

**CHARMACY PHARMACEUTICAL CO., LTD.**

**創美藥業股份有限公司**

**ARTICLES OF ASSOCIATION**

**12 December 2025**

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**CHARMACY PHARMACEUTICAL CO., LTD.**

**創美藥業股份有限公司**

**ARTICLES OF ASSOCIATION**

**CHAPTER 1 GENERAL PROVISIONS**

Article 1.1 CHARMACY PHARMACEUTICAL CO., LTD. (hereinafter referred to as the “**Company**”) is incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and other relevant laws and regulations of the PRC.

The Company was established by way of promotion on 5th May 2015 and registered with Shantou Administration for Industry and Commerce on 28th May 2015. The unified social credit code in the business license of the Company is 91440500722414635C.

The promoters of the Company are Yao Chuanglong, Yao Xizhen, Shantou Meizhi Investment Management Limited Partnership\* (汕頭市美智投資管理合夥企業（有限合夥）), Shantou Youran Investment Management Limited Partnership \* (汕頭市悠然投資管理合夥企業（有限合夥）) and Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業（有限合夥）).

Article 1.2 The Company’s registered names

Chinese name: 創美藥業股份有限公司

English name: Charmacy Pharmaceutical Co.,Ltd

Article 1.3 The Company’s office: No. 235 Song Shan North Road Longhu District, Shantou City

Article 1.4 The Company’s legal representative is the General Manager of the Company.

Article 1.5 The Company is a joint stock limited company that has perpetual existence.

The Company is an independent legal person under the jurisdiction and protection of the laws, regulations and other relevant rules of the PRC.

All assets of the Company are divided into shares of equal value. The shareholders shall be liable and entitled to the Company to the extent of the shares they hold. The Company shall be liable for its debts to the extent of all of its assets.

Article 1.6 The Articles of Association shall take effect from the date of overseas initial

public offering and listing of the Company's shares.

Starting from its effective date, these Articles shall constitute a document legally binding on the standardization of the organization and conduct of the Company, and the rights and obligations between the Company and its shareholders, as well as among the shareholders.

Article 1.7 These Articles are binding on the Company and its shareholders, directors and other senior management, all of whom are entitled to claim for rights concerning the affairs of the Company in accordance with these Articles.

A shareholder may take action against the Company pursuant to these Articles, and vice versa. A shareholder may also take action against other shareholder(s) and the directors, and other senior management of the Company pursuant to these Articles.

Taking actions referred to in the preceding clause shall include instituting proceedings before the court or applying to the arbitration institution for arbitration.

The senior management referred to in the preceding clause shall include general manager, vice-president, chief financial officer and board secretary of the Company.

Article 1.8 The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution to the investee company.

Article 1.9 The Company shall set up an organization of the Communist Party of China and carry out the Party activities in accordance with the Constitution of the Communist Party of China (hereinafter referred to as the "Party Constitution"). The Company shall provide necessary conditions for the activities of the Party organization, and the Party organization shall play a role as the political core and leader.

Article 1.9.1 Bodies of the Party organization:

The Company shall set up the Party branch committee in accordance with the provisions of the Party Constitution.

The number of secretaries, deputy secretaries and members of the Party branch committee shall be set with the approval by the higher Party organization. Such secretary, deputy secretaries and members shall be elected or appointed in accordance with the relevant provisions of the Party Constitution and other documents.

The bodies and staffing of the Party organization shall be incorporated into the Company's management bodies and staffing. The Party organization's work funds shall be incorporated into the Company's budget and disbursed from the

Company's management fees.

Article 1.9.2 The functions and powers of the Company's Party branch committee shall include:

(I) to play a role as the political core and carry out work around the corporate operation and management;

(II) to ensure and supervise the implementation of the principles and policies of the Party and the State in the enterprise;

(III) to support the general meetings, the Board of Directors and the Audit Committee in exercising their functions and powers in accordance with the law;

(IV) to study and arrange the Company's Party and mass work, strengthen the Party organization's own development, and lead ideological and political work, cultural and ethical progress, and mass organizations such as the trade union and the Communist Youth League;

(V) to participate in the discussion of the enterprise's major matters, study the appointment and dismissal of the Company's major personnel, and discuss and consider other "decisions on major matters, appointment and dismissal of key officers, decisions on investments in major projects, and use of large amounts of funds";

(VI) to wholeheartedly unite the employees and support the work of the assembly of employees' representatives;

(VII) to study other matters that shall be decided by the Company's Party branch committee.

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

Article 2.1 The Company's business objectives are: Integrity Operation, Altruist and Win-Win Cooperation.

Article 2.2 The business scope of the Company:

Licensed items: drug wholesale, distribution of Class III medical devices, food sale, road transportation of goods (excluding dangerous goods), urban distribution and transportation services (excluding dangerous goods), sale of disinfection equipment, online drug information services, online medical device information services, and import and export of drugs.

General items: sale of Class I medical devices, sale of Class II medical devices, sale of health foods (prepackaged), sale of foods (only prepackaged foods), domestic cargo transportation agency, information consulting services (excluding information consulting services subject to licensing), health

consulting services (excluding medical services), enterprise management consulting, general cargo warehousing services (excluding hazardous chemicals and other items subject to licensing and approval), low-temperature warehousing (excluding hazardous chemicals and other items subject to licensing and approval), information technology consulting services, advertisement design and agency, non-residential real estate leasing, warehousing equipment leasing services, office equipment leasing services, sale of disinfectants (excluding hazardous chemicals), sale of sanitary pesticides, cosmetics wholesale and retail, sale of sanitary products and disposable medical products, sale of personal hygiene products, sale of food detergents, sale of daily groceries, wholesale of daily necessities, sale of chemical products (excluding chemical products subject to licensing), sale of labor protection products, sale of special labor protection products, purchase of primary agricultural products, sale of agricultural by-products, primary processing of edible agricultural products, sale of infant formula milk powder and other infant formula foods, sale of formula foods for special medical purposes, loading and unloading, cargo transportation and packing services, packaging services, consulting and planning services, online sale (except for sale of commodities subject to licensing), online sale of foods (only prepackaged foods), retail and wholesale of medical masks, sale of daily masks (non-medical), domestic trade agency, leasing services (excluding leasing services subject to licensing), labor services (excluding labor dispatching), import and export of technology, import and export of foods, and import and export of goods.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

The Company may adjust its business scope and go through the relevant adjustment formalities based on changes in market conditions at home and abroad, its own business needs and self-capability.

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

Article 3.1 There must, at all times, be ordinary shares in the Company. The Company may, according to its requirements, create different classes of shares in accordance with the law.

Article 3.2 All shares issued by the Company have a par value of RMB 1 per share.

The Company shall issue shares under the principles of transparency, fairness and justness that shares of the same class shall carry the same rights.

Article 3.3 The issue conditions and price per share of the same class in the same issue shall be the same, and the same price per share shall be paid for the same class of shares subscribed for by any institution or individuals.

Article 3.4 The Company may issue shares to domestic investors and foreign investors in accordance with the law.

The term foreign investors referred to in the preceding paragraph means investors from foreign countries and from Hong Kong, Macau and Taiwan regions who subscribe for the shares issued by the Company, while the term domestic investors referred to in the preceding paragraph means investors within the People's Republic of China, excluding the regions aforementioned, who subscribe for the shares issued by the Company.

Article 3.5 Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas-listed foreign shares.

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

The overseas-listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares. H shares shall mean the shares which have been admitted to listing on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Stock Exchange**”) with the par value dominated in RMB and subscribed for and traded in Hong Kong dollars.

The shareholders of the Company may convert all or part of the unlisted shares they hold to overseas listed foreign shares in accordance with the law, and list and trade such shares on overseas stock exchanges. Unlisted shares converted and listed and traded on overseas stock exchanges shall comply with regulatory procedures, provisions and requirements of the overseas stock market. Conversion of unlisted shares and listing and trading of such shares on foreign stock exchanges are not subject to the approval at the general meeting. Unlisted shares converted and listed and traded on foreign stock exchanges are referred to as the same category of shares as existing overseas listed foreign shares.

Article 3.6 Subject to the approval by the company approval authorities authorized by the State Council, a total of 80,000,000 ordinary shares were issued by the Company upon its establishment, among which 70,000,000 shares (representing 87.5% of the total ordinary shares) held by Yao Chuanglong, 6,500,000 shares (representing 8.125% of the total ordinary shares) held by Yao Xizhen, 1,500,000 shares (representing 1.875% of the total ordinary shares) held by Shantou Meizhi Investment Management Limited Partnership\* (汕頭市美智投資管理合夥企業 (有限合夥)), 1,000,000 shares (representing 1.250% of the total ordinary shares) held by Shantou Youran Investment Management Limited Partnership\* (汕頭市悠然投資管理合夥企業 (有限合夥)).

夥)) and 1,000,000 shares (representing 1.250% of the total ordinary shares) held by Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業 (有限合夥)).

Article 3.7 Subject to the approval by the securities regulatory authorities of the State Council, on 14 December 2015, the Company issued 28 million overseas listed foreign shares. On 30 June 2022, the full circulation of 80 million domestic shares in H shares was completed.

Upon the completion of aforesaid issuance of overseas-listed foreign shares, the overseas-listed foreign shares after the issuance represent approximately 25.93% of the total issuable ordinary shares of the Company (in the event that the Over-allotment Option is not exercised), and the capital structure of the Company will be as follows: among 108,000,000 ordinary shares, 80,000,000 shares were paid up as at 25 May 2015. 28,000,000 shares were paid up as at 16 December 2015. The abovementioned share capital was verified in the capital verification report issued by Shinewing Certified Public Accountants.”

Article 3.8 The Company’s Board of Directors may make the implementation of the plan to issue overseas-listed foreign shares and domestic shares respectively.

Article 3.9 Where the total number of shares stated in the share issue plans includes overseas-listed foreign shares and domestic shares, such shares should be fully subscribed for in a single time at their respective offerings. If the shares cannot be fully subscribed for at their offerings due to special circumstances, the shares may be issued in separate tranches.

Article 3.10 The existing registered capital of the Company registered capital is RMB108,000,000.

Article 3.11 The Company may, based on its operating and development needs and in accordance with the requirements of these Articles, authorize the increase of its capital.

The Company may increase its capital through the following manners:

- (I) offering new shares to non-specially-designated investors for subscription;
- (II) placing new shares to the existing shareholders;
- (III) allotting new shares to the existing shareholders;
- (IV) converting common reserve fund into share capital;
- (V) other means permitted by the laws and administrative regulations.

The Company’s increase of share capital by issuing new shares, after being approved in accordance with the provisions of these Articles, shall be preceded in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

Article 3.12 Unless otherwise stipulated in laws and administrative regulations or having obtained approval from the stock exchange where the Company’s shares are



listed for overseas listed foreign shares, fully paid up shares of the Company shall be freely transferable and shall not be subject to any lien.

