



**Tianjin Binhai Teda Logistics (Group) Corporation Limited**  
**(Stock Code : 8348)**

## **Articles of Association**

**(amended and approved by the Annual General Meeting held on 12 May 2023)**

**\*Note : In case of any discrepancies between the Chinese version and the English version of these Articles, the Chinese version shall prevail.**

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## Tianjin Teda Logistics (Group) Corporation Limited

(A Joint Stock Limited Corporation founded and registered in the People's Republic of China)

### Articles of Association

#### Chapter 1 General Principles

**Article 1.** The Corporation (or referred to as “Corporation”) is a company set up on the basis of *Company Law of the People's Republic of China* (hereinafter referred to as “Company Law”), *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Corporations* (hereinafter referred to as *Special Provisions*), *Mandatory Provisions for the Articles of Association of the Companies to Be Listed Outside the People's Republic of China* (hereinafter referred to as *Mandatory Provisions*) and other laws and administrative regulations of the People's Republic of China (hereinafter referred to as “China”).

The Corporation is founded by means of promotional establishment and registered at Tianjin Administration of Industry and Commerce on 26<sup>th</sup> June 2006. The Unified Social Credit Code of the Corporation is 91120000789377306E.

Founder of the Corporation: TEDA Investment Holding Co., Ltd (Legal Add: No. 9 Shengda Street, TEDA, Tianjin), Tianjin TEDA State-Owned Asset Management Company (Legal Add: No.19 Hongda Street, TEDA, Tianjin).

#### **Article 2.** Registered Corporation Name

Chinese Name: 天津滨海泰达物流集团股份有限公司

English Name : Tianjin Binhai Teda Logistics (Group) Corporation Limited

**Article 3.** Corporation Address : Third Floor Office Building, No.39 Bohai Road, Tianjin



Economic-Technological Development Area

P.C: 300457

Tel: 022-59858181

Fax: 022-59858100

**Article 4.** Registered Capital: RMB 354,312,000 Yuan.

**Article 5.** The Legal person of the Corporation is Chairman.

**Article 6.** The corporation is a perpetual company duly incorporated.

**Article 7.** The Articles of Association of the corporation (hereinafter referred to as “Articles of Association” or “the Articles of Association”) is enacted in accordance with *Company Law*, *Special Provisions*, *Mandatory Provisions*, *Opinion Letter with reference to Additional Modifications of Articles of Association for Company Listed in Hong Kong* (hereinafter referred to as “Additional Modifications Opinion”), along with relative laws and administrative regulations of the state to replace the Former Articles of Association (hereinafter referred to as “Former Articles of Association”).

The rights and obligations of the shareholders are subject to the acquisition share quota, whereas the corporation undertakes the liability by its entire asset to its debts.

The corporation is an independent legal entity which is under the protection and administration of laws and regulations of the People’s Republic of China.

**Article 8.** In accordance with the requirements of the “Constitution of the Communist Party of China” (《中國共產黨章程》), the Corporation shall establish a Communist Party of China organization to carry out the activities of the Party, set up a working organ for the Party, allocate sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party Organisation.

**Article 9.** The Articles of Association takes effect as from the date when unanimous agreement is reached through shareholders’ general meeting and the overseas listed foreign

share of the Corporation is listed in The Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”). As from the date, the Former Articles of Association is invalid automatically and is replaced by the Articles of Association.

**Article 10.** As from the effective date, the Articles of Association is a legally binding document regulating the conduct of the Corporation, the rights & obligations between the Corporation and shareholders, and among shareholders inter se.

**Article 11.** The Articles of Association shall be binding on the Corporation and its shareholders, members of the Party Organisation, board of directors, supervisors, managers, and other senior management officials, who are able to implement their own rights in terms of business issues of the Corporation in accordance with the Articles of Association.

Shareholders can lodge a suit against the Corporation and the Corporation can lodge a suit against a shareholder in accordance with the Articles of Association. A shareholder can lodge a suit against another shareholder or against the board of directors, supervisors, manager or other senior management officials in accordance with the Articles of Association.

The above mentioned suits shall be a lawsuit brought to a court or an application of arbitration made to an arbitration organization.

**Article 12.** The entire capital of the Corporation is divided into shares of equal value and shareholders shall be liable to the Corporation limited to their respective shareholdings, The Corporation shall be liable for its debts with its entire assets.

**Article 13.** The Corporation is able to raise fund by equity and debt, including but not limited to the issuance of stock and bond. The Corporation is also able to provide guarantee to a third party. When implementing these rights, in no way shall the Corporation adversely affect or negate the rights of any class of shareholder.

**Article 14.** The Corporation is an independent legal person. Every conduct of the Corporation shall be subject to the laws and regulations of China and shall protect the legal rights and interests of the shareholders. The Corporation is under the protection of laws, regulations and relative administrative rules of China.

