



**CHINA ISOTOPE & RADIATION CORPORATION**  
**中國同輻股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1763)**

**Articles of Association of China Isotope & Radiation Corporation**

**Chapter 1 General Rules**

**Article 1** China Isotope & Radiation Corporation (hereinafter referred to as the “Company”) is a joint stock limited liability company founded under the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), Securities Law of the People’s Republic of China, Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “Trial Measures”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) as well as other relevant laws and administrative rules of the People’s Republic of China.

As a corporation established through the overall alteration from China Isotope Co., Ltd., the Company was registered and licensed at the former State Administration for Industry and Commerce on December 6, 2011. The Company’s unified social credit code is: 91110000100001019X.

The founders of the Company are China National Nuclear Corporation (hereinafter referred to as “CNNC”), China Institute of Atomic Energy (hereinafter referred to as “CIAE”), and Nuclear Power Institute of China (hereinafter referred to as “NPIC”).

**Article 2** Registered company name:

Chinese full name: 中國同輻股份有限公司(hereinafter referred to as “中國同輻” for short)

English full name: China Isotope & Radiation Corporation (hereinafter referred to as “CIRC” for short)

**Article 3** The Company’s domicile is: Room 418, South 4th Floor, Building 1, No. 66, Changwa Middle Street, Haidian District, Beijing, 100089; phone: 86-10-68522774; fax: 86-10-68512374.

**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 liability company with perpetual existence.

**Article 6** As the code of conduct of Company, the Articles of Association (hereinafter referred to as the “Articles”) are approved by the special resolution of the shareholders’ general meeting. Once the Articles become effective, they shall constitute a legally binding instrument regulating the Company’s organization and activities and the rights and obligations between the Company and each shareholder and between the shareholders.

**Article 7** The Articles are binding on the Company and its shareholders, directors, supervisors and senior management officers, all of whom have the rights to make claims in connection with any matters of the Company pursuant to the Articles.

A shareholder may take legal action against the Company in accordance with the Articles; the Company may take legal action against any shareholder in accordance with the Articles; a shareholder may take legal action against another shareholders in accordance with the Articles; a shareholder may take legal action against the directors, supervisors and senior management officers of the Company in accordance with the Articles.

The legal action referred to in the preceding paragraph includes filing a lawsuit with competent courts or applying to arbitral bodies for arbitration.

**Article 8** All the Company assets are divided into equal shares. The liability of a shareholder of the Company shall be limited to the shares held by each shareholder. The Company shall hold liable for its debt with all of its assets.

The Company may invest in other limited liability companies and joint stock limited liability companies or other entities, and assume liability towards the invested companies to the extent of the capital contributions so made, and shall not be jointly and severally held liable for the debts of the investees except otherwise provided by laws.

**Article 9** According to the Constitution of the Communist Party of China, the Company shall set up the organization of Communist Party of China. The Party Committee shall give full play to its leading role by controlling the direction, managing the overall situation and ensuring the implementation of policies. The Company shall establish the working organs of the Party, provide the Party organization with enough working personnel and guarantee its working funds.

**Article 10** The Company implements a chief legal officer system. The chief legal officer is a senior management officer who shall be engaged by the Board of Directors and be responsible for the overall legal affairs of the Company. The Legal Affairs Committee of the Board of Directors is responsible for promoting the corporate governance construction and supervising over the governance compliance by management. For the matters discussed or reviewed by the Party Committee, the Board of Directors and the Office of General Manager that involve legal issues, the chief legal officer shall attend the relevant meeting and propose his/her legal opinions accordingly.

**Article 11** The reference to senior management officers in the Articles includes the general manager, deputy general managers, chief accountant, chief engineer, chief legal officer and secretary to the Board of Directors of the Company.

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

**Article 12** The business objective of the Company is to develop nuclear technology applications in order to benefit the human society.

**Article 13** The scope of business of the Company: Licensed items: pharmaceutical wholesale; pharmaceutical import and export; sales of Class I radioactive sources; sales of Class II, III, IV and V radioactive sources; sales of Class II and III radiation devices; operation of Class III medical appliance; leasing of Class III medical appliance; sales of sterilization devices. (Items that are subject to approval by law may only be carried out upon approval by relevant departments. The specific business items are subject to the approval documents or licenses of the relevant departments) General items: sales of Class I medical appliance; sales of Class II medical appliance; leasing of Class II medical appliance; customs declaration business; sales agent; sales of electronic products; sales of communication equipment; sales of mechanical parts and components; sales of instrument and meter; sales of special instruments and meter for environmental monitoring; sales of experimental analytical instruments; sales of mechanical equipment; auto parts and accessories wholesale; sales of chemical products (excluding permitted chemical products); sales of disinfectants (excluding hazardous chemicals); sales of specialized chemical products (excluding hazardous chemicals); sales of bio-based materials; sales of metal materials; sales of office equipment supplies; manufacturing of industrial textile products; sales of industrial textile products; sales of knitting textile; sale of articles of daily use; sales of labor protection products; sales of office supplies; property management; conference and exhibition services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion.

The business scope of the Company is subject to such items as approved by the company registration authority.

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

**Article 14** There must, at all times, be ordinary shares in the Company. If required, it can create other classes of shares upon approval by the company approving department that the State Council authorizes.

**Article 15** All the shares issued by the Company are par value stock, each with a par value of Renminbi one yuan.

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

**Article 16** Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank *pari passu* in all aspects.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

**Article 17** With the registration or filing with the securities regulatory authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

The reference to foreign investors in the preceding paragraph indicates the investors subscribing for the shares issued by the Company and residing in foreign countries and in the regions of Hong Kong, Macao and Taiwan. Domestic investors are those subscribing for the shares issued by the Company but residing in the People's Republic of China other than in the abovementioned regions.

**Article 18** 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 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.

Foreign shares issued by the Company that are listed in the Hong Kong Stock Exchange shall be referred to as "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.

**Article 19** After approval by the department authorized by the State Council, the Company issued 200,000,000 shares to the promoter on date of the establishment, which shares are all subscribed for and held by the promoters, comprising 103,860,000 shares held by CNNC, representing 51.93% of the total number of ordinary shares issued by the Company on establishment, 53,840,000 shares held by CIAE, representing 26.92% of the total number of ordinary shares issued by the Company on establishment, and 42,300,000 shares held by NPIC, representing 21.15% of the total number of ordinary shares issued by the Company on establishment.

**Article 20** As approved by the securities authority of the State Council, the Company may issue no more than 91,964,006 overseas-listed foreign shares. After the completion of the above issuance, the shareholding structure of the Company is composed of 319,874,900 ordinary shares, of which 106,676,903 shares shall be held by CNNC (中國核工業集團有限公司), 58,534,835 shares shall be held by CIAE, 46,994,835 shares shall be held by NPIC as promoters, 27,699,527 shares for all the other domestic shareholders, and 79,968,800 shares shall be held by holders of overseas-listed foreign shares.