Article 3.13 The shares issued before the Company's public issuance of shares shall not be transferred within 1 year from the date of the listing of the Company's shares on the stock exchange.

The directors and senior management of the Company shall, during their term of office, regularly declare to the Company their holdings in the Company's shares and any subsequent change thereto. During their term of office determined at the time of appointment, they should not transfer more than 25% of their holdings in the Company's shares every year; and their holdings in the Company's shares should not be transferred within 1 year from the date of the listing of the Company's shares. No transfer of their holdings in the Company's shares shall be made within six months after they cease to hold their respective offices.

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

Article 4.1 The Company may reduce its registered capital in accordance with these Articles. The reduction of the registered capital shall be preceded by the Company in accordance with the procedures specified in the Company Law and other relevant regulations and the Articles of Association.

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

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor shall, within 30 days from the date of receipt of the notice from the Company or, in the case where a creditor does not receive such notice, within 45 days from the date of announcement, be entitled to require the Company to repay its debts or to provide a corresponding guarantee for the repayment of such debt.

When the Company reduces its registered capital, it shall reduce the shares proportionally according to the shareholding ratio of each shareholder, unless such reduction is approved by a special resolution of the general meeting to implement non-pro rata share reduction.

Article 4.3 Under the following circumstances, the Company shall, by way of the procedure prescribed by these Articles, repurchase its shares in issue:

(I) cancellation of shares for the purposes of reducing its capital;

(II) merger with other companies that hold shares in the Company;

(III) granting shares to the Company's staff as incentives;

(IV) shareholders who disagree with the resolutions for the merger or division of the Company passed at a general meeting request the Company to purchase their shares;

(V) other circumstances permitted by the laws and administrative regulations.

Article 4.4 The Company may, for repurchasing the shares, conduct the repurchase in one of the following manners:

(I) Make a repurchase offer on a pro rata basis to all shareholders;

(II) Repurchase through public dealing on a stock exchange;

(III) Repurchase by an agreement outside the stock exchange.

Article 4.5 For share repurchase by an agreement outside the stock exchange, the Company shall obtain the prior approval in a general meeting pursuant to these Articles. The Company may, by obtaining the prior approval in a general meeting in the same manner aforesaid, release or alter a contract which has been so entered into, or waive any of its rights thereunder.

The contract for share repurchase referred to in the preceding clause shall include (but not limited to) an agreement that consents to undertake the obligation to repurchase the shares and obtain the rights to repurchase the shares.

The Company shall not assign an agreement for share repurchase or any of the rights contained therein.

In respect of the Company's entitlement to repurchase the redeemable shares of the Company:

(1) If the shares are repurchased neither in the market nor by tender, the price shall not exceed a maximum amount;

(2) In case of repurchase by tender, the same tender shall be proposed to all the shareholders.

Article 4.6 After the Company repurchases its own shares in accordance with Article 4.3, the shares so repurchased shall be cancelled within ten days from the date of repurchase under the circumstances set forth in sub-paragraph (I) of Article 4.3; the shares so repurchased shall be transferred or cancelled within six months in the circumstances set forth in sub-paragraphs (II) and (IV).

If the Company repurchases its own shares in accordance with sub-paragraph (III) of Article 4.3 hereof, the shares so repurchased shall not exceed 5% of the total number of shares issued by the Company; The repurchase shall be funded by the after-tax profit of the Company; and the shares so repurchased shall be transferred to the employees within one year.

Shares which have been legally repurchased by the Company shall be cancelled within the period prescribed by the laws and administrative regulations. The Company shall apply to the original company registration authorities for registration of the change in its registered capital.

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

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

(I)Where the Company repurchases shares at par value, the payment shall be made out of the book balance of the Company's distributable profits or out of the proceeds of the new shares issued for such purpose;

(II)Where the Company repurchases its shares at a premium to its par value, the portion of payment equivalent to par value may be made out of the book balance of the Company's distributable profits or out of the proceeds of the new shares issued for such purpose. The payment for the portion in excess of the par value shall be effected as follows:

(1)Where the shares being repurchased were issued at par value, the payment shall be made out of the book balance of the Company's distributable profits;

(2)Where the shares being repurchased were issued at a premium to its par value, the payment shall be made out of the book balance of the Company's distributable profits or out of the proceeds of the new shares issued for such purpose; provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the amount of the Company's share premium account or capital reserve account (including the premium on the new issue) at the time of the repurchase;

(III)The Company shall make the following payments out of the Company's distributable profits:

(1)Payment for obtaining the right to repurchase its own shares;

(2)Payment for altering any contract for the repurchase of its shares;

(3)Payment for releasing its obligation(s) under any contract for the repurchase of shares.

(IV)After the reduction of the Company's registered capital by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's share premium account or capital reserve account.

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

Article 5.1 Neither the Company nor its subsidiaries shall, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The term purchaser of the shares of the Company shall include any person who assumes obligations directly or indirectly as a result of the acquisition of shares of the Company.

Neither the Company nor its subsidiaries shall, at any time, provide any form of financial assistance to the aforementioned person for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances referred to in Article 5.3 of these Articles.

Article 5.2 The financial assistance mentioned in this chapter shall include (but not limited to) the following means:

(I) Gift;

(II) Guarantee (including the assumption of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than the compensation caused by the Company's own default) or release or waiver of any rights;

(III) Provision of loan or entering into any agreement under which the obligations of the Company are to be fulfilled before the obligations of the other party, as well as the change in parties to, or the assignment of rights under such loan or agreement;

(IV) Any other form of financial assistance given by the Company in the event of insolvency, having no net assets or being likely to cause its net assets to be reduced significantly.

For the purposes of this Chapter, "assumption of obligations" shall include the assumption of obligations by the obligor by way of contract or arrangement (irrespective of whether such contract or arrangement is enforceable or not, and whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his financial position.

Article 5.3 The following actions shall not be deemed to be prohibited by Article 5.1 of these Articles:

(I) The financial assistance is provided by the Company in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the said financial assistance is an

incidental part of a general plan of the Company;

(II) The lawful distribution of the Company's assets by way of dividend;

(III) The distribution of share dividends in the form of shares;

(IV) A reduction of registered capital, a repurchase of shares of the Company or a reorganization of the share capital structure of the Company effected in accordance with these Articles;

(V) The provision of loans by the Company within its scope of operation for its ordinary business activities (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the said financial assistance is provided out of distributable profits);

(VI) Contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the said financial assistance is provided out of distributable profits).

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

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

Apart from what is required by the Company Law to be stated on the share certificate of the Company, it shall also state other items which are required to be stated by the stock exchange(s) on which the Company's shares are listed.

Article 6.2 The Company's shares can be transferred, granted by way of gift, succeeded and charged in accordance with relevant laws, administrative regulations, requirements of the stock exchange(s) where the Company's shares are listed and these Articles.

Assignment and transfer of share certificates shall be registered with the share registration office designated by the Company.

Article 6.3 Share certificates of the Company shall be signed by its Chairman. Where the signatures of other senior officers of the Company are required by the stock exchange(s) on which the shares of the Company are listed, the share certificates shall also be signed by such other senior officers. The share certificate shall take effect upon affixing the securities seal of the Company thereon. The affixture of the seal of the Company on the share certificate shall be authorized by the board of directors. The signatures of Chairman or other relevant senior officers of the Company appearing on the share certificates may also be printed.

Article 6.4 The Company shall keep a share register to contain the following particulars:

(I) The name, address (residence) and occupation or nature of each shareholder;

- (II)The class and quantity of shares held by each shareholder;
- (III)The amount paid or payable in respect of the shares held by each shareholder;
- (IV)The 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 the shareholder.

Unless there is evidence to the contrary, the share register shall be sufficient evidence of the shareholders' shareholding in the Company.

Article 6.5 The Company may, pursuant to the understanding or agreement reached between the securities regulatory authority under the State Council and the overseas securities regulatory authority, keep the share register of the overseas listed foreign capital shares outside China, and entrust its administration to an overseas agent. Such original share register of overseas listed foreign capital shares listed in Hong Kong shall be kept in Hong Kong, and accessible to shareholders.

A duplicate register of shareholders for the holders of overseas listed foreign shares shall be maintained at the Company's office. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of overseas listed foreign shares, the original register of shareholders shall prevail.

Article 6.6 The Company shall have a complete register of shareholders which shall include the following parts:

- (I)the register of shareholders which is maintained at the Company's office (other than those share registers which are described in sub-paragraphs (II) and (III) of this Article);
- (II)the register of shareholders in respect of the holders of overseas-listed foreign shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (III)the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

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

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

Article 6.8 All overseas-listed foreign shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with these Articles. However, unless such transfer complies with the following requirements, the Board may refuse to recognize any instrument of transfer without providing any reason therefor:

(I) The instrument of transfer and other documents relating to or which will affect the right of ownership of the shares shall be registered and a fee shall be paid to the Company at an amount required by the Listing Rules for such registration;

(II) the instrument of transfer only relates to overseas-listed foreign shares listed in Hong Kong;

(III) the stamp duty which is chargeable on the instrument of transfer has already been paid;

(IV) the relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;

(V) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four;

(VI) the Company does not have any lien on the relevant shares.

All overseas-listed foreign shares of the Company listed in Hong Kong shall be transferred by an instrument in writing in the usual or common form or any other form which the board of directors may accept. The instrument of transfer of any share may be executed by hand without seal, or if the assignor or the assignee is a recognized clearing house as defined in Laws of Hong Kong (referred to as the “**Recognized Clearing House**”) or its agent, the share transfer form may be executed in mechanically-printed form. All share transfer forms shall be maintained in the legal address of the Company or other places designated by the board of directors from time to time.

Article 6.9 Where the relevant laws and regulations and the Listing Rules of Hong Kong Stock Exchange stipulate the period of closure of the register of shareholders prior to a general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 6.10 The Board shall decide a record date for the purpose of determining the rights attaching to shares of the Company when the Company holds a general meeting, distributes dividend, liquidates or engages in activities that require the determination of rights attaching to the shares of the Company. The shareholders

of the Company shall be such persons who appear in the register as shareholders at the close of the record date.

Article 6.11 Any person aggrieved and claiming to be entitled to have his name (title) entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the same.

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

Application by a holder of domestic shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the Company Law and relevant laws and regulations.

Application by a holder of overseas-listed foreign shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law, the rules of the stock exchange or other relevant regulations of the place where the original register of shareholders of overseas-listed foreign shares is maintained.

The issuance of replacement share certificate to a holder of overseas-listed foreign shares of the Company listed in Hong Kong who has lost his share certificate shall comply with the following requirements:

(I)the applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration. The contents of the notarial certificate or statutory declaration should include the grounds upon which the application is made and the circumstances and evidence of the loss of share certificate, as well as a declaration that no other person is entitled to have his name entered in the register of shareholders in respect of the relevant shares.