**Article 15.** The Corporation is able to invest in other limited company or joint stock company and shall be liable for the company (corporation) in accordance with investment amount. Unless otherwise stated by law, the Corporation shall not bear joint liability for debts of the company (corporation) in which the Corporation invests.

**Article 16.** The Corporation shall not be a shareholder with unlimited liabilities for any other economic entities.

## **Chapter 2 Business Purposes and Scope**

**Article 17.** Business Purpose: Established in Tianjin Binhai New Area, the Corporation will make full use of technology, management, fund, and brand advantages to integrate the strategical resources, explore regional cooperation, deal in high-end logistical business and set up updated comprehensive logistical platform, offering customers professional top-notch services to realized the enterprise strength, the return for shareholders and a continuous growth of social value. The final goal of the Corporation is to be a representative logistical company in China.

**Article 18.** The scope of business of the company is in pursuant to those approved by the registration authorities.

The scope of business of the Company includes: domestic freight forwarding agency; domestic container cargo transportation agency; general cargo storage services (excluding hazardous chemicals and other items requiring approval); road transportation (excluding dangerous cargo); non-residential real estate leasing; trade market management services; port tallying; port cargo loading, unloading and transportation activities; port facility equipment and machinery rental and maintenance services; labour services (excluding labour despatch); import and export agency; international freight forwarding agency; international freight forwarding agency by sea; international freight forwarding agency by land; international freight forwarding agency by air; conference and exhibition services; customs supervised cargo storage services (excluding hazardous chemicals); sale of metal material; sale of building materials; sale of chemical products (excluding licensed chemical products); wholesale of hardware products; retail of hardware products; wholesale of electronic

components; sale of electrical equipment; sale of electrical accessories; sale of machinery and equipment; sale of molds; sale of metal products; sale of metal structures; sale of batteries; sale of air transportation equipment; sale of water transportation equipment; sale of water transportation equipment parts; wholesale of auto parts; retail of auto parts; sale of replacement facilities for new energy vehicles; sale of electrical accessories for new energy vehicles; wholesale of computer software, hardware and auxiliary equipment; retail of computer software, hardware and auxiliary equipment; sale of cloud computing equipment; sale of electronic products; sale of instruments and meters; wholesale of daily necessities; sale of daily necessities; sale of general merchandise; retail of daily household appliances; sale of household appliances; sale of household appliances parts and accessories; wholesale of bicycles and parts; retail of bicycles and parts; sale of electric bicycles; sale of assisted bicycles, scooters and parts; sale of coal and by-products; sale of metal ore; sale of petroleum products (excluding hazardous chemicals); sale of knitwear and raw materials; sale of knitwear; sale of fertilizers; sale of fertilizers; wholesale of edible agricultural products; retail of edible agricultural products; wholesale of aquatic products; retail of aquatic products; sale of new car; sale of new energy vehicle; import and export of goods; import and export of technology; food business (sale of pre-packaged food); sale of food on internet (sale of pre-packaged food); food business (sale of bulk food); sale of food on internet; sale of infant formula milk powder; bonded logistics center operations; bonded warehouse operations; information consulting services (excluding licensing information consulting services); technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (businesses regarding commodities which are subject to quota license and special franchise administration shall be operated in compliance with applicable regulations) (Projects subject to approval according to law may be operated after approval by relevant departments).

**Article 19.** The business scope can be changed after the Articles of Association are modified and the change is registered and approved in accordance with law at relative administrative department.

### **Chapter 3 Share and Registered Capital**

**Article 20.** The Corporation shall have ordinary shares at all time. It may have other kinds of App 3 (9)

share according to need, upon approval by the authority that is authorized by the State Council to examine and approve companies.

**Article 21.** All the shares issued by the Corporation shall have a par value which shall be RMB 1.00 for each share. The above mentioned RMB is a legal currency of China.

**Article 22.** As approved by the Securities Regulatory Authority of the State Council, the Corporation may issue shares to both domestic and foreign investors.

The above mentioned foreign investors refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Corporation, and domestic investors refer to investors inside the People's Republic of China, excluding the fore mentioned regions, that subscribe for shares issued by the Corporation.

**Article 23.** The ordinary share of the Corporation is made up of domestic share and foreign share. The share issued to domestic investors is subscribed by RMB, which is called domestic share. The share issued to foreign investors is subscribed in foreign currency, which is called foreign share. Foreign share that is listed overseas, is called overseas listed foreign share.

Shareholders of domestic share and overseas listed foreign share are both ordinary shareholders, who bear equivalent rights and obligations.

The above mentioned foreign currency does not refer to RMB, but refers to a legal currency of a foreign country or region that is recognized by State Administration of Foreign Currency which is able to be used to pay for the share.

As approved by the Securities Regulatory Authority of the State Council, domestic shareholders can hand over all or part of their shares to foreign investors and these shares can be listed abroad, and all or part of the domestic shares may be converted to foreign shares and the foreign shares so converted may be listed and traded on overseas stock exchange(s), but shall comply with the process, regulations and requirements of supervision and management of a foreign security market. Any shareholders' general meeting or classified shareholders meeting is unnecessary in such case.