**Article 21** The registered capital of the Company is RMB319,874,900.

**Article 22** The Company may approve the increase of capital according to this Articles based on the needs of operation and development.

The Company may increase its capital in the following ways:

- (I) Offering new shares to non-specially-designated investors;
- (II) Placing new shares to existing shareholders;
- (III) Distributing bonus shares to existing shareholders;
- (IV) Converting capital reserves into share capital;
- (V) Other ways permitted by laws and administrative regulations.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles, it shall be made in accordance with the procedures provided in the relevant laws and administrative regulations of PRC.

**Article 23** Unless otherwise specified by laws and administrative regulations, the shares of the Company can be freely transferred without any additional liens.

**Article 24** The Company shall not accept any of its own shares as the subject of pledge.

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

**Article 25** The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures provided in the Company Law, other relevant laws, regulations and normative documents, and the Articles.

**Article 26** When reducing its registered capital, the Company must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution. The creditors are entitled to ask the Company to repay its debts or provide corresponding repayment guarantee for such debts within thirty (30) days from the date of receiving the notice, or in the case of not receiving such notice within forty-five (45) days from the date of announcement.

The registered capital of the Company following such capital reduction shall not be less than the minimum level set by law.

**Article 27** In the following circumstances, the Company may repurchase its issued shares in accordance with the listing rules of the stock exchange where shares of the Company are listed or other securities laws and rules and upon passing the procedures provided in the Articles:

- (I) Cancellation of shares for the purpose of reduction of registered capital of the Company;
- (II) Merger with another company which holds the shares of the Company;
- (III) Shares used for the employee share ownership scheme or equity incentives;
- (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) Shares used for conversion of corporate bonds issued by the Company that may be convertible into shares;
- (VI) Protection of the value of the Company and shareholders' interests.

**Article 28** The Company must obtain the prior approval of the shareholders at a general meeting, before it can repurchase shares by reason of those mentioned in subclauses (I) to (III) of Article 27 of the Articles. If the Company repurchases shares for reasons set out in sub-clauses (V) and (VI) of Article 27, it shall obtain approval by two-thirds of the directors who attend the meeting of the board of directors. Unless otherwise provided by the listing rules of the stock change which shares of the Company are listed or other securities laws and rules, shares repurchased by the Company under sub-clause (I) of Article 27 hereto shall be cancelled within ten (10) days from the date of repurchase; the shares repurchased under sub-clauses (II) and (IV) of Article 27 hereto shall be transferred or cancelled within six (6) months; and the aggregate number of shares acquired by the Company in accordance with sub-clauses (III), (V) and (VI) of Article 27 hereto shall not exceed 10% of the Company's issued shares, and the shares acquired shall be either transferred or cancelled within three years.

#### **Chapter 5 Share Certificates and Register of Shareholders**

**Article 29** Share certificates of the Company shall be in registered form.

In addition to those provided in 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.

**Article 30** The share certificates shall be signed by the chairman of the Board of Directors. If required by the stock exchange where the shares of the Company are listed, to be signed by other 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 Company's seal. 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 other relevant senior management officer of the Company on the share certificates may also be in printed form.



**Article 31** The Company shall maintain a register of shareholders and register the following particulars:

- (I) Name, address (residence), occupation or nature of each shareholder;
- (II) Class and number of shares held by each shareholder;
- (III) The amount paid or payable in respect to shares held by each shareholder;
- (IV) Serial numbers of the shares held by each shareholder;
- (V) The date on which each shareholder was registered as a shareholder;
- (VI) The date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, unless there is evidence to the contrary.

**Article 32** The Company may maintain the original copy of the register of holders of overseas-listed foreign shares outside China and entrust an overseas agent to maintain such register in accordance with the memorandum of understanding and agreements between the securities authority of the State Council and the overseas securities regulatory authorities. A copy of the register of holders of foreign shares shall be kept at the Company.

**Article 33** Subject to compliance with the Articles and other applicable requirements and upon transfer of the Company's shares, the transferees will become the holders of such shares with their names being entered in the register of shareholders.

Where two or more individuals are registered as joint holders of any share, they shall be deemed as joint owners of such share and subject to the following restrictions:

- (I) All joint holders of any shares shall jointly and severally assume obligation for all amounts payable for Relevant Shares;
- (II) If one of the joint holders dies, only the surviving joint holder(s) shall be deemed by the Company as having ownership of the Relevant Shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the death certificate of such holder or other documentary proof it deems appropriate; and
- (III) In the event of there being joint holders of any share, any of them may attend a shareholders' general meeting of the Company or exercise the voting rights of the shares (regardless of attendance in person or by proxy). If more than one of the joint holders attend the shareholders' general meeting in person, or by proxy, only the attendee whose name appears first in the register of shareholders among such joint holders is entitled to vote for such shares.

**Article 34** The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

- (I) The register of shareholders kept at the Company's domicile, other than those registers of shareholders as described in sub-paragraph (II) of this paragraph;
- (II) 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 35** Different parts of the register of shareholders shall not duplicate one another. No transfer of the shares registered in any part of the register of shareholders shall, during the continuance of that registration, be registered in any other part of the register of shareholders.

Each part of the stock transfer book shall be altered or corrected according to the laws of the place where such part of the register of shareholders is maintained.

**Article 36** If the Company refuses the registration of share transfer, the Company shall give the transferor and the transferee a notice of refusal in relation to registration of shares within two months from the date when the transfer application is formally filed. Where the PRC laws and regulations and the Hong Kong Listing Rules contain provisions which stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 37** The Board of Directors shall set a date for ascertainment of the shareholding when the Company convenes shareholders' general meetings, distributes dividends, liquidates, or carries out other activities requiring the determination of shareholdings. Upon the close of such date, the shareholders appearing in the register of shareholders shall be deemed as the shareholders of the Company.

**Article 38** Any person who requests to have his name entered to, or removed from, the register of shareholders may apply to the relevant court of authority for rectification of the register of shareholders.

**Article 39** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (hereinafter referred to as "Original Certificates") are lost, apply to the Company for a replacement share certificate in respect to such shares (hereinafter referred to as "Relevant Shares").

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

If any holder of overseas-listed foreign shares loses his share certificates and applies for replacement, it may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of shareholders of these shares is kept.



## Chapter 6 Rights and Obligations of Shareholders

**Article 40** 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 and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

All classes of shareholders of the Company shall have equal rights in any distribution in the form of dividend or any other forms.