(II)the Company has not received any declaration made by any person other than the applicant that such person shall be entered into the register of shareholders as a shareholder in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(III)the Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30days within a period of 90 consecutive days in such newspapers as may be prescribed by the Board.

(IV)the Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been



exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days.

In the case of an application which is made without the consent of the registered holder of the relevant shares, the Company shall deliver a copy of the notice to be published by mail to such registered shareholder.

(V)if, by the expiration of the 90-day period referred to in paragraphs (III) and (IV) of this Article, the Company has not received any challenge from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.

(VI)where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

(VII)all expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefor.

Article 6.13 Where the Company issues a replacement share certificate pursuant to these Articles, the name (title) of a bona fide purchaser gaining possession of such replacement certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

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

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

Article 7.1 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

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

Article 7.2       Where two or more than two persons are registered as joint holders of any shares, they should be deemed as joint owners of such shares but shall be subject to the following restrictions:

(I) the Company may not register more than four persons as joint holders of any shares;

(II) all joint holders of any shares are jointly and severally assume obligation for all amounts payable for relevant shares;

if one of the joint holders dies, only the surviving joint holder(s) shall be deemed by the Company to be such person(s) as having the ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so;

for joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares from the Company, to receive notices of the Company, to attend the general meeting convened by the Company or to exercise all the voting rights attached to the relevant shares; and any notice served on such shareholder shall be treated as having been served on all joint shareholders of the relevant shares.

Article 7.3       Holders of ordinary shares of the Company shall have the following rights:

(I) the right to receive dividends and other distributions in proportion to the number of shares held;

(II) the right to attend or appoint a proxy to attend general meetings and to exercise the right to speak and vote (unless a particular shareholder is required to waive the voting right in respect of a resolution pursuant to the applicable laws and regulations or the Listing Rules);

(III) the right to supervise and manage the Company's business operations, and to put forward proposals or raise inquiries;

(IV) the right to transfer, bestow or pledge shares in accordance with the laws, administrative regulations and provisions of these Articles;

(V) the right to obtain relevant information in accordance with the provisions of these Articles, including:

1.a copy of these Articles upon payment of the costs thereof;

2.the right to inspect and copy, subject to payment of reasonable charge:

(1) all parts of the register of shareholders;

(2) personal particulars of the directors and senior management of the Company, including:

- (A) present and former name and alias;
- (B) principal address (place of residence);
- (C) nationality;
- (D) full-time positions and all other part-time occupations and duties;
- (E) identification documents and the numbers thereof;

(3) the status of the share capital of the Company;

(4) reports stating the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

(5) minutes of general meetings;

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the surplus assets of the Company according to the number of shares held;

(VII) request from shareholders for the Company to repurchase their shareholdings due to their objection to the resolution of merger or division made at a general meeting;

(VIII) other rights conferred by laws, administrative regulations and these Articles.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the Shareholder's identity and acceptance of reasonable fees, the Company shall provide such information at the shareholder's request.

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

- (I) to comply with these Articles;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw their capital contribution, except as provided in laws and regulations;

(IV) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liabilities of shareholders to prejudice the interests of creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the laws.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of avoiding repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be liable to the joint liabilities the Company thereon.

(V) other obligations imposed by laws, administrative regulations and these Articles.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

Article 7.5 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, while exercising his powers as a shareholder, shall not exercise his voting rights in respect of the following matters in a manner which is prejudicial to the interests of all or part of the shareholders:

(I) to relieve a director of his duty to act honestly in the best interests of the Company;

(II) to approve the expropriation by a director (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (without limitation) opportunities which are beneficial to the Company;

(III) to approve the expropriation by a director (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights (save for a restructuring of the Company which has been submitted for approval by a general meeting in accordance with these Articles);

Article 7.6 The controlling shareholder referred to in the preceding Article means a person who meets one of the following conditions:

(I) he alone or acting in concert with others has the power to elect more than half of the Board;

(II) he alone or acting in concert with others has the power to exercise or to control the exercise of 30% (including 30%) or more of the voting rights in the

Company;

(III) he alone or acting in concert with others holds 30% (including 30%) or more of the issued and outstanding shares of the Company;

(IV) he alone or acting in concert with others in any other manner is in defacto control of the Company.

## **CHAPTER 8 GENERAL MEETING**

Article 8.1 The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Article 8.2 The general meeting shall have the following functions and powers:

(I) to elect and replace non-employee directors and to decide on matters relating to the remuneration of directors;

(II) to examine and approve reports of the Board;

(III) to examine and approve the Company's profit distribution plans and loss recovery plans;

(IV) to decide on the increase or reduction of the Company's registered capital;

(V) to decide on matters such as merger, demerger, dissolution and liquidation of the Company and the change for the Company form;

(VI) to decide on the issue of bonds, other securities and listing of the Company;

(VII) to decide on the appointment, dismissal or non-reappointment of the accountants of the Company;

(VIII) to amend these Articles;

(IX) to examine and approve motions raised by shareholders who represent 1% (including 1%) or more of the total shares of the Company carrying voting rights;

(X) to decide on the repurchase of its own shares by Company;

(XI) to examine external guarantee matters stipulated by the laws and regulations as well as Article 8.3 in these Articles;

(XII) to examine and approve major assets acquisition and disposal by the Company which exceeds 30% of the latest audited total assets within one year;

(XIII) to examine and approve major transactions of which the amount exceeds 50% of the latest audited net asset;

(XIV) to examine connected transactions required to be decided by general

meeting pursuant to the listing rules of the Company's listing location;

(XV) to examine and adopt shareholding incentives plan;

(XVI) to examine and approve the matters on change on the use of the funds raised;

(XVII) to examine other matters to be decided by the general meeting as provided by the laws, administrative regulations, departmental rules and the Articles.

The "major transaction" referred to in XII of this Article means following transactions:

(1) external investments (including entrusted asset management, entrusted loans, investment in subsidiaries, joint ventures and associated ventures, investment in trading financial assets, available-for-sale financial assets, held-to-maturity investments, etc.);

(2) to provide financial assistance;

(3) to rent or lease assets;

(4) to enter into contracts on management (including entrusted operations, commissioned operations, etc.);

(5) creditor's rights or debts restructuring;

(6) to transfer or undertake research and development projects;

(7) to enter into licensing agreement.

The assets acquisition and disposal referred to this Article do not include acquisition and disposal of medicines, medical devices, health care products, cars, raw materials, fuel and power and other assets related to ordinary operation, but the acquisition and disposal involved in the assets transfer are still included.

The general meeting may authorise or entrust the Board to handle the matters it authorised or entrusted.

Article 8.3 Provision of external guarantee (provision of bank loans guarantee by the Company for the Company and/or its controlling subsidiaries is not included)by the Company as set forth below must be approved by the shareholders in a general meeting:

(I) provision of any guarantee after the amount of the external guarantee provided by the Company and its subsidiaries reaches or exceeds 50% of the latest audited net assets;

(II) provision of any guarantee after the amount of the external guarantee provided by the Company reaches or exceeds 30% of the latest audited total assets;

(III) provision of any guarantee to a guaranteed object which has a debt-equity

ratio exceeding 70%;

(IV) provision of any single guarantee in which the amount exceeds 10% of the latest audited net assets;

(V) provision of any guarantee to the shareholders, de facto controllers and their related parties;

(VI) any other guarantee required to be approved by the general meeting according to the requirement of the stock exchange on which the Company's share listed or the Articles of Association.

When the general meeting is considering a motion to provide guarantee for any shareholder, de facto controllers or their respective related parties, the said shareholder or the shareholders controlled by the said de facto controllers shall be abstained from voting on the motion, and the approval of such motion shall be subject to more than half of the voting rights of the other attending shareholders.

Save for the aforesaid circumstances, approval of other external guarantee including bank loans guarantee provided by the Company for the Company and/or its controlling subsidiaries, is authorised to the Board.

Article 8.4      The Company shall not, without prior approval by general meeting, enter into any contract with any person (other than the Directors and other senior officers) pursuant to which the management of all or any substantial part of the business of the Company are delegated to such person.

Article 8.5      General meetings are categorized as annual general meetings and extraordinary general meetings. The general meeting shall be convened by the Board of Directors.

The annual general meeting shall be convened once every year and held within six months after the end of the previous financial year.

Extraordinary general meetings are convened irregularly. The Company shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

(I) where the number of Directors is less than the number stipulated in the Company Law or less than 2/3 of the number required in these Articles;

(II) where the unrecovered losses of the Company amount to 1/3 of its total share capital;

(III) where shareholder(s) individually or jointly holding 10% or more (including 10%) of the Company's issued and outstanding shares with voting rights request(s) in writing for the convening of an extraordinary general meeting;

(IV) whenever the Board deems necessary or whenever the Audit Committee so requests to convene;

(V) other circumstances specified by laws, administrative regulations,

departmental rules or the Articles of Association.

If shareholders individually or collectively holding 10% (including 10%) or more of the Company's issued shares with voting rights request the convening of an extraordinary general meeting, the Board of Directors and Audit Committee shall, within 10 days from the date of receipt of such request, make a decision on whether to convene the extraordinary general meeting and provide a written reply to the shareholders.

Article 8.6 To convene an annual general meeting of the Company, the Company shall notify all shareholders by way of an announcement the date, place and convening method of the meeting and matters to be considered at the meeting, 21 days prior to the meeting; to convene an extraordinary general meeting, the Company shall notify all shareholders by way of an announcement 15 days prior to the meeting.

The calculation of the starting date shall not include the date on which the meeting is convened.

Article 8.7 The shareholders solely or aggregately holding more than 1% of the Company's shares may make an interim draft resolution to the convener in writing 10 days before the convening of the general meeting. The convener shall, within 2 days after the receipt of the draft resolution, issue a supplementary notice of general meeting and announce the content of such interim draft resolution. The content of the interim draft resolution shall fall within the scope of power of the general meeting with clear discussion subject and a specific resolution, and shall comply with the relevant law, administrative regulations and the relevant requirements in these Articles.

Article 8.8 No matters unspecified in the notice or the supplemental notice may be decided at the general meeting.

Article 8.9 Any notice of a general meeting shall comply with the following requirements:

(I) be in writing;

(II) specify the place, the date, time of the meeting and convening method;

(III) state the matters and proposals to be examined and approved at the meeting;

(IV) provide such information and explanation as necessary for the shareholders to make an informed decision on the proposals put before them. This principle includes (but is not limited to), where a proposal is made to merge the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;

(V) contain a disclosure of the nature and extent of any material interests of any director and senior management officer in the proposed transaction and provide an explanation of the differences between the effect of the proposed transaction



on them in their capacity as shareholders and the effect on the shareholders;

(VI) contain the full text of any special resolution to be proposed at the meeting;

(VII) contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxy need not be a shareholder;

(VIII) specify the time and place for lodging proxy forms for the relevant meeting.