Upon the same having been listed and having become tradable on overseas stock exchange(s), the original domestic shares shall belong to the same class of shares as the overseas listed foreign shares then in issue.

**Article 24.** The total share of the Corporation is 354,312,000 and the par value of each share is RMB 1.00. The structure of the share capital: domestic share 256,068,800, foreign share 98,243,200. The proportion of shareholder and share amount: domestic shareholder Teda Investment Holding Co., Ltd. bears 150,420,051 (42.45%); domestic shareholder Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. bears 77,303,789 (21.82%); domestic shareholder Chia Tai Land Company Limited bears 28,344,960(8.00%); Shareholder of H-share bears 98,243,200 (27.73%). The domestic shares (including state-owned shares) and foreign shares & overseas listed foreign shares of the founder mentioned in this Articles of Association are all ordinary shares.

**Article 25.** As to the plan of issuing overseas listed foreign shares and domestic shares approved by the Securities Regulatory Authority of the State Council, board of directors have the rights to arrange the issuance respectively.

The plan of respective issuance of overseas listed foreign shares and domestic shares mentioned above can be carried out within 15 months upon approval from China Securities Regulatory Commission.

**Article 26.** Foreign shares listed overseas and domestic shares which are to be respectively issued as part of the total amount of shares fixed in the Corporation's issuance plan shall be respectively raised in full at one time. Under special circumstances where the total amount of shares of each issuance cannot be entirely raised in full at one time, such shares may, subject to the approval by the Securities Regulatory Authority of the State Council, be issued in instalments.

**Article 27.** The Corporation can add to the capital in case of need according to this Articles of Association.

The Corporation can utilize the following methods to add to its capital:

1. To offer new shares to unspecified investors;

2. To place new shares to existing shareholders;
3. To distribute new shares to existing shareholders;
4. To add to capital share through common reserve capitalizing;
5. To issue convertible bonds; and
6. Other methods pursuant to laws and administrative regulations.

The Corporation's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided and pursuant to State laws and administrative regulations after being approved in accordance with this Articles of Association.

**Article 28.** After the capital increase, the Corporation shall go through the change procedures at registration authority and make notice to the public.

**Article 29.** The shares born by the founder shall not be transferred within a year as from the founding date of the Corporation. The shares issued before the Corporation makes a public issuance shall not be transferred within a year as from the date when the shares are listed at Security Exchange Market.

The board of directors, supervisors and senior management officials of the Corporation shall report their shares or any changes. During service period, the shares transferred each year shall not exceed 25% of the total shares; the shares born by them shall not be transferred within a year as from the date when the shares are listed at Security Exchange Market. The fore mentioned personnel shall not transfer their shares within half a year as from the date when they resign.

**Article 30.** Unless otherwise provided by laws and administrative regulations, shares in the Corporation can be transferred freely with no lien attached.

## **Chapter 4 Capital Reduction and Share Repurchase**

**Article 31.** In accordance with regulations of this Articles of Association, the Corporation can reduce its registered capital.

**Article 32.** When reducing its registered capital, the Corporation shall prepare a balance sheet and an asset list.

Once the resolution of capital reducing is made, the Corporation shall inform the creditors within ten days, and meanwhile make public notification at least 3 times on newspaper within 30 days. Upon receiving the notification letter, creditors have the rights to claim full repayment of their debts or provision of a corresponding guarantee from the Corporation within 30 days. For those who do not receive the notification letter, the claim shall be made within 90 days as from the first notification date.

The registered capital, after being reduced, shall not be less than the minimum quota stipulated by law.

**Article 33.** The Corporation can repurchase the issued shares under the following circumstances pursuant to laws and administrative regulations and in compliance with this Articles of Association and approved by relative state administration or regulatory authority:

1. To cancel the share in order to reduce the capital;
2. To merger with companies bearing the shares of the Corporation;
3. To distribute the shares to the staff of the Corporation as a bonus;
4. Shareholders have objection to the resolution of merger or separation of the Corporation at the shareholders meeting and ask for repurchasing the shares; and
5. Other circumstances approved by laws and administrative regulations.

A shareholders general meeting shall be convened to make a resolution on whether to repurchase the shares on account of the proceeding item 1 and item 3.

The shares repurchased by the Corporation in accordance with the proceeding item 3 shall not be more than 5% of the total amount of the shares issued; the fund for repurchasing shall be withdrawn from the after tax profit of the Corporation; the repurchased shares shall be transferred to the staff within one year.

The Corporation does not accept shares as the subject of a mortgage.

The Corporation shall follow the regulations of Article 34 to Article 37 to repurchase the shares issued.