**Article 41** Holders of ordinary shares of the Company shall have the following rights:

- (I) To obtain dividends and other forms of distributions in proportion to the number of shares held;
- (II) To attend or appoint a proxy to attend, speak and vote on their behalf at shareholders' general meetings (unless individual shareholders are required to abstain from voting on individual matters in accordance with the relevant requirements of the places where the Company's securities are listed);
- (III) To supervise the operation of the Company, and to put forward proposals or raise enquiries;
- (IV) To transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations and the Articles;
- (V) The right to inspect the Articles of Association, register of shareholders, corporate bond counterfoils, minutes of general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, and financial accounting reports, and to make suggestions or inquire about the Company's operations.

The shareholder proposing to inspect the information related to the preceding Article or to request for information shall provide the Company with written documents proving the class and number of shares held. After checking the identity of that shareholder, the Company shall provide him with the information in accordance with his requests;

- (VI) A shareholder who votes against any resolution adopted at the shareholders' general meeting on the merger or division of the Company may request the Company to repurchase the shares held;
- (VII) When the Company is terminated or liquidated, the right to participate in the distribution of the remaining assets of the Company in proportion to the percentage of the shares held;
- (VIII) Other rights conferred by laws, administrative regulations and the Articles.

**Article 42** The resolutions of the shareholders' general meeting and meetings of the Board of Directors that are contrary to laws and administrative regulations are invalid. If the convening procedure and voting method of a shareholders' general meeting or a meeting of the Board of Directors violate relevant laws, administrative regulations or the Articles, or the contents of any resolution violate the Articles, the shareholders shall have the right to request the people's court to cancel such resolution within sixty (60) days from the date of such resolution.

**Article 43** Where a director or an senior management officer violates any laws, administrative regulations or the Articles in the course of performing his duties and thereby causes losses to the Company, the shareholders individually or jointly holding more than 1% of the Company's shares for one hundred and eighty (180) consecutive days or more shall have the right to request, in written form, the Board of Supervisors to initiate a legal proceeding in the people's court. Where the Supervisors violates any laws, administrative regulations or the Articles in the course of performing its duties and thereby causes losses to the Company, the aforesaid shareholders may request, in written form, the Board of Directors to initiate a legal proceeding in the people's court.

In the event that the Board of Supervisors and the Board of Directors refuse to initiate legal proceedings upon receiving the written request from a shareholder, as specified in the preceding paragraph, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will cause irreparable damage to the Company's interests, shareholders mentioned in the preceding paragraph shall have the right to initiate legal proceedings in the people's court directly in their own names for the benefit of the Company.

Where the legitimate rights and interests of the Company are damaged and the Company thereby suffers any loss, the shareholders described in the first paragraph of this Article may initiate a legal proceeding in the people's court in accordance with the provisions of the preceding two paragraphs.

Where any director or a senior management officer damages the shareholders' interests by violating any laws, administrative regulations or the Articles, the shareholders may initiate a legal proceeding in the people's court.

**Article 44** Holders of ordinary shares of the Company shall assume the following obligations:

- (I) To abide by the laws, administrative regulations and the Articles;
- (II) To pay for the shares in accordance with the shares subscribed for and the method of subscription;
- (III) Not to withdraw the shares unless otherwise stated by laws and administrative regulations;

- (IV) Not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; nor to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;

Where shareholders of the Company abuse their shareholders' rights and thereby cause any loss to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with the law.

Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders to evade repayment of debts, thereby materially damaging the interests of creditors of the Company, such shareholders shall be jointly liable for the debts of the Company.

- (V) Other obligations imposed by laws, administrative regulations and the Articles.

Unless otherwise specified, shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the Relevant Shares on subscription.

**Article 45** In addition to the obligations required by laws, administrative regulations or listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect to the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (I) To relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) To approve a director or supervisor (for his or other parties' interest) to deprive the Company of its assets in any form, including (but not limited to) any opportunity favorable to the Company;
- (III) To approve a director or supervisor (for his or other parties' interest) to deprive other shareholders of their personal interests, including (but not limited to) any allocation right and voting right, exclusive of any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles.

**Article 46** The "controlling shareholder" mentioned in the above Article is a shareholder who holds shares accounting for more than 50% of the total share capital of the Company, and a shareholder whose voting rights in accordance with his shareholding are sufficient to have a significant impact on the resolution of a general meeting of shareholders even though the proportion of shares held by him is less than 50%.

## **Chapter 7 Shareholders' General Meeting**

### **Section 1 General Rules**

**Article 47** The shareholders' general meeting is the power of authority of the Company and shall exercise its functions and powers in accordance with the laws.

**Article 48** The shareholders' general meeting shall have the following functions and powers:

- (I) To decide the Company's operation policies and investment plans;
- (II) To elect and replace the directors who are not the employee representatives, and to determine matters relating to the remuneration of the directors;
- (III) To elect and replace the supervisors who are not the employee representatives and to determine matters relating to the remuneration of such supervisors;
- (IV) To consider and approve the reports of the Board of Directors;
- (V) To consider and approve the reports of the Board of Supervisors;
- (VI) To consider and approve the annual financial budgets and final accounts of the Company;
- (VII) To consider and approve the profit distribution plans and plans for recovery of losses of the Company;
- (VIII) To make resolutions on increase or reduction of the Company's registered capital;
- (IX) To make resolutions on the merger, division, reorganization, dissolution, liquidation and other matters of the Company;
- (X) To make resolutions on the issuance of debentures by the Company;
- (XI) To make resolutions on the appointment, dismissal or stopping reappointment accounting firm for annual auditing;
- (XII) To amend the Articles;
- (XIII) To consider the proposal of a shareholder holding 3% or more of the voting rights in the shares;
- (XIV) To consider and approve the matters in relation to purchase or disposal of material assets or provision of guarantee by the Company of a value exceeding 30% of the Company's latest audited total assets within one year;
- (XV) To consider and approve the external guarantees specified in Article 49;
- (XVI) To consider and approve the share incentive plan;

(XVII) To consider and approve the change in the use of proceeds;

(XVIII) Other matters which are required to be determined at the shareholders' general meeting in accordance with the laws, administrative regulations and the Articles.

**Article 49** The provision of any external guarantee by the Company shall be considered and approved by the Board of Directors or the shareholders' general meeting.

The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved in a shareholders' general meeting. When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

**Article 50** The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

**Article 51** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within six (6) months from the close of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within two (2) months from the occurrence of any of the following circumstances:

- (I) When the number of directors is less than the statutory minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles;
- (II) When the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (III) When any shareholder individually or jointly holding 10% or more of the total voting shares of the Company requests in writing for the convocation of an extraordinary general meeting;
- (IV) When deemed necessary by the Board of Directors;
- (V) When requested by the Board of Supervisors;
- (VI) Any other circumstances stipulated in the laws, administrative regulations or the Articles.

**Article 52** The shareholders' general meeting shall be held on site in a convention hall.

While ensuring the legitimacy and validity of shareholders' general meeting, the Company can provide convenience to the shareholders to attend such meeting by means of all kinds of modern information technologies provided that the conditions are in place. The shareholders attending the meeting through the aforesaid means are deemed present.