Article 8.10 The notice of general meeting shall be delivered to shareholders by the methods specified in Article 22.1. Although shareholders have the right to request receipt of the notice of general meeting by other methods, if the notice of general meeting is sent through the website of the Hong Kong Stock Exchange, once the notice is announced, it will be deemed that all shareholders have received the notice of general meeting.

Article 8.11 Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his proxy or proxies to attend and vote on his behalf. If a shareholder is a company, it may appoint a representative to attend and vote; and if the company's shareholder has appointed a representative to attend, he shall be deemed to attend in person. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from such shareholder:

(I) the shareholder's right to speak at the meeting;

(II) the right to demand or join in demanding a poll;

(III) the right to vote by show of hands or by poll, provided that when a shareholder has appointed more than one proxy, such proxies may only vote by poll.

Article 8.12 A shareholder shall appoint his proxy in writing under the hand of the shareholder or his/her attorney authorized in writing, in the event that the shareholder is a legal person, it shall be under the seal of the legal person or under the hand of its director or executive or attorney duly authorized. Such proxy form shall contain the number of shares represented by a proxy; if several persons are appointed as proxies, the number of shares represented by each proxy should be specified.

Article 8.13 The proxy form shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such

other place as specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or person authorized by its Board of Directors or other decision-making body may attend general meeting of the Company as a representative of the appointer.

If such shareholder is a recognized clearing house (or its nominees), the shareholder may authorize one or more persons as it thinks fit to act as its representative at any general meeting and at a creditors' meeting; provided that if more than one person is so authorized, the power of attorney shall set out the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized shall be entitled to exercise the same power on behalf of the recognized clearing house (or its nominees), and enjoy the same legal rights as other shareholders, including the right to speak and vote.

Article 8.14 Any kind of proxy form given to a shareholder by the Board of Directors of the Company for appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favor of or against the resolutions according to his/her free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. Such proxy form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he/she thinks fit.

Proxies should, when attending the general meeting on behalf of the shareholders, present their identification proof and the power of attorney signed by the appointer or a legal representative of the appointer or a duly appointed agent. The power of attorney should specify the date of issuance.

If a corporate shareholder (other than the recognized clearing house or its nominees) delegates its legal representative to attend the meeting, the Company shall have the right to request such legal representative to provide a proof of his/her identity and a valid proof of his/her legal representative qualification.

Article 8.15 A vote given by a proxy in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such aforesaid issues shall have been received by the Company before the commencement of the meeting.

Article 8.16 Resolutions of a general meeting can either be ordinary resolutions or special resolutions.

An ordinary resolution of a general meeting shall be passed by more than half of the total voting shares of the Company being held by the non-related shareholders (including proxies) who are present at the meeting.

A special resolution of a general meeting shall be passed by more than two-thirds

of the total voting shares of the Company being held by the non-related shareholders (including proxies) who are present at the meeting.

Article 8.17 In the case of voting at general meetings, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares. Each share shall have one vote.

Article 8.18 Any vote on resolution submitted at a general meeting must be taken by poll (including electronic voting), except pursuant to the Listing Rules the chairman of the meeting decides in good faith to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Article 8.19 A poll demanded on the election of the chairman of the meeting, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issues shall be taken at such time as the chairman of the meeting directs, and any matter other than that upon which a poll has been demanded may proceed with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 8.20 On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to two or more votes need not cast all his/her votes in the same way.

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

Article 8.21 In the case of equal votes for and against the resolution whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

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

(I) work reports of the Board of Directors;

(II) plans of profit distribution and loss make-up schemes drafted by the Board of Directors;

(III) dismissal of the members of the Board of Directors who are not assumed by staff representatives, their remuneration and payment methods;

(IV) balance sheet, income statement and other financial statements of the Company;

(V) such other matters other than those specified by the laws, administrative regulations or these Articles shall be resolved by special resolutions.

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

(I) increase/decrease of the share capital of the Company and issuance of any type of shares, warrants and other similar securities;

(II) issuance of bonds of the Company;

(III) division, merger, dissolution and liquidation of the Company and the change of form of the Company;

(IV) equity incentive plan;

(V) amendments to these Articles;

(VI) other matters as required by the laws, administrative regulations or the Articles of Association shall be approved by special resolution, and as approved by ordinary resolution of the general meeting which are believed could materially affect the Company and shall be approved by special resolution.

Article 8.24 An extraordinary general meeting required by shareholders shall be convened in accordance with the following procedures:

(I) two or more shareholders who jointly hold 10% or more of the shares carrying rights to vote at the proposed meeting may request the Board to convene an extraordinary general meeting by signing a written requirement or several copies with the same format and content, and to illustrate the subject of the meetings. The Board shall convene an extraordinary general meeting as soon as possible upon receipt of the foresaid written requirement. The aforesaid number of share holdings is calculated as at the date of the submission of the written requirement by the shareholders.

(II) if the Board fails to issue a notice of convening such a meeting within 30 days from the date of receipt of the aforesaid written requisition, the shareholders who raise the requisition may themselves convene the meeting within 4 months from the date of receipt of the requisition by the Board. The procedures of convening the meeting shall be the similar as those of convening a general meeting by the Board as far as possible.

If the shareholders call and convene a meeting by themselves since the Board cannot convene the meeting in accordance with the foresaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and deducted from the amounts owed to the Directors who have neglected their duties.

Article 8.25 A general meeting shall be convened by the chairman who shall preside as chairman of the meeting. If the chairman cannot attend the meeting for any reasons, the general meeting shall be convened by the vice chairman who shall preside as chairman of the meeting. If both the chairman and vice chairman cannot attend the meeting, the Board may designate a director of the Company to convene and preside at the meeting as chairman on its behalf. If no chairman of

the meeting has been designated, shareholders attending the meeting may elect a person to act as chairman. If the shareholders cannot elect the chairman due to any reason, the shareholder (including his/her proxy) presented at the meeting who hold the shares carrying the maximum voting rights shall act as the chairman of the meeting.

Article 8.26 The chairman of the meeting shall be responsible for determining whether a resolution of the general meeting is passed or not and his/her determination shall be final and the same shall be announced at the meeting and entered into the minutes of the meeting.

Article 8.27 A proposal listing candidates for directors shall be submitted to the general meeting for a vote.

When voting on the election of directors, the general meeting may implement accumulative voting system according to the Articles of Association or the resolution of the general meeting.

Accumulative voting system referred to in the preceding paragraph means a system whereby each share, in an election of directors at a general meeting, carries the number of voting rights equivalent to the number of the directors to be elected, and a shareholder may concentrate his/her voting rights. The Board shall make available to the shareholders the biographies and general information of the candidates for directors.

Other than the accumulative voting system, the general meeting shall vote on all proposals presented one by one. In the case where different proposals are made on the same matter, votes shall be cast in accordance with the sequence of the proposals presented.

Article 8.28 At a general meeting, the approach and procedures for nomination of candidates for directors are as follows:

(I) shareholder(s) severally or jointly holding more than 1% of the total outstanding issued shares with voting rights of the Company may, by way of a written proposal, put forward to the general meeting about the candidates for directors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number of the candidates to be elected. The aforesaid proposal put forward by shareholders to the Company should be served to the Company at least 10 days before the convening of the general meeting.

(II) within the number of head count as specified by these Articles and based on the proposed number of candidates to be elected, the Board may propose a list of recommended candidates for directors, and submit to the Board respectively for their reviews. The list of candidates for directors should be proposed at a general meeting by way of a written proposal upon reviewed and approved by the Board.

(III) the written materials of the intention to propose a candidate for election as a director, the acceptance of such candidate of his willingness to be nominated and

relevant written materials on the nominated candidate shall be given to the Company no less than 7 days prior to the date of holding the general meeting. The Board shall provide shareholders with biographical details and basic information of the candidates for directors.

(IV) the period accorded by the Company for the nominators and candidates to submit the aforementioned notices and documents (such period shall start from the day immediately following the date of issuance of the notice of the general meeting) shall be not less than 7 days;

(V) at the general meeting, voting for each candidate for a director shall be taken on a one-by-one basis.

(VI) in the case of any need of addition to or replacement in any director, the Board shall be responsible for putting forward a proposal to the general meeting to elect or replace the same.

Article 8.29 If the chairman of the meeting has any doubt concerning the result of the vote on any resolution, he /she may organize a recount of the number of votes cast. If the chairman of the meeting does not conduct a recount of the votes and an attending shareholder or proxy challenges the result of a vote announced by the chairman of the meeting, he/she has the right to demand a vote recount immediately following the announcement of the result, in which case the chairman of the meeting shall promptly organize a recount of the votes.

Article 8.30 If a vote recount is conducted at a general meeting, the result thereof shall be recorded in the minutes of the meeting.

The general meeting shall keep minutes of its decisions on the matters considered. Directors attending the meeting shall sign their names on the minutes of the meeting.

The minutes of meeting together with the attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the domicile of the Company.

Article 8.31 Copies of the minutes of meeting shall, during business hours of the Company, be open for inspection by any shareholder without any charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees therefor.

## **CHAPTER 9 BOARD OF DIRECTORS**

Article 9.1 The Company shall establish a board, which shall be accountable to and report to the general meeting. The Board shall consist of nine directors, of which the external directors (hereinafter referred to directors who do not hold any office within the Company) shall represent not less than 50 percent of the members

of the Board of Directors. Independent non-executive directors (hereinafter referred to directors who are independent to the shareholders and do not hold any office within the Company) shall represent at least one-third of the members of the Board of Directors.

The Board of Directors may include employee representatives. Such representatives shall be democratically elected by the Company's employees through the employees' congress, general meeting of employees, or other forms, and shall not be subject to approval by the shareholders' general meeting.

The Board of Directors shall have one chairman and may have one vice chairman.

Article 9.2 Directors (excluding employee directors) shall be elected at the general meeting for a term of three years from the date of the election. Upon the expiry of the term, a director shall be eligible for re-election.

Written notice of the intention to nominate a candidate for election as a director and the written notice by such candidate of his willingness to accept the nomination shall be sent to the Company 7 days before the date of the general meeting.

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

The chairman shall be elected and removed by a majority of all directors. The term of office of the chairman is three years, and renewable upon re-election.

Subject to the relevant laws and administrative regulations, the general meeting may remove a director before the expiration of his term of office by an ordinary resolution but without prejudice to any claim for damages under any contract.

External directors shall have sufficient time and appropriate knowledge to perform their duties. The Company shall provide necessary information to the external directors to perform their duties. The independent non-executive directors may report the situations directly to the general meeting, the securities regulatory authorities of the State Council and other relevant departments.