**Article 34.** The Corporation may repurchase the shares in accordance with one of the following methods approved by relative state administrative authority:

1. To hand out repurchase offer in equal proportion to all shareholders according to their shareholdings;
2. To repurchase the shares at security exchange market publicly;
3. To repurchase the shares in the manner of agreement outside a security exchange market;

In terms of the shares that can be repurchased by the Corporation,

- (1) shall the repurchase not be in the manner of marketing or bidding, the price shall not be more than a certain maximum limit.
- (2) shall the repurchase be in the manner of bidding, the Corporation must send out the bidding advice to all shareholders with no bias.

**Article 35.** When the repurchase of the shares is in the manner of agreement outside a security exchange market, a shareholders meeting shall be convened in advance to approve it in accordance with the Articles of Association. As approved by the shareholders meeting in the same manner in advance, the Corporation may cancel or change the fore mentioned signed agreement, or abstain all the rights demonstrated in the agreement.

The forementioned agreement on repurchasing of the shares includes (but not limited to) the rights and obligations agreed to repurchase the shares.

The Corporation shall not transfer the agreement on shares repurchasing or any rights demonstrated in the agreement.

As to the Corporation having the right to repurchase the shares, shall the repurchase not be in the manner of marketing or bidding, the price shall not be more than a certain maximum limit; shall the repurchase be in the manner of bidding, the Corporation must send out the bidding advice to all the shareholders with no bias.

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**Article 36.** When the Corporation repurchases the shares in accordance with Article 33 of this Articles of Association, cancellation subject to Item 1 shall be gone through within 10 days as from the repurchasing day or before the deadline stipulated by laws, administrative regulations and provisions of listing countries (regions); transfer or cancellation subject to Item 2 and 4 shall be gone through within 6 months or before the deadline stipulated by laws, administrative regulations and provisions of listing countries (regions), and the registration of change shall be processed at the original registration department for the Corporation.

The total par value of the cancelled shares shall be deducted from the registered capital of the Corporation.

The Corporation shall make a public notice in accordance with overseas and SEHK regulations (if applicable) after the capital deduction and registration change are completed.

**Article 37.** Unless the Corporation has already entered the liquidation stage, it must comply with the following provisions in repurchasing its issued and outstanding shares:

1. Where the Corporation repurchases shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares;

2. Where the Corporation repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:

(1) Where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;

(2) Where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; however, the amount

deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Corporation's premium account or capital common reserve account(if applicable) (including the premiums from the fresh share issue) at the time of repurchase;

3. The sums paid by the Corporation for the purposes set forth below shall be paid out of the Corporation's distributable profits:

- (1) acquisition of the right to repurchase its own shares
- (2) modification of any contract for repurchase of its own shares;
- (3) release from any of its obligations under any repurchase contract.

4. After the par value of the cancelled shares has been deducted from the registered capital of the Corporation in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase shares at the par value of the repurchase shares shall be included in the Corporation's capital common reserve account.

## **Chapter 5 Financial Assistance on Capital Purchase**

**Article 38.** The Corporation or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Corporation. Purchasers of shares in the Corporation as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Corporation.

The Corporation or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligators in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 40 of this Chapter.

**Article 39.** The term “financial assistance” in this Chapter shall include (but not limited to) the financial assistance in the forms set out below:

1. Gift;
2. Guarantee (including the undertaking of liability or provision of asset by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Corporation's own fault) and release or waiver of rights;
3. provision of a loan or conclusion of a contract under which the obligations of the Corporation are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
4. financial assistance in any other form when the Corporation is insolvent or has no net assets or when such assistance would lead to a major reduction in the Corporation's net assets.

The term “undertake obligations” in this Chapter shall include the undertaking of an obligation by the obligor concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person) or by changing its financial position in any other way.

**Article 40.** The acts listed below shall not be regarded as acts prohibited under Article 38 of this Chapter:

1. Where the Corporation provides the relevant financial assistance truthfully for the benefit of the Corporation and the main purpose of the financial assistance is not to purchase shares in the Corporation, or the financial assistance is an incidental part of an overall plan of the Corporation;
2. Lawful distribution of the Corporation's assets in the form of dividends;
3. Distribution of dividends in the form of shares;
4. Reduction of registered capital, repurchase of shares, shareholding structuring, etc. in accordance with the Articles of Association;
5. Provision of a loan by the Corporation within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Corporation or that if the same constitutes a reduction; the financial assistance was paid out of the Corporation's distributable profits); and

6. The provision of money by the Corporation for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Corporation that if the same constitutes a reduction, the financial assistance was paid out of the Corporation's distributable profits) .

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

**Article 41.** The Corporation's shares shall be in registered form and be a certificate for shareholders who possess them legally.

In addition to the particulars provided for in the *Company Law*, the share certificates of the Corporation shall clearly state such other particulars as required to be specified by the Securities Exchange on which the Corporation's shares are listed:

1. Name of the Corporation;
2. Registered Founding Date of the Corporation;
3. The class and par value of shares and the number of shares represented;
4. The serial number of shares;
5. The date on which shareholders get the shares;
6. Other particulars specified in accordance with the regulations of *Company Law*, *Special Provisions* and the Securities Exchange where the shares are listed.