### **Section 2 Convocation of Shareholders' General Meetings**

**Article 53** The proposal to the Board of Directors on the convocation of an extraordinary general meeting shall be made in written form by the Board of Supervisors. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, provide a written feedback on whether to agree or not to convene such meeting within ten (10) days after receiving the proposal.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, a notice on the convening of such meeting shall be given within five (5) days after the resolution being made by the Board of Directors. Changes made to the original proposal in the notice shall be approved by the Board of Supervisors.

In the event that the Board of Directors refuses to convene the extraordinary general meeting, or gives no feedback within ten (10) days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene such meeting, and the Board of Supervisors can convene and preside over such meeting on its own.

**Article 54** If the Board of Directors is unable to perform or fails to perform its duty to convene a shareholders' general meeting, the Board of Supervisors shall convene and preside over the meeting in a timely manner; if the Board of Supervisors fails to convene and preside over the meeting, the shareholders who have held above ten percent of the Company's shares, either individually or collectively, for a period of above ninety consecutive days may convene and preside over the meeting on their own.

In the event that shareholders who individually or collectively hold above ten percent of the shares of the Company request the convening of an extraordinary general meeting, the Board of Directors or the Board of Supervisors shall make a decision as to whether or not to convene an extraordinary general meeting within ten days from the date of receipt of such request and shall reply to the shareholders in writing.

### **Section 3 Proposal and Notice on the Shareholders' General Meeting**

**Article 55** To convene the shareholders' general meeting, the shareholders individually or jointly holding more than 3% of the total voting shares shall be entitled to propose new resolutions in writing to the Company. The Company shall incorporate the matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting for the consideration.



Shareholders who individually or collectively hold above three percent of the shares of the Company may, ten days prior to the convening of the general meeting, put forward an ad hoc proposal and submit the same in writing to the Board of Directors; the Board of Directors shall notify the other shareholders within two days upon receiving such proposal and submit the same to the general meeting for consideration. The contents of an ad hoc proposal shall be within the scope of duties of the shareholders' general meeting and with a clear agenda and specific resolutions.

**Article 56** The contents of the aforesaid proposal shall be in conformity with relevant laws, administrative regulations and the Articles, within the scope of duties of the shareholders' general meeting and with a clear agenda and specific resolutions.

**Article 57** To convene the annual general meeting, the Company shall give a written notice twenty (20) business days before the date of meeting, and to convene the extraordinary general meeting, the Company shall give a written notice fifteen (15) days before the date of meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and of the date and place of the meeting.

**Article 58** The extraordinary general meeting shall not transact business not stated in the notice of meeting.

**Article 59** Notice of the shareholders' general meeting shall:

- (I) Be in written form;
- (II) Specify the place, date and time of this meeting;
- (III) Set out the matters to be considered at the meeting;
- (IV) Specify the record date when the shareholders entitled to attend the shareholders' general meeting have their shares registered;
- (V) Provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be discussed. The principle includes, but not limited to, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;
- (VI) Disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered will affect such director, supervisor, general manager and other senior management officer in his capacity as shareholders and the way in which such matter will affect other shareholders of the same class;
- (VII) Contain the full text of any special resolution proposed to be passed at the meeting;

- (VIII) Contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (IX) Specify the time and place for lodging proxy forms for the relevant meeting;
- (X) Set out the name and phone number of the standing contact person for meeting affairs.

**Article 60** Unless otherwise specified by laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed, as well as the Articles, the notice of the shareholders' general meeting shall be delivered to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting) in such manner as specified in the Articles or in such manner as permitted by the stock exchange where the shares of the Company are listed.

**Article 61** 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.

#### **Section 4 Convening of Shareholders' General Meeting**

**Article 62** Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed can exercise the following rights pursuant to the authorization from such shareholder:

- (I) Such shareholder's right to speak at the meeting;
- (II) The right to demand a poll alone or jointly with others;
- (III) The right to vote by a show of hands or by a poll. However, when more than one proxy are entrusted, they can only vote by a poll.

If the shareholder is a recognized clearing house (or its proxy), such shareholder may authorize one or more persons it thinks fit to act as its proxy at any shareholder's meeting (or any creditors meeting); however, if more than one person is authorized, the power of attorney shall specify the number and class of the shares with respect to such persons so authorized. The power of attorney shall be executed by a person authorized by such recognized clearing house. The person so authorized may attend the meeting and exercise any rights on behalf of such recognized clearing house (or its proxy) (without producing any share certificate, notarized power of attorney and/or further evidence to prove that the person has been so authorized) as if such person were an individual shareholder of the Company.

**Article 63** Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made additionally under the seal of a legal person or under the hand of duly authorized agent.

**Article 64** Any form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast an affirmative or negative vote and to give separate instructions on each matter to be voted at the meeting.

The power of attorney shall state that a proxy of shareholder may vote at his/her own discretion in the absence of any indication from the shareholder.

**Article 65** The proxy form shall be deposited in the Company domicile or such other place specified in the notice of the meeting not less than twenty-four (24) hours before the meeting at which the proxy is authorized to vote. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments shall be deposited, along with the proxy form, in the Company domicile or such other place specified in the notice of the meeting.

If the appointer is a legal person, its legal representative or the person authorized by the resolutions of the Board of Directors or other decision-making body shall attend and vote at the shareholders' general meeting on behalf of the appointer and, where the appointer is so represented, it shall be treated as being present at any meeting in person.

**Article 66** The shareholders' general meeting shall be convened by the Board, presided over and chaired by the chairman of the Board of Directors. If the chairman is unable or fails to perform his duties, the vice chairman of the Board of Directors designated by the chairman of the Board of Directors shall preside over the meeting and act as the chairman of the meeting. If the vice chairman is unable or fails to perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting and act as the chairman of the meeting. If no director is elected to take the chair, the shareholders present at the meeting may elect a chairman. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including his proxy) attending the meeting and holding the largest number of shares with voting rights shall chair the meeting.

The shareholders' general meeting convened by the Board of Supervisors shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by the shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

## **Section 5 Voting and Resolutions at Shareholders' General Meeting**

**Article 67** Shareholders (including proxies) 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, the shares held by the Company that carry no voting rights shall not be counted in the total number of shares with voting rights held by shareholders present at the shareholders' general meeting.

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 in the total number of shares with voting rights held by shareholders present at the shareholders' general meeting.

**Article 68** Any voting at the shareholders' general meetings shall be conducted by a poll, except that the proposals relating to procedural or administrative matters of the shareholders' general meeting can be voted upon a show of hands as decided by the chairman of the meeting in the principle of honesty and credibility.

**Article 69** Resolutions of the shareholders' general meetings are classified as ordinary resolutions and special resolutions.