A director shall not be required to hold any shares of the Company.

Article 9.3 The Board of Directors shall be accountable to the general meeting and shall exercise the following functions and powers:

(I) to convene the general meeting and report on work to the general meeting;

- (II) to implement the resolutions of the general meeting;
- (III) to determine the Company's business and investment plans;
- (IV) to devise the Company's profit distribution and loss recovery plans;
- (V) to formulate the plans for increasing or decreasing the Company's registered capital and the issuance of corporate bonds or other securities, as well as the listing of the Company;
- (VI) to formulate plans for share repurchase of the Company, and the Company's merger, separation, dissolution, and change of its form;
- (VII) to formulate proposal on the amendments on these Articles;
- (VIII) to determine the setup of the Company's internal management organisation;
- (IX) to appoint or dismiss the general manager of the Company, the secretary of the Board of Directors, chairman of special committee of the Board of Directors and secretary of the Company; appoint or dismiss the deputy general manager of the Company and other senior management based on the nomination of the general manager and determine their remuneration;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate the plan for acquisition and disposal of major assets within one year, which account for over 30% of the Company's audited total assets for the latest period;
- (XII) to formulate the plan for material transaction (as defined in Article 8.2), which account for 50% of the audited net assets of the Company for the latest period;
- (XIII) to consider and approve the acquisition and disposal of major assets within in one year amounting over RMB10 million but not over 30% of audited total assets of the Company for the latest period;
- (XIV) to consider and approve the material transactions (as defined in Article 8.2) amounting over RMB10 million but not over 50% of audited net assets of the Company for the latest period;
- (XV) to consider the connected transactions subject to the approval of the Board of Directors' in accordance with the listing rules of the place on which the shares of the Company are listed;
- (XVI) to propose the appointment or replacement of the accounting firm that performs audits for our Company at the general meeting;
- (XVII) to formulate stock incentive scheme;



(XVIII) to attend to the work report of our general manager and review the work of the general manager;

(XIX) to submit the proposals on the candidate or replacement of the independent non-executive Directors of our Company to the general meeting;

(XX) Other powers and duties authorised by the laws, administrative regulations, departmental rules, listing rules, the general meetings and these Articles.

Save in respect of the matters specified in sub-paragraphs (V), (VI) and (VII) of this Article which shall be passed by the affirmative votes of two-thirds or more of all the Directors, the Board's resolutions in respect of all other matters above may be passed by the affirmative votes of more than one-half of the Directors.

Article 9.4 The Board shall not, without the prior approval of shareholders at a general meeting, dispose or agree to dispose of any fixed assets where the aggregate of the expected value of the consideration for the proposed disposition, and the value of the consideration for any fixed assets that have been disposed of within the period of 4 months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a general meeting.

For the purposes of this Article, disposition of fixed assets includes an act involving the transfer of interests in assets other than the provision of security by fixed assets.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

Article 9.5 The Chairman shall exercise the following functions and powers:

(I) to preside over general meetings and to convene and preside over the Board meetings;

(II) to check on the implementation of resolutions passed by the Board at the Board meetings;

(III) to ensure that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;

(IV) to ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner;

(V) to ensure that the formation of good corporate governance practices and procedures by the Company;

(VI) to ensure that appropriate steps are taken to provide effective communication with shareholders;

(VII) to sign the securities issued by the company;

(VIII) to sign important documents of the Board and other documents which should be signed by the Company's legal representative, and exercise the functions and powers of a legal representative;

(IX) to hear regular or non-regular performance reports of the Company's senior management, and give opinions guiding the execution of board resolutions;

(X) to nominate candidates for secretary to the Board of the Company;

(XI) to supervise and check on the work of special committees of the Board;

(XII) to exercise other functions and powers conferred by the Board or the Listing Rules.

Where the Chairman is unable to perform his duties or fails to perform his duties, the vice chairman of the Board shall perform his duties. Where the vice chairman of the Board is unable perform his duties or fails to perform his duties, a Director selected by half or above of all Directors shall perform his duties.

Article 9.6 The Board shall hold at least four (4) regular meetings every year and such meetings shall be convened by the Chairman. At least 14 days' notice shall be given on the convening of regular Board meetings to allow all directors to arrange time for their attendance. Reasonable notice shall be given on the convening of all other Board meetings.

The chairman of the Board shall convene and preside over an extraordinary Board meeting within 10 days in one of the following situations when it is:

(I) An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary or the general manager requests it;

(II) When shareholders representing over 10% of voting rights so requests;

(III) when over one-third of the Directors so request;

(IV) when the Audit Committee so requests;

(V) When relevant regulatory authorities requests to convene it.

At the same time, the above proposers are entitled to propose motions to the Board and shall submit his proposal in writing while proposing to convene an extraordinary meeting.

Article 9.7 The notice for the meeting of Board shall be as follows:

(I) In the event that the Board has stipulated in advance the date and place of the regular meeting of the Board, it shall not require the issue of notices to convene the meeting.

(II) In the event that the Board has not stipulated in advance the date and place

of the meeting of the Board, the Chairman of the Board shall inform the directors at least 14 days in advance by sending the notice by means of telex, telegram, facsimile, speed post or registered mail or courier, unless specified otherwise by the Article 9.6.

(III) The notice shall be in Chinese, and its English version may be attached if necessary, and shall include the agenda for the meeting. Any director may waive the right of obtaining the notice from the Board for the meeting of the Board.

A notice of the Board meeting shall at least contain the following contents:

(I) date and place of the meeting;

(II) means of convening the meeting;

(III) the matters to be considered at (Session Proposal);

(IV) convener and presider of the meeting, requisitionist of the interim meeting and its written proposals;

(V) request of the directors to attend the meeting in person or by entrusting other directors;

(VI) contact person and contact method;

(VII) date of issuing the notice.

Verbal notice of a meeting shall at least include the contents of items (I) and (II) above and the explanation for emergency situations where an extraordinary meeting needs to be convened as soon as possible.

#### Article 9.8

All the major items that require the decision-making of the Board of Directors must be notified to all executive directors and external directors according to the time prescribed by this Article and strictly carried out in accordance with the procedures laid down. At the same time, a director may require sufficient information to be provided. Directors may require to be provided with supplementary materials. When more than a quarter of the directors or more than two external directors believe that the information is inadequate or unclear, they can jointly declare the deferment of the board meetings or some of the issues that shall be discussed by the board meeting, to which the Board of Directors shall give approval.

Notice of a meeting shall be deemed to have been given to any Director who attends the meeting without protesting against, before or at its commencement, any lack of notice.

The meeting of the Board may be convened onsite, can be held by way of telephone conference or other similar telecommunication devices. As long as the Directors attending such meeting can clearly hear what other Directors say and can interact with each other, all attendees shall be deemed to have attended the meeting in person.

- Article 9.9 Board meeting shall only be held if more than one half of the Directors (including a Director appointing another Director to attend the meeting on his behalf by a written power of attorney according to Article 9.10) attend.
- Each Director has one vote. Voting can be classified into “for”, “against” and “abstained”, and in case of “against” or “abstained”, for which, relevant reasons shall be stated and filed. Unless otherwise specified in Article 9.3, a resolution of the Board must be passed by more than one-half of all the Directors.
- In case of an equality of votes cast for and against a resolution, the Chairman shall have a casting vote.
- Article 9.10 Directors shall attend the Board meeting in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall set out the scope of authorization. And an Independent Non-executive Director shall only appoint another Independent Non-executive Director attending the meeting to attend the same on his behalf.
- A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of the Director within the scope of authorization. Where a Director is unable to attend a Board meeting and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at that meeting.
- Article 9.11 The Board shall keep minutes of resolutions passed at the Board meetings. The minutes shall be signed by the Directors who have attended the meeting and the person who took the minutes. Opinions expressed by Independent Non-executive Directors shall be set out in the resolutions passed by the Board at the Board meetings. The minutes of the Board meeting shall be deposited at the Company’s office in the PRC. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or these Articles and causes serious losses to the Company, the Directors who participate in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proved that a Director has expressed his objection when the resolution is voted on, and if such objection was recorded in the minutes of the meeting, such Director shall be released from such liability.
- Article 9.12 Unless otherwise stipulated in these Articles and the listing rules at the place where the Company’s shares are listed, the Board may adopt written resolution in lieu of holding Board meeting provided that the proposal of such resolution must be delivered to each and every Director by hand, by post, by facsimile or by email. If the relevant written resolution has been delivered to all the Directors and the number of Directors who have signified their consent on one or more counterparts of that proposed resolution has reached the minimum prescribed by law for making such decision and the same is/are then delivered

to the Chairman using one of the aforesaid manners, such resolution is deemed to be passed as a Board resolution and no Board meeting has to be convened.

Article 9.13 If any Director or any of his associates (as defined by the Listing Rules) has interest in the matter to be resolved by the Board, such Director shall excuse himself and shall not have any voting right. Such Director shall not be counted towards the quorum of the meeting.

## **CHAPTER 10 SECRETARY TO THE BOARD OF THE COMPANY**

Article 10.1 The Company may have one Board Secretary. The Board Secretary is a senior officer of the Company.

The Board may, according to its requirements, establish the secretariat of the Board.

Article 10.2 The Board Secretary shall be a natural person who has the requisite professional knowledge and experience and shall be appointed by the Board. The major responsibilities of the Board Secretary are as follows:

- (I) to ensure the Company has complete constitutional documents and records;
- (II) to ensure the Company to prepare and deliver in accordance with law those documents and reports required by competent authorities entitled thereto;
- (III) to ensure that the Company's registers of shareholders are properly maintained and that persons entitled to the Company's records and documents are furnished with such records and documents without delay;
- (IV) to organize and arrange for the meetings of the Board and general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensuring their accuracy, keep meeting documents and minutes and take initiative to keep abreast of implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board;
- (V) to ensure the material matters resolved by the Board of the Company to be carried out strictly in accordance with the procedures as stipulated; according to the requirements of the Board, to participate in the consultation and analysis of the matters to be considered by the Board and offer relevant opinions and suggestions; and handle the day-to-day affairs of the Board and its committees as authorized;
- (VI) as the contact person between the Company and securities regulatory authorities, to be responsible for the preparation and timely submission of the documents required by the regulatory authorities, and for accepting and organizing the implementation of the tasks from the regulatory authorities;
- (VII) to be responsible for coordinating and organizing disclosure of information of the Company, establishing and improving the information disclosure system,

participating in all meetings of the Company involving information disclosure, and keeping informed of the material operational decisions and relevant information of the Company in a timely manner;

(VIII) to be responsible for keeping price-sensitive information of the Company confidential and working out effective and practical confidentiality systems and measures. Where there is any disclosure of price-sensitive information of the Company due to any reason, necessary remedial measures shall be taken; timely explanation and clarification shall be made; and relevant reports shall be submitted to the stock exchange of the place where the Company's shares are listed and the CSRC;

(IX) to be responsible for coordinating reception of visitors, keeping in touch with news media; coordinating replies to inquiries from the public, handling relations with intermediaries, regulatory authorities and news media , and organizing submission of the reports on relevant matters to the CSRC;

(X) to assist directors and the general manager in duly complying with the domestic and foreign laws, regulations, these Articles and other provisions in the course of discharging their duties, and upon becoming aware that the Company has passed or may pass resolutions which are in breach of relevant regulations, to be obliged to immediately remind the Board, and to be entitled to report such facts to the CSRC and other regulatory authorities;

(XI) to coordinate the provision of relevant information necessary for the Audit Committee of the Company and other auditing authorities to discharge their duties; and assisting in carrying out investigations on the performance of the Chief Financial Officer, directors and the general manager of the Company of their fiduciary duties;

(XII) to exercise other functions and powers granted by the Board and those required by the stock exchange of the place where the Company's shares are listed.