Overseas listed foreign shares issued by the Corporation shall be in other derived forms in accordance with local laws and rules for management of securities registration.

**Article 42.** The shares of the Corporation can be transferred, gifted, inherited or pledged according to relevant laws, regulations and provisions of this Articles of Association.

Shall the shareholders who have the right to vote and bear 5% or more of the Corporation's shares wish to make a share pledge, a written notice shall be made to the Corporation within 3 days as from the date when it happens.

Shall the shares be transferred, a registration procedure shall be taken at a Security



Registration department entrusted by the Corporation. If there is any charge for the procedure, it shall not exceed the maximum limit as stipulated by SEHK in GEM Listing Rules.

**Article 43.** The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management officials of the Corporation are required by the securities exchange on which the Corporation's shares are listed, the share certificates shall also be signed by such other senior management officials. The share certificates shall become effective after the Corporation seal is affixed thereto or printed thereon. The signature of the chairman of the board of directors or of other senior management officials on the share certificates may also be in printed form.

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Under the circumstance of paperless issuance and trading of the shares, it shall also be pursuant to the additional provisions of Security Supervision & Management department where the shares are listed.

**Article 44.** The Corporation shall keep a register of shareholders, in which the following particulars shall be recorded:

1. The name, address (domicile), profession or nature of each shareholder;
2. The category and number of shares held by each shareholder;
3. The amount paid or payable for the shares held by each shareholder;
4. The serial number of the shares held by each shareholder;
5. The date on which each shareholder is registered as a shareholder; and
6. The date on which each shareholder ceases to be a shareholder.

The register of shareholders is adequately evidenced that the shareholders hold the shares, where reverse evidence shall be excluded.

**Article 45.** The Corporation may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside China, keep its register of holders of foreign investment shares listed outside China, and entrust the administration thereof to an agent outside China. The Corporation shall keep the original register of holders of foreign investment shares listed in Hong Kong, and entrust the administration thereof to an agent in Hong Kong, and the register of shareholders of

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overseas listed foreign shares be open for inspection by members.

The Corporation shall keep at its domicile a duplicate of the register of holders of foreign investment shares listed outside China. The appointed agent outside China shall ensure that the register of holders of foreign investment shares listed outside China and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of foreign investment shares listed outside China are inconsistent, the original shall prevail.

**Article 46.** The Corporation shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

1. A register kept at the Corporation's domicile other than those provided for under Items 2 and 3 of this Article;
2. The register of holders of foreign investment shares listed outside the People's Republic of China kept in the place of the stock exchange outside the People's Republic of China on which the shares are listed;
3. Registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

**Article 47.** The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept. If the Corporation turns down the application of shares transfer registration, it shall make a written notification to the transferor and transferee with regard to the decline of the registration within 2 months as from the date when the formal application of transfer is made.

The overseas listed foreign share whose capital stock has been paid up may be transferred

freely in accordance with the Articles of Association and shall not be restricted by any lien attached. Unless the following circumstances are complied with, board of directors may refuse to acknowledge any transfer document without given any reason:

1. To pay HKD 2.00 (per transfer ) or more in accordance with the GEM Listing Rules, keep registered the document of share transfer or document which relates to or which may affect the stock ownership.
2. The transfer document may only refer to the overseas listed foreign shares in Hong Kong
3. The stamp tax payable concerning the transfer document has been paid up.
4. The share and proof of the shares' ownership which attest to the legitimacy of the transfer shall be provided as reasonably required by the board of directors.
5. Shouldl the shares be transferred to joint holders; the number of the holders shall not be more than 4.
6. No lien is attached to the shares of the Corporation.

All the shares listed abroad shall apply to the standard form specified by the regulation of Stock Exchange of Hong Kong; written transfer may be signed. If the transferor and transferee agrees on the transfer processed through a Settlement Department or its proxies defined in *Stock Exchange and Future Good Provisions of Hong Kong* (Chapter 571 of Hong Kong Law), written transfer may either be signed or be printed.

**Article 48.** Where the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Corporation for the purpose of distribution of dividends are prescribed by the laws and regulations in the PRC and the securities regulation rules of the place(s) where the Corporation's shares are listed, such stipulations shall be adhered to such rules and regulations.

**Article 49.** When the Corporation is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirming of equity interests, the board of directors shall decide a date for determination such equity interests. Shareholders whose names appear on the register at the end of that day shall be shareholders of the Corporation.

**Article 50.** Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent court for correction of the register.

**Article 51.** Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Corporation for issuance of a replacement certificate in respect of such shares (Relevant Shares) if his share certificate (Original Share Certificate) is lost. As to the bearer of warrant, the Corporation shall not issue a new warrant to replace the old one unless it is convinced that the old one is destroyed.