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

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 70** The following matters shall be resolved by way of ordinary resolutions at the shareholders' general meetings:

- (I) Work reports of the Board of Directors and of the Board of Supervisors;
- (II) Profit distribution plans and loss recovery plans prepared by the Board of Directors;
- (III) Appointment or removal, remuneration and payment method of members of the Board of Directors and the Board of Supervisors;
- (IV) The Company's annual budgets and final accounts, balance sheets, income statements and other financial statements;
- (V) Any matters other than those required by the laws, administrative regulations or the Articles to be approved by special resolution.

- Article 71** The following matters shall be approved by special resolutions at the shareholders' general meetings:
- (I) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
  - (II) Division, merger, dissolution and liquidation of the Company;
  - (III) Change of corporate form of the Company;
  - (IV) Purchase or disposal of material assets or provision of guarantee by the Company within one year of a value exceeding 30% of the Company's latest audited total assets;
  - (V) Amendment to the Articles;
  - (VI) Any other matters prescribed by the laws, administrative regulations or the Articles, and those matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution.

**Article 72** When a shareholders' general meeting considers matters related to any connected transaction, the connected shareholder shall not participate in voting on his own behalf or as the proxy of another shareholder. When voting on matters relating to such connected transaction, the shares held by the connected shareholder shall not be counted in the total number of valid shares with voting rights.

When the relevant connected transaction is considered at a shareholders' general meeting, the connected shareholder shall abstain from voting. If required to attend the meeting for explanation, the connected shareholder shall have the responsibility and obligation to attend the meeting and make truthful statement.

The matters for which the connected shareholder shall abstain from voting shall be announced by chairman of the meeting when the meeting starts.

**Article 73** If the chairman of the meeting has any doubt as to the resolution result put to vote, he may have the votes counted. If the chairman does not have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting may require the votes to be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

**Article 74** Resolutions of the shareholders' general meetings shall be publicized timely. The announcement thereof shall state the number of attending shareholders and their proxies, the total number of their voting shares and the percentage in the total voting shares of the Company, the total number of the shares which, as required by securities regulatory authority where the Company's securities are listed, shall abstain from voting for and/or abstain from voting on individual proposals (if any), the voting methods, the voting result of every proposal, the details of every approved resolution, as well as the identities of poll counter and supervisor of vote-counting.

## Chapter 8 Board of Directors

**Article 75** The Company shall establish the Board of Directors, which shall comprise eleven (11) directors and the number of independent non-executive directors shall not be less than four (4), and one (1) shall be an employee representative director. The Board of Directors shall have one chairman and may have a vice chairman. The chairman and vice chairman shall be elected by more than half of all directors.

**Article 76** The directors who are not employee representative directors shall be elected by the shareholders' general meeting, and the employee representative directors shall be elected democratically by the employee meeting for a term of three (3) years. Upon maturity of the term of office, a director may be re-elected and serve consecutive terms.

The written notice on the intention of nominating a director candidate and on the candidate's willingness to accept nomination shall be given to the Company seven (7) days before the shareholders' general meeting/employee meeting.

Subject to the relevant laws and regulations, a director whose tenure does not fall due may be removed at a shareholders' general meeting/employee meeting; an ordinary resolution shall be adopted at a shareholders' general meeting, and the removal of an employee representative director shall comply with the provisions of the employee meeting.

The directors do not need to hold the shares of the Company.

**Article 77** The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform his duties as director according to the laws, administrative regulations and the Articles until the elected director assumes his office.

**Article 78** A director may resign before the expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors.

In the event that the resignation of any director results in the number of members of the Board of Directors less than the statutory minimum requirement, the said director shall continue to perform his duties according to the laws, administrative regulations and the Articles until a new director is elected and assumes his office.

Except for the circumstance referred in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.



**Article 79** The Company shall have independent non-executive directors. An independent non-executive director is a director assuming no posts other than independent non-executive director and having no relation with the Company and major shareholders thereof which may hinder his independent objective judgment. The number of the independent non-executive directors shall be more than one-third of the number of members of the Board of Directors and shall not be less than four (4), at least one of whom shall have appropriate professional qualification or the accounting or related financial management expertise and meet the requirements of Article 3.10(2) of the Hong Kong Listing Rules.

Independent non-executive directors shall have the independence required by the Article 3.13 of the Hong Kong Listing Rules.

**Article 80** Independent non-executive directors shall meet the following basic requirements:

- (I) Being qualified as the director of a listed company according to the laws and regulations, normative documents as well as the rules of the securities regulatory authority of the place where the Company stocks are listed;
- (II) Independently performing their duties, without being influenced by major shareholders, de facto controllers of the Company or other entities or individuals who are interested in the Company;
- (III) Ensuring enough time and energy to effectively perform their duties, and promising to duly perform duty of loyalty and diligence.

**Article 81** The Board of Directors is accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (I) To convene and report to the shareholders' general meeting;
- (II) To implement the resolutions adopted at shareholders' general meetings;
- (III) To decide on the Company's business plans and investment plans;
- (IV) To formulate the Company's annual financial budgets and final accounts;
- (V) To formulate the Company's proposal on profit distribution and plan for recovery of losses;
- (VI) To formulate proposals for increases or reduction of the Company's registered capital and proposals for the issue of corporate bonds;
- (VII) To formulate plans for repurchase of the Company's shares, or merger, division, dissolution, or change of corporate formation of the Company;
- (VIII) To appoint or dismiss the Company's general manager, and to decide on the appointment or dismissal of senior management officer such as deputy general manager, chief accountant, chief legal officer and chief engineer pursuant to the nomination of the general manager result and decide on the appointment or dismissal of the secretary to the Board of Directors pursuant to the nomination of the chairman of the Board of Directors;

- (IX) To decide on the matters relating to the remuneration of the aforesaid senior management officers;
- (X) To formulate the Company's basic management system; (XII) To formulate proposals for amendment to the Articles;
- (XI) To formulate proposals for amendment to the Articles;
- (XII) To decide on the setup of internal management institutions of the Company;
- (XIII) To decide on the setup and adjustment of the special committees of the Board;
- (XIV) Matters such as investments, acquisitions or disposals of assets, financing and connected transactions that require decisions to be made by the Board of Directors in accordance with the Hong Kong Listing Rules;
- (XV) To evaluate and determine the nature and degree of risk acceptable for the Company in achieving the strategic target, to ensure that the Company establishes and maintains an appropriate and effective risk management and internal monitoring system, to continuously supervise this system, and to ensure that check is conducted at least once a year, on whether the system of the Company and its subsidiaries is effective;
- (XVI) To decide on other major affairs of the Company, save for matters required to be resolved at shareholders' general meeting as specified under the Company Law and the Articles;
- (XVII) To exercise other functions and powers conferred by the laws, administrative regulations, the Articles and the shareholders' general meetings.