Article 10.3 A Director or other senior management personnel of the Company may act as the Board Secretary concurrently. The accountants in the Accounting Firm which have been engaged by the Company shall not act as the Board Secretary concurrently.

Where the office of Board Secretary is held concurrently by a director, and an act is required to be done by a Director and a Board Secretary of the Company separately, the person who holds the office of Director and Board Secretary of the Company shall not perform the act in a dual capacity.

## **CHAPTER 11 SPECIAL COMMITTEES OF THE BOARD**

Article 11.1 The Board may, according to its requirements, establish special committees including audit committee, remuneration committee and nomination committee.

The Board may also, according to its requirements, establish other special committees and restructuring the existing committees. The Board shall seek the views of the relevant special committees before making relevant resolutions.

- Article 11.2 All members of the special committees established by the Board shall be Directors who are elected by the Board. Each of the special committees may engage intermediaries to provide professional advice and the relevant expenses shall be borne by the Company.
- Article 11.3 Each of the special committees shall be accountable to the Board and the proposal of each of the special committees shall be submitted to the Board for examination and determination.
- Article 11.4 The Company shall establish an Audit Committee under the Board of Directors, which shall exercise the powers and functions of the Board of Supervisors as set out in the *Company Law*.
- Article 11.5 The Audit Committee shall consist of three members, all of whom must be non-executive directors, with independent non-executive directors forming the majority. At least one independent non-executive director shall possess appropriate professional qualifications as required under the *Hong Kong Listing Rules*, or have appropriate accounting or related financial management expertise.
- Article 11.6 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and for overseeing and evaluating both internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for consideration only after being approved by more than half of all members of the Audit Committee:
- (I) The disclosure of financial information contained in financial statements and periodic reports;
  - (II) The appointment or dismissal of the accounting firm undertaking the Company's audit work;
  - (III) The appointment or dismissal of the person-in-charge of the Company's finance department;
  - (IV) Changes to accounting policies or accounting estimates, or the correction of material accounting errors, other than those arising from changes in accounting standards; and
  - (V) Other matters stipulated by laws, administrative regulations, and these Articles of Association.
- Article 11.7 The Audit Committee shall convene at least two meetings each year. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener considers it necessary. The Audit Committee

shall only meet when more than two-thirds of its members are present.

Resolutions of the Audit Committee shall be passed by a majority of its members. Each member shall have one vote.

The resolutions of the Audit Committee shall be duly recorded in meeting minutes, which shall be signed by the members present at the meeting.

Article 11.8      The rules of procedure for the Audit Committee shall be developed by the Board of Directors.

## **CHAPTER 12   GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

Article 12.1      The Company shall have one general manager who shall be appointed or removed by the Board.

Directors can be concurrently appointed as the general manager or other senior management personnel.

Article 12.2      The Company shall have several deputy general managers and a person in charge of finance (Chief Financial Officer) who shall assist the work of the general manager and shall be the senior management of the Company. Other persons expressly appointed by the Board as the senior management of the Company shall also be the senior management of the Company.

Deputy general managers and the person in charge of finance shall be nominated by the general manager and appointed or removed by the Board.

Article 12.3      The general manager of the Company shall be accountable to the Board and shall exercise the following functions and powers:

(I) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board;

(II) to organize the implementation of the Company's annual business and investment plans;

(III) to draft plans for the setup of the Company's internal management organisation;

(IV) to draft the Company's basic management system;

(V) to formulate basic rules and regulations for the Company;

(VI) to propose the appointment or dismissal of other senior management of the Company;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;



(VIII) to decide on the investment, purchase or sale of assets with a total amount of not more than RMB10 million within one year, as well as the financing, contract, transaction and other matters with a single transaction amount of not more than RMB10 million;

(IX) to request the convening of an impromptu Board meeting;

(X) subject to compliance with the relevant requirements of the State, to determine the level of remuneration and fringe benefits and the reward system;

(XI) other functions and powers conferred by these Articles and the Board.

Article 12.4 The general manager of the Company can attend the Board meeting and has the right to receive the notice of Board meeting and relevant documents.

Article 12.5 The general manager of the Company, while exercising their functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and these Articles.

### **CHAPTER 13 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**

Article 13.1 None of the persons in any of the following situations shall serve as the Director, or the senior management of the Company:

(I) a person who has no civil capacity or has limited civil capacity;

(II) a person who has been convicted of the offence of corruption, bribery, asset embezzlement, asset misappropriation, or crime of destroying the order of the socialist market economy order within 5 years of the expiry date of punishment or has been deprived of political rights because of this conviction within 5 years of the expiry date of the sentence, a person who has been sentenced to probation within 2 years from the expiration of the probation period;

(III) a person who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated and who has been personally liable for the bankruptcy of the company or enterprise within 3 years of the date of completion of bankruptcy and liquidation of the company or enterprise;

(IV) a person who has served as the legal representative of a company or enterprise whose business licence was revoked or has been ordered to close down due to violation of the law and who has been personally liable within 3 years of being ordered to close the date on which the business licence of such company or enterprise was revoked;

(V) a person who has a large sum of debt which was not paid at maturity and is listed as a dishonest judgment debtor by the people's court.

If the elects or appoints Director or senior management in violation of the provisions of this Article, the election or appointment shall be invalid.

If the circumstances of this Article arise during a Directors and senior management's term of office, the Company shall remove his / her post.

Article 13.2 The validity of the conducts of the Director and the senior management of the Company on behalf of the Company against bona fide third parties shall not be affected by any non-compliance in their conducts during office, election or qualifications.

Article 13.3 In addition to the obligations required by laws, administrative regulations or listing rules of the stock exchange on which shares of the Company are listed, the Directors or senior management of the Company shall have the following obligations to each shareholder in the exercise of the functions and powers of the Company entrusted to them:

(I) not to cause the Company to exceed the scope of business stipulated in its business licence;

(II) to act honestly in the best interests of the Company;

(III) not to deprive the Company in any way of its properties, including (but not limited to) the opportunities beneficial to the Company;

(IV) not to deprive the shareholders of personal interest, including (but not limited to) the allotment rights and the voting rights, but excluding the restructuring of the Company submitted to the general meeting for approval in accordance with these Articles.

Article 13.4 The Directors and senior management of the Company shall be prudent, diligent and skilled in exercising the powers or in discharging the obligations, just like a reasonably prudent person under comparable circumstances.

Article 13.5 The Directors and senior management of the Company shall perform their duties in good faith, and shall not get involved in any circumstances where their own interests may be contradictory to their obligations. This principle includes but not limited to the following obligations:

(I) Acting in good faith to the best interests of the Company;

(II) Exercising powers within his scope and not beyond the defined boundary;

(III) Exercising the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given at a general meeting, not to delegate the exercise of his discretion;

(IV) Treating Shareholders of the same type equally and Shareholders of different types fairly;

(V) Entering into any contract, transaction or arrangement with the Company is

not allowed, unless otherwise provided for in these Articles or otherwise by the approval of the general meeting with its full knowledge;

(VI) Seeking benefits using the properties of the Company in any manner is not allowed, unless agreed by the general meeting with its full knowledge;

(VII) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to the Company;

(VIII) Accepting commissions associated with transactions of the Company is not allowed unless agreed by the general meeting with its full knowledge;

(IX) Compliance with these Articles, discharging duties in a faithful manner, safeguarding the interests of the Company rather than seeking benefits by taking advantage of one's position and authority in the Company;

(X) Competing with the Company in any manner is not allowed, unless agreed by the general meeting with its full knowledge;

(XI) Misappropriation of the Company's funds or lending these funds to others is not allowed, nor is depositing the assets of the Company in an account opened in one's own name or other names, nor is using the assets of the Company to provide guarantees for the debts of the Shareholders of the Company or other individuals;

(XII) Disclosure of any confidential information relating to the Company obtained during employment without the consent of the general meeting with its full knowledge; unless in the interests of the Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government authorities as required by:

1. the provisions of the law;
2. the public interests;
3. the interests of such Directors, senior management.

Article 13.6      The Directors and senior management of the Company may not direct the following personnel or institutions (the “**related personnel**”) to do acts that the Directors and senior management are prohibited from doing:

(I) Spouses or minor children of the Directors and senior management of the Company;

(II) Trustors of the Directors and senior management of the Company or the persons mentioned in (I) above;

(III) Partners of the Directors and senior management of the Company or persons

mentioned in (I) and (II) above;

(IV) The company under de facto control by the Directors and senior management individually or jointly with the persons or other directors and senior management of companies mentioned in (I), (II) and (III) above;

(V) Directors or senior management of the controlled companies mentioned in (IV) above.

Article 13.7 The good faith obligation owed by the Directors and senior management of the Company may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of the Company in confidence shall survive the expiration of their terms. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with the Company is terminated.

Article 13.8 Unless or otherwise provided in Article 7.5 hereof, liabilities of Directors and senior management of the Company arising from the violation of specific duties may be released with the informed consent of the shareholders given at a general meeting.

Article 13.9 Where a Director and senior management of the Company has material interests in the contracts, transactions or arrangements that the Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that the Company has entered into with the Directors and senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Director as soon as possible no matter whether the relevant matters are subject to the approval of the Board of Director in normal circumstance.

A Director shall not vote on any contract, transaction, arrangement or proposal in which he or any of its related personnel is materially interested, and shall not be included in the quorum of the relevant meeting (the restrictions in this paragraph shall not apply to the circumstances permitted by the Listing Rules and Hong Kong Stock Exchange).

Unless the Directors and senior management who have interests have made disclosure to the Board of Directors in accordance with the preceding paragraph of this Article and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, the Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors and senior management violating their obligations.

A Director, senior management of the Company is deemed to be interested in a

contract, transaction or arrangement in which its related personnel is interested.