Applications for the replacement of share certificates from holders of domestic investment shares that have lost their certificates shall be dealt with in accordance with the *Company Law*.

Applications for the replacement of share certificates from holders of foreign investment shares listed outside the People's Republic of China who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of foreign investment shares listed outside the People's Republic of China is kept.

Where holders of foreign investment shares of a company listed outside the People's Republic of China, which is listed in Hong Kong, apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

1. The applicant shall submit the application in the form prescribed by the Corporation accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares;
2. Before the Corporation decides to issue a replacement share certificate, it should ensure that no other person other than the applicant has made a declaration regarding the lost shares certificate;
3. If the Corporation decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals

designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;

4. Before publishing the public announcement of its intention to issue a replacement share certificate, the Corporation shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Corporation shall display the public announcement in the securities exchange for a period of 90 days.

5. If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Corporation shall send to such shareholder a photocopy of the public announcement that it intends to publish by post or e-mail;

6. At the expiration of the 90-day period provided for in Items 3 and 4 hereof, if the Corporation has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;

7. When the Corporation issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders;

8. All expenses of the Corporation for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Corporation shall be entitled to refuse to take any action until the applicant has provided reasonable security.

9. The newspapers or periodicals concerning issuing a replacement share certificate under the Item 3 of this Article shall at least be in both Chinese and English in Hong Kong.

**Article 52.** After the Corporation has issued a replacement share certificate in accordance with this Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

**Article 53.** The Corporation shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share

certificate, unless the claimant can prove fraud on the part of the Corporation.

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

**Article 54.** The Corporation's shareholders are holders that lawfully hold shares of the Corporation and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

In terms of co-holders, if one of them deceased, the remaining holders shall be deemed as the owner of the shares, and the board of directors has the right, for the purpose of amending the register of shareholders, to ask for a dead certificate which is deemed to be reasonable by the co-holders. As for the co-holders, only the one listed first in the register of shareholders has the rights to receive the shares and the Corporation notification, attend shareholder's general meeting and exercise the voting right. Any notification reached to this co-holder shall be deemed to be a notification to all the other co-holders.

**Article 55.** When 2 or more people are registered as co-holders of a certain share, they shall be subject to the following provisions:

1. The Corporation has no obligations to go through the registration procedures for 4 holders as co-holders of a certain share.
2. All the co-holders of a certain share shall be responsible, either independently or jointly, for the expense payable to the share.
3. If one of them died, the remaining holders shall be deemed as the owner of the shares, and the board of directors has the right, for the purpose of amending the register of shareholders, to ask for a dead certificate which is deemed to be reasonable by the co-holders; and
4. As for the co-holders, only the one listed first in the register of shareholders has the rights to receive the shares and the Corporation notification, attend shareholder's general meeting and exercise the voting right. Any notification reached to this co-holder shall be

deemed to be a notification to all the other co-holders.

If any of the co-holders of a certain share issues a receipt concerning dividends, bonus or return of capital distributed to the bank, it shall also be deemed as an effective receipt from all the co-holders to the Corporation.

**Article 56.** Holders of ordinary shares of the Corporation shall enjoy the following rights:

1. Collect dividends and other profit distributions on the basis of the number of shares held by them;

2. Participate or to appoint proxies to participate in shareholders' meetings and exercise voting rights;

3. Supervise and control the Corporation's business activities, and raise suggestions and enquiries;

4. Transfer shares in accordance with laws, administrative regulations and the Corporation's Articles of Association;

5. Obtain relevant information in accordance with the Articles of Association of the Corporation, which shall include:

(1) Articles of Association of the Corporation, after payment of a charge to cover costs;

(2) being entitled to browse and make a copy, after payment of reasonable charges, of:

1) all parts of the register of shareholders;

2) personal information on the directors, supervisors, manager and other senior management staff of the Corporation, including:

(a) current and previous names and aliases;

(b) main address (domicile);

(c) nationality;

(d) full-time and all other part-time occupations and duties;

(e) identification documents and their numbers.

3) the status of the Corporation's share capital;

4) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Corporation since the last fiscal year as well

as all the expenses paid by the Corporation therefore; and

5) the minutes of shareholders' meetings;

6. Participate in the distribution of the remaining assets of the Corporation according to their shareholding when the Corporation is terminated or liquidated; and

7. Other rights conferred by laws, administrative regulations and the Corporation's Articles of Association.

When shareholders make a request for consulting the relevant information or asking for the document mentioned above, a written notification shall be made in advance and the Corporation shall provide these as required without delay.

**Article 57.** The Corporation shall protect the lawful rights and interests of the shareholders' and treat them fairly. The Corporation shall not freeze or impair the legal rights and interests of a beneficiary (either direct or indirect) from the shares only because he does not disclose his rights and interests to the Corporation.