A resolution made by the Board of Directors on a connected transaction must take effect only after consideration and approval by independent non-executive directors.

**Article 82** 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 securities issued by the Company;
- (IV) To exercise the special power of verdict and disposal on the matters of the Company in accordance with laws and in the interest of the Company in the event of occurrence of force majeure, serious crisis or very urgent circumstances and to report to the Board of Directors and the Shareholders' Meeting of the Company subsequent thereto; and when necessary, to authorize the general manager of the Company to exercise the special power of disposal;

(V) To exercise other functions and powers conferred by the Board of Directors.

**Article 83** The meetings of the Board of Directors shall be divided into regular meetings of the Board of Directors and extraordinary meetings of the Board of Directors. The Board of Directors shall notify the supervisors to attend the meetings of the Board of Directors as non-voting delegates.

Regular meetings of the Board of Directors shall be held at least four (4) times each year, approximately once a quarter and convened by the chairman of the Board of Directors. The written notice of meeting shall be sent to all the directors fourteen (14) days before the date of the meeting. The approval of directors for the regular meetings of the Board of Directors shall not be obtained through the adoption of written resolutions. A regular meeting of the Board of Directors may be held by way of communication and all participating Directors shall be deemed as having attended the meeting in person. The extraordinary meeting of the Board of Directors may be approved by Directors by written resolution.

The chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within ten (10) days after receiving the proposal under the following circumstances:

- (I) When proposed by shareholders holding more than one-tenth of the voting shares;
- (II) When proposed by the chairman of the Board of Directors;
- (III) When proposed by more than one-third of the directors;
- (IV) When proposed by more than two (2) independent non-executive directors;
- (V) When proposed by the Board of Supervisors;
- (VI) When proposed by the general manager.

**Article 84** Notice shall be given to all the directors and supervisors within a reasonable period prior to an extraordinary meeting of the Board of Directors. The office of the Board of Directors shall serve written notice of the meeting to all the directors and supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record shall be made accordingly.

In an emergency and an extraordinary meeting of the Board of Directors 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 85** The meetings of the Board of Directors are convened and presided over by the chairman of the Board of Directors. If the chairman is unable to or does not perform his duties, his duties shall be performed by the vice chairman of the Board of Directors. If the vice chairman is unable to or does not perform his duties, his duties shall be performed by a director jointly elected by more than half of the directors.

**Article 86** The meetings of the Board of Directors are valid only when more than half of the directors or their authorized representatives are present. Each director shall have one vote. All the resolutions made by the Board of Directors require the affirmative votes of more than half of the directors, unless otherwise specified by the laws, administrative regulations and the Articles.

When the number of negative votes is equal to that of affirmative votes, the chairman of the Board of Directors has the right to cast one more vote.

**Article 87** A director shall attend the meetings of the Board of Directors in person. If a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the proxy.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a meeting of the Board of Directors 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 88** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors or their authorized representatives and the recorder of meeting minutes shall sign the minutes of such meetings.

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 or the Articles, 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, directors 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.

**Article 89** If a director or any of his associates (as defined in the Hong Kong Listing Rules) has a material interest in or connected relation with the matters to be discussed at the meeting of the Board of Directors, such director shall not exercise the voting right for himself or on behalf of another director when the Board of Directors considers that matter. Nor shall he be counted in the quorum present at the meeting. A meeting of the Board of Directors can be held provided that more than half of the non-connected directors are present. Any resolution made by the Board of Directors shall be approved by more than half of the non-connected directors. If no more than three (3) non-connected directors attend the meeting of the Board of Directors, the Company shall submit this proposal to the shareholders' general meeting for consideration. When submitting this proposal to the general meeting for approval, the Board of Directors shall explain its consideration on the proposal and record the opinions of non-connected directors.

**Article 90** The Board of Directors consists of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Legal Affairs Committee. If needed, the Board of Directors can set up other special committees and adjust the existing committees.

As far as the makeup, responsibilities and rules of procedure of every special committee are concerned, the Board of Directors will separately establish the terms of reference thereof.

## **Chapter 9 Secretary to the Board of Directors**

**Article 91** The Company shall have a secretary to the Board of Directors who is accountable to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company.

**Article 92** The secretary to the Board of Directors shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.

The main responsibilities of the secretary to the Board of Directors are:

- (I) To ensure that the Company has a complete set of organization documents and records; to keep and manage the information on the shareholders; and to assist the directors in addressing the routine tasks of the Board of Directors;
- (II) To act as the liaison between the Company and the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (III) To make preparations for the meetings of the Board of Directors and the shareholders' general meetings, and to take and keep the minutes;
- (IV) To ensure 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) To be responsible for coordinating and organizing the Company's disclosure of information, establish and improve the information disclosure system, participate in all of the Company's meetings involving the disclosure of information, and keep informed of the Company's material operation decisions and related information in a timely manner.

**Article 93** Directors or other senior management officers of the Company may concurrently act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the Board of Directors.

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

## **Chapter 10 General Manager and Other Senior Management Officers**

**Article 94** The Company shall have one general manager, several deputy general managers, one chief accountant, one chief legal officer, one chief engineer. They are appointed or dismissed by the Board of Directors.

**Article 95** The general manager is accountable to the Board of Directors and exercises the following functions and powers:

- (I) To take charge of the production and operation of the Company, and to arrange proper resources to implement resolutions of the Board of Directors;
- (II) To arrange proper resources to implement the Company's annual business plans and investment plans;
- (III) To draft the plans for establishment of the internal management organization;
- (IV) To draft the plans for establishment of the Company's basic management system;
- (V) To formulate the rules and regulations of the Company;
- (VI) To employ or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;
- (VII) To propose to the Board of Directors the employment and dismissal of deputy general managers, chief accountant, chief legal officer and chief engineer;
- (VIII) To exercise other functions and powers authorized by the Articles or by the Board of Directors.

**Article 96** The general manager shall attend meetings of the Board of Directors and, if the general manager is not a director, he shall not have voting right at the meeting.

**Article 97** In the exercise of their functions and powers, the general manager and other senior management officers shall comply with the laws, administrative regulations and the Articles, and fulfil his duties in good faith and of due diligence.

## **Chapter 11 Board of Supervisors**

**Article 98** The Company shall establish the Board of Supervisors composed of five (5) supervisors. The term of office of supervisors shall be three (3) years, renewable upon re-election and re-appointment. The Board of Supervisors has one chairman, whose appointment and dismissal shall be approved by more than half of the supervisors through voting.

**Article 99** Members of the Board of Supervisors shall comprise of three (3) representatives of shareholders and two (2) representatives of staff and workers. The supervisors of representatives of shareholders are elected and dismissed by the shareholders' general meeting; and the supervisors of representatives of staff and workers are democratically elected and dismissed by the Company's staff.



**Article 100** Any director, general manager or other senior management officers of the Company shall not concurrently act as supervisors.