Article 13.10 If a Director, senior management of the Company has given the Board a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, that notice shall be deemed to be a sufficient declaration of his interests stipulated under the preceding Article herein so far as the content stated in such notice is concerned, provided that such notice has been given before the entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 13.11 The Company may not in any manner pay tax on behalf of its directors, general manager or other senior management.

Article 13.12 The Company shall neither provide the Directors, general manager or other senior management of the Company or its parent company with loans or loan guarantees, directly or indirectly, nor provide related personnel of the above personnel with loans or loan guarantees.

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

(I) The Company provides our subsidiaries with loans or loan guarantees;

(II) The Company provides the Directors or senior management of the Company with loans, loan guarantees or any other fund pursuant to the employment contracts approved at the general meeting to pay all expenses incurred for the purpose of the Company or performing his duties to the Company;

(III) In case that the normal scope of business of the Company covers the provision of loans or loan guarantees, the Company may provide relevant Directors or senior management or other related personnel with loans or guarantees for loans, provided that the conditions of the above loans or loan guarantees shall be normal commercial conditions.

Article 13.13 In the event that the Company provides loans in violation of the provisions set forth in the preceding Article, the person who receives the loan(s) shall payoff the loan(s) immediately, regardless of the conditions of loans.

Article 13.14 A guarantee for repayment of loan provided by the Company in violation of provisions set forth in paragraph (I) of Article 13.12 shall not be mandatorily enforced against the Company, unless under the following circumstances:

(I) The loan provider unknowingly provides loans to personnel related to the Directors or senior management of the Company or its parent company;

(II) The collateral provided by the Company is sold lawfully by the loan provider to the buyer in good faith.

- Article 13.15 For the purpose of the preceding provisions therein, a guarantee includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations
- Article 13.16 In the event of violation of obligations owed to the Company by the Directors and senior management of the Company, the Company shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:
- (I) Require related Directors or senior management to compensate the Company for losses incurred as a result of their neglect of duty;
  - (II) Cancel any contract or transaction entered into between the Company and related Directors or senior management as well as any contract or transaction entered into between the Company and any third person when the third person knew or should have known that the Directors or senior management acting on behalf of the Company violated their obligations owed to the Company;
  - (III) Require related Directors or senior management to turn over the proceeds obtained from the violation of their obligations;
  - (IV) Recover funds collected by related Directors or senior management that should have been collected for the Company, including but not limited to commissions; and
  - (V) Require related Directors or senior management to return to the Company the interest earned or that may be earned from funds that should have been paid to the Company.
- Article 13.17 The Company shall, with the prior approval of the general meeting, enter into a contract in writing with the Director of the Company regarding his emoluments. The aforesaid emoluments shall include:
- (I) the emoluments in respect of his service as a director or senior management of the Company;
  - (II) the emoluments in respect of his service as a director or senior management of any subsidiary of the Company;
  - (III) the emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
  - (IV) the payment for compensation for the loss of office or retirement from office of such director.
- No proceedings may be brought by a Director against the Company for any benefit due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.
- Article 13.18 As provided in the contract entered into between the Company and its Directors

in connection with their emoluments, they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of the Company, subject to the prior approval of the Shareholders at the general meeting.

For the purposes of the preceding paragraph, acquisition of the Company refers to any of the following circumstances:

(I) an offer made by any person to all shareholders;

(II) an offer made by any person such that the offeror will become the Controlling Shareholder. The term “controlling shareholder” has the same meaning as defined in Article 7.6 of these Articles.

If the relevant Director fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director shall bear all expenses arising from the distribution of such payments in a proportional manner and such expenses shall not be deducted from these payments distributed.

#### **CHAPTER 14 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

Article 14.1 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the competent finance authorities of the State Council.

Article 14.2 At the end of each fiscal year, the Company shall prepare a financial report which shall be reviewed as required by law.

Article 14.3 The Company shall adopt the Gregorian calendar year for its fiscal year, that is, a fiscal year starts on 1 January every year and ends on 31 December every year on the Gregorian calendar. The Company shall use RMB as the reporting currency and the accounts shall be written in Chinese.

Article 14.4 The Board of Directors shall submit the financial reports of the Company, as required by law, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by the Company, at every annual general meeting.

Article 14.5 The Company’s financial reports shall be made available for shareholders’ inspection at the Company 20 days before the annual general meeting is convened. Each shareholder of the Company shall have the right to receive a copy of such financial reports referred to in this Chapter.

The Company shall, at least 21 days before the annual general meeting is convened, notify and announce the aforesaid reports in accordance with Article 22.1 hereof.

- Article 14.6 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).
- Article 14.7 The Company's interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).
- Article 14.8 The Company shall publish the financial reports twice in each fiscal year. An interim financial report shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the completion of each fiscal year.
- Article 14.9 The Company shall not keep any accounting books other than those specified by law.
- Article 14.10 Upon completion of preparation of its interim and annual financial reports, the Company shall follow such procedures and make such announcements as required by the securities-related laws and regulations of the PRC and provisions of the stock exchange on which shares of the Company are listed.
- Article 14.11 The profit of the Company shall be distributed in the following order of priority after payment of relevant taxes:
- (I) making up for losses;
  - (II) allocation to the statutory reserve;
  - (III) allocation to the discretionary reserve ;
  - (IV) payment of dividends on ordinary shares.
- The particular proportion of distribution in the year in respect of items (III) and (IV) of this Article shall be determined by the Board in accordance with the operational condition and development of the Company and shall be subject to the consideration and approval by general meeting.
- Article 14.12 No dividends shall be paid before the Company has made up its losses and has made allocations to the statutory reserve fund.
- Article 14.13 The Company shall allocate 10% of the profit after taxation to the statutory reserve. When the total amount of the statutory reserve exceeds 50% of the Company's registered capital, no more allocations shall be made.
- Article 14.14 Allocation to the discretionary reserve shall be made from the profits of the Company in accordance with a resolution of shareholders at the general meeting



after allocation to the statutory reserve.

Article 14.15 The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has made up for its losses and made allocations to the statutory common reserve fund. Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on any share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 14.16 The capital reserve shall include the following amounts:

(I) premium above the par value for shares issued at a premium price;

(II) any other income designated for the capital reserve as required by the competent finance authorities of the State Council.

Article 14.17 The common reserve fund of the Company shall be applied for the following purposes only:

(I) to make up for losses;

(II) to expand the Company's production and operation;

(III) to convert into capital to increase the Company's capital. The Company can, resolved by the general meeting, capitalize capital reserve and reserve which can be converted into capital under the relevant regulations, and shall either distribute new shares in proportion to the existing number of shares held by the shareholders, or to increase the par value of each share. However, when the statutory reserve is converted to capital, the balance of such common reserve fund shall not fall below 25% of the registered capital of the Company before such conversion.

Article 14.18 Subject to the restrictions stipulated by Articles 14.11, 14.12 and 14.13 herein, the annual dividends shall be distributed to the shareholders in proportion to their respective shareholdings within six months after the end of the fiscal year.

Article 14.19 The Company may distribute dividends in the form of:

(I) cash;

(II) shares.

Article 14.20 When the Company pays cash dividends and other funds to the holders of Domestic Shares, payment shall be made in Renminbi. When the Company pays cash dividends and other funds to holders of overseas listed foreign Shares, payment shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currencies required by the Company to pay cash dividends and other funds to holders of overseas listed foreign Shares shall be handled in

accordance with the relevant regulations on foreign exchange control in the PRC.

Article 14.21 Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends and other funds are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average benchmark exchange rate of RMB to Hong Kong dollars as of the mid-point rate for the relevant foreign currency announced by the Peoples' Bank of China 5 working days prior to the announcement of payment of dividend and other funds.

Article 14.22 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

Article 14.23 In respect of dividends distributed to shareholders, the Company has the power to forfeit unclaimed dividends, but such power shall not be exercised until six years or more after the date of declaration of the dividend.

Article 14.24 The Company can send dividend warrants by post, either directly or through receiving agents. Where such warrants have been left uncashed, the Company has power to cease sending dividend warrants by post, either directly or through receiving agents. However, such power should not be exercised until such warrants have been so left uncashed on two consecutive occasions. Nevertheless, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

Article 14.25 When permitted by law, the Company has the power to sell the shares of a member who is untraceable under the following circumstances:

(I) The Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period; and

(II) Upon expiration of the 12-year period, the Company publishes an announcement in a newspaper, indicating its intention to sell the Shares and notifies the Hong Kong Stock Exchange of such intention.

## **CHAPTER 15 APPOINTMENT OF ACCOUNTING FIRM**

Article 15.1 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review the Company's other financial reports.

The first accounting firm of the Company may be appointed at the inaugural meeting before the first annual general meeting. The accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise the powers under the preceding

paragraph, those powers shall be exercised by the board of directors.

Article 15.2 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 15.3 The Accounting Firm appointed by the Company shall enjoy the following rights:

(I) the right to inspect the books, records and vouchers of the Company at any time, and the right to require the Directors, or senior management of the Company to supply relevant information and explanations;

(II) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of the duties of the Accounting Firm;

(III) the right to attend general meetings and to receive all notices or other information relating to the meetings which any shareholder is entitled to receive, and the right to express its views in any general meeting in relation to matters concerning its role as the Accounting Firm of the Company.

Article 15.4 If there is a vacancy in the position of Accounting Firm, the Board may appoint another Accounting Firm to fill such vacancy before the convening of the general meeting. Any other Accounting Firm which has been appointed by the Company may continue to act during the period in which a vacancy arises.

Article 15.5 The shareholders in a general meeting may by ordinary resolution remove the Accounting Firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Accounting Firm. The Accounting Firm's right (if any) to claim for damages which arise from its removal shall not be affected thereby.

Article 15.6 The remuneration of an Accounting Firm or the manner according to which the Accounting Firm's remuneration is to be decided shall be determined by the shareholders in a general meeting. The remuneration of an Accounting Firm appointed by the Board shall be determined by the Board.

Article 15.7 The Company's appointment, removal or non-reappointment of an Accounting Firm shall be resolved by the shareholders in a general meeting. No Accounting Firm shall be appointed by the Board of Directors prior to the decision at a general meetings, except as provided in these Articles.

Article 15.8 Prior notice should be given to the Accounting Firm if the Company decides to remove such Accounting Firm or not to renew its appointment thereof. Such Accounting Firm shall be entitled to make a statement at the general meeting. Where the Accounting Firm requests to resign, it shall make it clear to the shareholders in a general meeting whether there has been any impropriety on the

part of the Company.

## **CHAPTER 16 INSURANCE**

- Article 16.1 All kinds of insurance of the Company shall be purchased from insurance companies which are registered in the PRC and are permitted to provide insurance services to PRC companies under the laws of the PRC.
- Article 16.2 The type of insurance, the insured amounts, the period of coverage and other insurance terms shall be determined after discussion by the Board of the Company in accordance with the practices of companies in similar industries in other countries and the convention and legal requirements in the PRC.