When the lawful rights and interests of the shareholders' are encroached on, they may ask for the cease of encroachment and apply an indemnity for the loss in accordance with laws, administrative regulations and the Article of Association.

**Article 58.** Holders of ordinary shares of the Corporation shall have the following obligations:

1. To abide by the Articles of Association of the Corporation;
2. To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection;
3. Other obligations imposed by laws, administrative regulations and the Corporation's Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

**Article 59.** In addition to obligations imposed by laws, administrative regulations or the listing rules of the securities exchange on which the shares of the Corporation are listed,



controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

1. Relieving a director or supervisor of the responsibility to act honestly in the best interest of the Corporation;
2. Approving a director or supervisor (for his own or another person's benefit) of depriving the Corporation of its assets in any way, including (but not limited to) any opportunities that are favorable to the Corporation
3. Approving a director or supervisor (for his own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Corporation submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

**Article 60.** For the purposes of the preceding Article, the term “controlling shareholder” shall refer to a person that satisfies any of the following conditions:

1. He, acting alone or in concert with others, has the power to elect more than half number of the directors;
2. He, acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Corporation's voting rights;
3. He, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Corporation;
4. He, acting alone or in concert with others, actually controls the Corporation in any other manner.

For the purpose of this Article, the term “acting in concert with others” shall refer to the act of two persons or above who reach the agreement (either spoken or written) on aggregating the voting right though one of them so as to achieve or consolidate the purpose of controlling the Corporation.

## **Chapter 8 Shareholders' General Meeting**

**Article 61.** The shareholders' general meeting shall be the organ of authority of the Corporation and shall exercise the functions and powers according to law.

**Article 62.** The shareholders' general meeting shall exercise the following functions and powers:

1. Decide on the business policies and discuss crucial investment plans of the Corporation which may be examined and approved by the shareholders' general meeting;
2. Elect and replace directors and decide on matters concerning the remuneration of directors;
3. Elect and replace the supervisors who are to be appointed from among the shareholders' representatives and decide on matters concerning the remuneration of supervisors;
4. Examine and approve reports of the board of directors;
5. Examine and approve reports of the board of supervisors;
6. Examine and approve the Corporation's annual financial budget and final account proposals;
7. Examine and approve the Corporation's plans for profit distribution and making up losses;
8. Pass resolutions concerning the increase or reduction of the Corporation's registered capital;
9. Pass resolutions on matters such as the merger, division, dissolution or liquidation of the Corporation;
10. Pass resolutions on the issuance of bonds by the Corporation;
11. Pass resolutions on the issuance of other securities and the listing plan of the Corporation;
12. Pass resolutions on the employment, dismissal or refusal of employment of accounting firms by the Corporation;
13. Amend the Articles of Association of the Corporation;
14. Examine the motions raised by the shareholders' (either independent or joint ) representing 3% or more of the Corporation's voting shares; and
15. Other matters those laws, administrative regulations and the Corporation's Articles of Association require to be resolved by the shareholders' general meeting.

**Article 63.** Without the prior approval of the shareholders' general meeting, the Corporation may not conclude any contact with any person other than a director, supervisor, manager or other senior management staff of the Corporation for the delegation of the whole business management or part of the important business management of the Corporation to that person.

**Article 64.** Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' general meetings shall be convened by the board of directors. Annual meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.

The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any of the following circumstances:

1. The number of directors is less than the number provided for in the *Company Law* or less than two-thirds prescribed in the Articles of Association of the Corporation;
2. The losses of the Corporation that have not been made up reach one-third of the total share capital;
3. Shareholders holding 10% or more of the Corporation's voting shares required in writing an extraordinary shareholders' general meeting to be convened;
4. The board of directors considers that there is a need or the board of supervisors proposes a meeting;
5. More than half of independent board of directors (two at least) propose a meeting; or,
6. More than half of external supervisors (two at least) propose a meeting.

**Article 65.** When the Corporation is to hold an annual shareholders' meeting, it shall issue a written notice not less than 20 business days prior to the meeting; and where the Corporation is to hold an extraordinary general meeting, it shall notify the shareholders not less than 10 business days or 15 days (whichever is earlier) prior to the meeting.

Regarding the calculation of the notice period, the date on which the meeting is convened shall not be included.

**Article 66.** The shareholder(s) (either independently or jointly) holding 3% or more

(including 3%) of the total number of the Corporation's voting shares shall be entitled to propose temporary proposal(s) 10 days before the convening of the shareholders' meeting and in writing to the Corporation. The Corporation shall notify other shareholders within 2 days upon receipt of such proposal(s), and include in the agenda for the meeting the matters in the proposal(s) that fall within the scope of functions and rights of the shareholders' general meeting and with a clear topic of discussion and a specific matter to be resolved.