**Article 101** The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (I) To review the Company's financial position;
- (II) To monitor any acts on the part of directors and senior management officers in their performance of duties, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles or resolutions of shareholders' general meetings;
- (III) To demand directors and senior management officers 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 shareholders' general meetings; to conduct investigation if there is any doubt in the company's operations, and engage certified public accountants and practicing auditors in the name of the Company to assist their review if necessary;
- (V) To propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties specified under the Articles;
- (VI) To submit proposals to the shareholders' general meeting;
- (VII) To bring an action against a director and senior management officer in accordance with the Company Law;
- (VIII) To exercise other functions and powers authorized by the Articles or by the shareholders' general meetings.

The supervisors have the right to attend the meetings of the Board of Directors as non-voting participants and to raise questions or suggestions on the matters to be decided by the Board of Directors.

**Article 102** The reasonable costs attributable to the engagement of lawyers, certified public accountants, practicing auditors and other professionals when the Board of Supervisors exercises its functions and powers shall be borne by the Company.

**Article 103** The Board of Supervisors shall convene at least once meeting every six (6) months, which shall be convened by the chairman of the Board of Supervisors. The supervisors can propose to convene extraordinary meetings of the Board of Supervisors. The meeting notice shall be sent to all the supervisors in written form ten (10) days before the meeting. The office of the Board of Supervisors shall submit the written notice to all the supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.

In case of urgency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, the notice of meeting may be delivered by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 104** The meeting of the Board of Supervisors shall be convened and presided over by its chairman. If the chairman of the Board of Supervisors is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

**Article 105** The meeting of the Board of Supervisors shall be attended by more than two thirds of the supervisors. If a supervisor is not able to attend the meeting for any reason, he may appoint in writing other supervisors to attend the meeting on his behalf. The scope of authorization shall be specified in the proxy.

**Article 106** Each supervisor shall have one vote. Resolutions of the Board of Supervisors shall be passed by the affirmative votes of more than half of the members of Board of Supervisors.

**Article 107** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles.

## **Chapter 12 The Qualification and Obligations of Directors, Supervisors and Senior Management Officers**

**Article 108** The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than five (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 five (5) years have elapsed since the sentence was served;
- (III) A person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than three (3) years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than three (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 become overdue.

**Article 109** The validity of an act carried out by a director, general manager and other senior management officer 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 110** In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (I) Not to exceed the Company's 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 shareholders' general meeting for approval in accordance with the Articles.

**Article 111** Each of the Company's directors, supervisors, general managers and other senior management officers owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

Directors must satisfy the required levels of skill, care and diligence. Delegating their functions is permissible but does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence.

**Article 112** Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his duties on the principle of fiduciary, 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 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 or except with the informed consent 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 to obtain other illegal income, 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, 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 compete with the Company in any way without the informed consent of the shareholders' 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, not to violate the provisions of the Articles by lending the Company's funds to others or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals without the consent of the shareholders' general meeting or the consent of the Board of Directors;
- (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' general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. The law so requires;
  - 2. Public interest so warrants;
  - 3. The interests of the relevant director, supervisor, general manager and other senior management officers so requires.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.

**Article 113** Each director, supervisor, general manager or other senior management officer of the Company shall not direct the following persons or institutions (herein after referred to as "related parties") to do anything that is not permitted:

- (I) The spouse or minor child of the Company's director, supervisor, general manager or other senior management officers;
- (II) The trustee of the Company's director, supervisor, general manager or other senior management officers or any person referred to in sub-paragraph (I) of this Article;

- (III) The partner of the Company's director, supervisor, general manager or other senior management officers or any person referred to in sub-paragraphs (I) and (II) of this Article;
- (IV) A company in which the Company's director, supervisor, general manager or other senior management officers, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other directors, supervisors, general managers and other senior management officers of the Company, has de facto control; and
- (V) The directors, supervisors, general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

**Article 114** The fiduciary duties of a director, supervisor, general manager and other 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 termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated.

**Article 115** Where a director, supervisor, general manager or other senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (except for the employment contract reached between the Company and that director, supervisor, general manager or other senior management officers), 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.

Except for the cases mentioned in the Hong Kong Listing Rules or allowed by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board of Directors approving any contract, transaction or arrangement or any other relevant proposal in which he or any of his associates (as defined under the Hong Kong Listing Rules, as amended or supplemented from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

A director, supervisor, general manager or other 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 116** To decide on major operational and management matters of the Company, the Board of Directors and the managers shall firstly listen to the Party committee of the Company.

## Chapter 13 Party Committee

**Article 117** The Company sets up a Party committee, which consists of one secretary and several members. In principle, the positions of both the chairman of the Board of Directors and the secretary of the Party committee are held by one person. Eligible Party committee members can join the Board of Directors, the Board of Supervisors and the management through legal procedures, and eligible members of the Board of Directors, the Board of Supervisors and the management can join the Party committee in accordance with the relevant regulation and procedure. At the same time, the Disciplinary Committee and one secretary to the Disciplinary Committee are set up as required.

**Article 118** The Party committee of the Company performs the following duties in accordance with the internal regulations of the Party, such as the Constitution of the Communist Party of the PRC:

- (I) To ensure and supervise the implementation of the Party and national policies in the Company, and to implement the significant strategic decisions of the Party Central Committee and the State Council as well as the relevant important work deployment of national ministries and commissions, group companies and higher Party organization;
- (II) To adhere to the principle of the Party in charge of cadres in combination with the selection of operating managers by the Board of Directors in compliance with the law and the operating managers' exercise the right of staff deployment in compliance with the law. The Party committee deliberates the candidates nominated by the Board of Directors or the general manager and provides suggestions. Alternatively, it may recommend and nominate the candidates to the Board of Directors or the general manager, investigate the candidates to be appointed with the Board of Directors, and provide suggestions through brainstorming;
- (III) To study and discuss the Company's reform, development and stability, the significant matters relating to operation management, and the major issues involving the employees' interests, and to provide suggestions;
- (IV) To assume the principle responsibility for comprehensive and strict Party governance. To lead the Company's ideological and political work, united front work, spiritual civilization and corporate culture construction, and the work of such groups as the labor union and the Communist Youth League. To promote the Party's political construction, ideological construction, organizational construction, working style construction, and discipline construction in a comprehensive way, and carry out system construction throughout them, deepen the anti-corruption campaign, constantly improve the quality of the Party's construction, lead and support the Disciplinary Commission in performing its supervision responsibility.



## Chapter 14 Financial and Accounting System and Profit Distribution

- Article 119** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions of Chinese Accounting Standards stipulated by the department in charge of financial affairs under the State Council.
- Article 120** At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.
- Article 121** The Company's Board of Directors shall make available before every the shareholders' general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.
- Article 122** 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 financial report mentioned in the preceding paragraph shall comprise the directors' report, together with the balance sheet (including all other documents to be annexed as required by the PRC or other laws and administrative regulations) and the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow), or (subject to the relevant laws of the PRC) the summary.

