” referred to in the Articles of Association shall include the numeral referred thereto; the terms “more than” and “less than” shall exclude the numeral referred thereto.

**Article 189** The “business day” referred to in the Articles of Association refers to the day when the Hong Kong Stock Exchange opens for securities trading.

(no text below)

Zylox-Tonbridge Medical Technology Co., Ltd.

(If there is any inconsistency between the English and Chinese version of this document, the Chinese version shall prevail.)