## **CHAPTER 17 LABOUR MANAGEMENT**

- Article 17.1 The Company shall formulate its systems regarding labour management, human resources management, payroll and welfare and social insurance in accordance with the laws, rules and administrative regulations of the PRC.
- Article 17.2 The Company shall hire the management personnel of different levels by appointment and the common employees by contract. The Company may determine the allocation of human resources at its own discretion. It is also entitled to hire management personnel and other employees on its own, and to dismiss the same in accordance with the laws and regulations and the contract provisions.
- Article 17.3 The Company is entitled to, within the scope specified by the administrative regulations, determine the payroll and welfare benefits of management personnel of different levels and different employees in accordance with its own economic efficiency.
- Article 17.4 Subject to the relevant administrative regulations of the PRC government and regional governments, the Company shall arrange medical, retirement and unemployment insurance for its management personnel and employees and shall execute the laws, rules and relevant requirements of labour insurance regarding retirement and unemployment of employees.

## **CHAPTER 18 EMPLOYEES**

- Article 18.1 The Company's employees may organize labour union and carry out union activities in accordance with the Trade Union Law of the People's Republic of China to safeguard the legitimate rights and interests of employees.

## **CHAPTER 20 MERGER AND DIVISION OF THE COMPANY**

Article 19.1 Any resolution on merger or division of the Company shall be proposed by the Board of the Company, and the relevant examination and approval procedures shall be completed in accordance with laws after being approved pursuant to the procedures stipulated in these Articles. Any shareholder opposing the resolution on merger or division of the Company shall have the right to request the Company or those shareholders who consent to such resolution to purchase shares from them at a fair price. The contents of the resolution of merger or division of the Company shall constitute a special document which shall be made available for shareholders' inspection.

The document above shall also be sent to holders of overseas listed foreign shares by the methods specified in Article 22.1.

Article 19.2 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of a merger of the Company, all parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date when the resolution for the merger is passed and publish an announcement in newspaper(s) or on the National Enterprise Credit Information Publicity System within 30 days from the date when the resolution for the merger is passed.

After the merger, the rights of the parties to the merger and their indebtedness shall be assumed by the company which survives the merger or the newly established company.

Article 19.3 Where there is a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, all parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date when the resolution for the division is passed and publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System for within 30 days from the date when the resolution for the division is passed.

Debts of the Company prior to division shall be assumed by the companies which exist after the division according to the agreement concluded.

Article 19.4 The Company shall, in accordance with laws, apply for change in its registration with the companies registration authority when there is a change in any item in its registration as a result of the merger or division of the Company. Where the Company is dissolved, the Company shall apply for its de-registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

## **CHAPTER 20 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

Article 20.1 The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:

(I) A resolution for dissolution is passed by general meeting;

(II) The Company shall be dissolved for the purpose of merger or division;

(III) The Company is declared legally bankrupt as a result of failure to pay debts as they fall due;

(IV) The Company has its business license revoked, or is eliminated or ordered to close in accordance with the laws for violation of laws and administrative regulations;

(V) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of total shares of the Company carrying voting rights may request the court to dissolve the Company.

Article 20.2 Where the Company is dissolved due to the provisions set forth in paragraphs (I), (II) or (V) of the preceding Article, the liquidation team shall be established within 15 days, and the composition of the liquidation team shall be determined by an ordinary resolution of shareholders in a general meeting. In the event the liquidation team is not established during such period, the creditors can request the people's court to appoint relevant personnel to establish the liquidation team for liquidation.

In the event that the Company is dissolved in accordance with the provisions set forth in paragraph (III) of the preceding Article, the people's court shall organise the Shareholders, related agencies and professionals to form the liquidation team for liquidation pursuant to relevant provisions of the laws.

In the event that the Company is dissolved in accordance with the provisions set forth in paragraph (IV) of the preceding Article, the relevant competent authorities shall organise the Shareholders, related agencies and professionals to form the liquidation team for liquidation.

Article 20.3 If the Board of Directors decides to liquidate the Company (except where the Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of the Company and believes that the Company is able to pay off all of our debts within 12 months from the commencement of liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, the functions and powers of the Board shall immediately cease.

In accordance with the instructions of the general meeting, the liquidation team shall at least once a year report at the general meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of the Company, and submit a final report at the general meeting upon completion of liquidation.

Article 20.4 The liquidation team shall, within ten days of its establishment, inform the creditors and shall, within sixty days of its establishment, publish an announcement in newspaper(s) or on the National Enterprise Credit Information Publicity System. The liquidation team shall carry out registration of the creditors' claims.

Article 20.5 The liquidation team shall exercise the following powers during the liquidation period:

(I) take stock of the Company's assets and prepare a balance sheet and a list of assets respectively;

(II) notify or publish an announcement to creditors;

(III) deal with and liquidate any pending business associated with the Company;

(IV) pay off all outstanding taxes and taxes in connection with liquidation;

(V) settle claims and debts;

(VI) distribution of the remaining assets of the Company after paying up the debts; and

(VII) represent the Company in the civil litigation proceedings.

Article 20.6 After taking stock of the assets of the Company and preparing the balance sheet and list of properties, the liquidation team shall draw up a liquidation scheme and submit it to the general meeting or the relevant competent authorities for confirmation.

The Company's assets shall be distributed in the following order:

(I) liquidation expenses;

(II) wages owed to the employees of the Company and labour insurance costs;

(III) payment of outstanding taxes;

(IV) repayment of bank loans and other debts of the Company.

Any assets of the Company after the repayment as stipulated in the preceding Article hereof shall be distributed to the Company's shareholders according to the classes and proportion of the shares held by them.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation.

Article 20.7 In the event of liquidation in connection with dissolution of the Company and the liquidation team finds that, after taking stock of the Company's assets and

preparing the balance sheet and list of assets, the assets of the Company are insufficient to pay the debts, it shall immediately apply to the people's court to bankruptcy liquidation.

After the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the People's Court.

Article 20.8 Upon completion of liquidation of the Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to the general meeting or the relevant competent authorities for recognition.

Within 30 days of the date of approval by the general meeting or the relevant competent authorities, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of the registration and publish an announcement on the termination of the Company.

## **CHAPTER 22 PROCEDURES FOR AMENDMENTS TO THESE ARTICLES**

Article 21.1 The Company may amend these Articles in accordance with the requirements of laws, administrative regulations and these Articles.

Article 21.2 Except as otherwise provided in Articles 8.7 and 8.24 hereof, any amendment to these Articles shall be made in the following procedures:

(I) The Board shall, in accordance with these Articles, adopt a resolution thereon to propose to the general meeting to amend these Articles, and draw up a proposal for such amendments;

(II) The amendment proposal shall be notified to the shareholders, and a general meeting shall be convened for voting on the proposal;

(III) Subject to the relevant provisions of these Articles, the amendments submitted to the general meeting for approval shall be approved by way of special resolution;

(IV) The Company shall submit the amended Articles of Association to the company registration authority for filing.

Article 21.3 Any amendment to these Articles involving matters relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.



## CHAPTER 22 NOTICE

Article 22.1 The corporate communications or other written materials (including but not limited to annual reports, interim reports, notices of general meeting, shareholders' circulars, proxy forms, etc.) can be delivered in the following ways:

(I) By hand;

(II) By mail;

(III) By facsimile transmission or email;

(IV) By posting on the websites designated by the Company and the stock exchange where the Company's shares are listed, on the premise of complying with laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed;

(V) By announcement;

(VI) By other methods agreed by the Company or the notified person in advance or recognized by the notified person after receiving a notice; or

(VII) By other methods recognized by the relevant regulatory authorities of the place where the Company's shares are listed or stipulated in these Articles.

With regard to the methods by which the Company provides and/or delivers corporate communications to the holders of overseas listed foreign shares according to the requirements of the listing rules, the Company must (1) deliver or otherwise provide relevant corporate communications to the relevant holders of its securities in electronic form, or (2) publish relevant corporate communications through the Company's website and the website of the Hong Kong Stock Exchange.

The Company's holders of overseas listed foreign shares may also choose in writing to obtain the printed copies of the corporate communications by mail.

Article 22.2 In the event of such notice being delivered by mail, the Company is only required to clearly write the address and name (title) of the receiver, prepay the postage, and put the notice in the envelope. The envelope containing the notice will be deemed as being received in 48 hours after it is mailed.

If corporate, communications or other written materials are sent by email, the sending dates shall be the date of service.

Article 22.3 Any notice, document, information or written statement sent by shareholders or directors to the Company shall be delivered to the legal address of the Company by hand or by registered mail.

Article 22.4 To prove that the shareholders or directors has delivered notices, documents, information or written statements to the Company, proof shall be provided that the notices, documents, information or written statements have been delivered

through the means specified in Article 22.3 with the time prescribed; the Company' confirmation shall be provided if they are delivered by hand ; a proof showing that notices, documents, information or written statements have been delivered to correct address with prepaid mail shall be provided for the those delivered by registered mail.

## CHAPTER 23 INTERPRETATION AND DEFINITION OF THESE ARTICLES

Article 23.1 The right to interpret these Articles shall vest with the Board. Matters which are not resolved by these Articles shall be proposed by the Board to the general meetings for resolution.

Article 23.2 These Articles are written in both Chinese and English and the Chinese version shall prevail.

Article 23.3 Unless otherwise required by the context, the following nouns and phrases shall have the following meanings in these Articles:

“these Articles”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“Director”	any director of the Company
“Overseas Listed Foreign Shares”	any overseas listed foreign shares of the Company
“Company’s office”	the registered address of the Company at No. 235, Song Shan North Road, Longhu District, Shantou City
“RMB”	the legal currency of the PRC
“Secretary of the Board”	the company secretary appointed by the Board
“Senior Management Member”	the general manager (also known as “president” or “chief executive officer”), deputy general manager (also known as “vice president”), financial controller, secretary of the board of directors of the Company and other persons expressly appointed by the board of directors as the Company’s senior management. The terms “general manager”, “deputy general manager” in these Articles shall refer to the “manager”, “deputy manager” defined under the

	Company law, and the term “financial controller” shall refer to “person in charge of finance” defined under the Company law.
“China”, “PRC” or “State”	the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Listing Rules issued by the Hong Kong Stock Exchange
“Company”	our Company, i.e. Charmacy Pharmaceutical Co., Ltd.
“Accounting Firm”	shall have the same meaning as the Auditor defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“corporate communications”	any document issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to: (1) the directors' report, its annual accounts together with the auditors' report; (2) the interim report; (3) a notice of meeting; (4) a listing document; (5) a circular; and (6) a proxy form.