- Article 123** The financial statements of the Company shall be prepared in accordance with accounting standards and regulations of the PRC, as well as in accordance with international accounting standards, or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed. In the event that the financial statements prepared in accordance with those two accounting standards have significant discrepancy, it shall be specified in the notes to the 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 124** The interim results or financial materials to be published or disclosed by the Company shall be prepared in accordance with accounting standards and regulations of the PRC and international accounting standards, or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed.
- Article 125** The Company shall publish its financial reports twice every accounting year prepared in accordance with either international accounting standards or those required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed. Namely, the interim financial report shall be published within two (2) months after the end of the first six (6) months of each accounting year and the annual financial report shall be published within four months after the end of each accounting year.

**Article 126** The Company shall not maintain books of accounts other than those provided for by law.

**Article 127** In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may, subject to the approval of the shareholders at the shareholders' general meeting allocate its profits after tax to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining profits after tax shall be distributed by the Company to shareholders in proportion to their respective shareholdings according to the resolution adopted at the shareholders' general meeting.

If the shareholders' general meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 128** Capital reserve fund includes the following items:

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

**Article 129** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 130** The Company may distribute dividends in the form of (or a combination of both) cash or shares.

**Article 131** 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 or other amounts payable by the Company to them in respect to the overseas-listed foreign shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them.

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.

### **Chapter 15 Appointment of Accounting Firm**

**Article 132** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to undertake the audit of the Company for a period of one year, to audit the Company's annual financial reports and verify other financial reports of the Company.

**Article 133** 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 134** The Company's appointment, removal and non-re-appointment of an accounting firm shall be resolved by a shareholder' general meeting.

**Article 135** If the Company proposes 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.

### **Chapter 16 Labor System and Labor Union**

**Article 136** According to the needs of business development, the Company may employ or dismiss its employees at its own discretion within the scope set by relevant national laws and regulations, implement the labor contract system and shall set up social insurance for its employees in accordance with the relevant national laws and regulations.

**Article 137** The employees of the Company may establish a trade union according to the Trade Union Law of the People's Republic of China to carry out trade union activities and safeguard their legitimate rights and interests. The Company shall provide necessary conditions for the trade union to carry out its activities.

## Chapter 17 Notices

**Article 138** Notices of the Company may be delivered through the following means:

- (I) By hand;
- (II) By mail;
- (III) By fax or electronic mail;
- (IV) By way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchange of the jurisdiction where the Company's shares are listed;
- (V) By way of announcement;
- (VI) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;
- (VII) By any other means as approved by the relevant regulatory authorities of the jurisdictions where the Company's shares are listed or as specified in the Articles.

Unless the context otherwise specifies, the "notices" referred to in the Articles shall mean, in respect to announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and the Articles, the publication of an announcement in newspapers in the PRC, and such newspapers shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authority of the State Council. For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers in accordance with the local listing rules. The announcement shall at the same time also be published on the Company's website.

As for the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Hong Kong Stock Exchange, according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means, via its website or by mail. Corporate communication includes, but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

## **Chapter 18 Merger and Division of the Company**

**Article 139** 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. The Company shall notify its creditors within ten (10) days from the date on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution. A creditor has the right within thirty (30) days of receipt of notice or within forty-five (45) days of the date of announcement if notice is not received, to require the Company to settle its debts or to provide a corresponding guarantee for such debt.

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

In the event of a division, the parties involved shall enter into a division agreement and 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 favour of the division and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the surviving companies after the division shall jointly assume the indebtedness of the Company which has been incurred before such division.

**Article 141** The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **Chapter 19 Dissolution and Liquidation of the Company**

**Article 142** In any of the following circumstances, the Company shall be dissolved and liquidated according to law:

- (I) The business term of the Company expires;
- (II) The shareholders' general meeting dissolves the Company by resolution;
- (III) Dissolution is necessary due to a merger or division of the Company;

- (IV) The Company is announced bankruptcy in accordance with law for failing to pay off its debts;
- (V) Its business license is revoked, it is ordered to close or is wound up according to law;
- (VI) The Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of shareholders and there are no other solutions to resolve the matters. Shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

**Article 143** Where the Company is to be dissolved pursuant to sub-paragraphs (I), (II), (IV) and (V) of the preceding Article, a liquidation committee shall be formed within fifteen (15) days from the date of occurrence of such grounds for dissolution, consisting of the directors or such other persons as may be determined by the shareholders at 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. The people's court shall accept such application, and promptly organize a liquidation committee for carrying out the liquidation.

**Article 144** The liquidation committee shall exercise the following functions and powers during liquidation:

- (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 or 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;
- (VII) To represent the Company in any civil proceedings.

**Article 145** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and publish announcements in newspapers within sixty (60) days. The creditors may declare their claims to the liquidation committee within thirty (30) days from the date 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 146** After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the relevant competent authorities 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 of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During liquidation, the Company shall not commence new business activities and the business activities unrelated to liquidation. No assets of the Company shall be distributed to the shareholders prior to full payments as stipulated by the preceding paragraph.

**Article 147** In circumstances where the company is dissolved due to liquidation, 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 bankruptcy by a ruling from a People's Court, the liquidation committee shall handover the liquidation matters to the People's Court.

**Article 148** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by a certified public accountant of the People's Republic of China, and then submitted to the shareholders' general meeting or the relevant competent authority for confirmation.

Within thirty (30) days of the date of confirmation by the shareholders' general meeting or the relevant competent authority, the aforesaid documents shall be submitted to the company registration authority for application for cancelling the registration of the Company and a public announcement shall be made for the termination of the Company.

**Article 149** Members of the liquidation committee shall be devoted to their duty and fulfill their obligation of liquidation according to law, and shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company.

Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he shall be liable for compensation.

## **Chapter 20 Revision Procedure of the Articles of Association**

**Article 150** The Company may amend the Articles according to the provisions of laws, administrative regulations and the Articles.

**Article 151** Where the amendments to the Articles passed by resolutions at the shareholders' general meeting are subject to review and approval by the competent authorities, such amendments shall be submitted to such competent authority for approval. Where amendments involve the registered particulars of the Company, application shall be made for alteration of registration in accordance with the law.

## **Chapter 21 Supplementary Provisions**

**Article 152** In the Articles, the meaning of the term "accounting firm" is the same as that of "auditor".

**Article 153** The Articles are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the Chinese version most recently filed with the company registration authority shall prevail.

**Article 154** The "above", "within" and "below" as referred to in the Articles are inclusive of the stated figure, while the "less than" and "beyond" are not inclusive of the stated figure.

**Article 155** The power of interpretation of the Articles shall be vested in the Company's Board of Directors.