**Article 67.** Shareholders' general meeting may not decide on matters not specified in the notice or announcement.

**Article 68.** The notice of a shareholders' general meeting shall meet the following requirements:

1. it shall be made in writing;
2. it shall specify the place, date and time of the meeting;
3. it shall specify the share registration date of the shareholders who are eligible to attend the meeting
4. it shall describe the matters to be discussed at the meeting;
5. it shall provide to the shareholders the information and explanation necessary for them to make an informed decision on the matters to be discussed. This principal shall apply (but not limit) when the Corporation proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
6. it shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, manager or other senior management staff in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, manager or other senior management staff in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;
7. it shall contain the full text of any special resolution proposed to be adopted at the meeting;
8. it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such

proxy need not be a shareholder;

9. it shall state the written reply of the potential attendants and the time and place for the delivery of the meeting's proxy's forms. and

10. it shall prepare a regular contact form which contains the names and telephone numbers of the attendants.

**Article 69.** The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by assigned persons or pre-paid mail to the recipient's address shown in the register of shareholders. For holders of domestic investment shares, the notice of a shareholders' general meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by the State Council authorities in charge of securities during the period of not less than 20 business days prior to an annual general meeting and 10 business days or 15 days (whichever is earlier) prior to an extraordinary general meeting. Once the announcement is made, all holders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' meeting.

**Article 70.** A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 71.** Any shareholder (including Hong Kong Securities Clearing Limited (HKSCC)) entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his entrustment by the shareholder:

1. the shareholder's right to speak at the shareholders' general meeting;
2. the right to require by himself or in conjunction with others to make a resolution by voting;
3. the right to vote by raising hands or ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

If the shareholder is an Acknowledged Settlement Department or its proxy (hereinafter referred to as “Acknowledged Settlement Department”) as defined by the Securities and Futures Ordinance (Chapter 571 of Hong Kong laws), the shareholder may authorize such person(s) whom he thinks of suitable to attend any shareholders’ general meeting and/or any classified shareholders’ meeting; however, the written instrument shall specify the number and category of shares which such persons are liable to; such person(s) authorized shall have the right to exercise functions and power on behalf of Acknowledged Settlement Department(or its proxies), as if the person(s) is/are shareholder(s) of the Corporation.

**Article 72.** Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies.

Corporate shareholders shall attend the meeting in the form of the legal representative or their proxies; if the legal representative is to attend the meeting, his Identity Card, the effective evidence to prove his legal representative’s identity as well as the share certificate shall be presented.; if the proxy is to attend the meeting, his Identity Card, the written instrument signed by the legal representative as well the share certificate shall be presented.

**Article 73.** The written instrument which entrusts proxies to attend the shareholders’ general meeting shall include the provisions below:

1. Name of the proxy.
2. Whether having voting right.
3. The instruction of voting for, against or waiver respectively with regard to each scheduled discussion.
4. Whether having the voting right with regard to the temporary proposal put forward to at the meeting; if so, a conspicuous instruction on which kind of voting right shall be exercised.
5. The date of issuance and period of validity of the written instrument. and
6. The signature (seal) of the authorizer or the proxy; if the authorizer is Corporation Shareholder, the corporation seal shall be stamped on or signed by its board of directors or its proxy.

**Article 74.** The instrument appointing a voting proxy shall be placed at the domicile of the



Corporation or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Corporation or at such other place as specified in the notice of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Corporation's shareholders' meetings as the representative of such legal person.

If the shareholder is an Acknowledged Settlement Department or its proxy (hereinafter referred to as "Acknowledged Settlement Department") as defined by relevant laws and regulations of the place where the stock is listed, the shareholder may authorize such person(s) whom he thinks of suitable to attend any shareholders' general meeting and/or any classified shareholders' meeting; however, the written instrument shall specify the number and category of shares which such persons are liable to; such person(s) authorized shall have the right to exercise functions and power on behalf of Acknowledged Settlement Department(or its proxies), as if the person(s) is/are shareholder(s) of the Corporation.

**Article 75.** Any form issued by the board of directors of the Corporation to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

**Article 76.** Where the entrusting party has deceased, lost capacity for acts, retracted the proxy or the signed power of attorney prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Corporation did not receive a written notice of the event before the commencement of the relevant meeting.

**Article 77.** Resolutions of the shareholders' general meeting can be ordinary resolutions or special resolutions. Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

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

The shareholders (or its proxies) present at the meeting shall vote either “for” or “against” with regard to each discussion that needs to be voted on. When the Corporation calculates the votes, the waiver shall not be counted in.

**Article 78.** When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting rights that they represent. Each share shall carry one vote.

**Article 79.** Votes of the shareholders' general meeting shall be taken by raising hands for resolutions, unless the following persons require voting by ballot before or after any vote by raising hands for resolutions:

1. the chairman of the meeting;
2. at least two shareholders with voting rights or their proxies;
3. one or several shareholders (including proxies) holding totally or separately 10% or more of the shares carrying the right to vote at the meeting.

Unless somebody proposes voting by ballot, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by raising hand, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against resolution adopted at the meeting.

The demand for a vote by ballot may be withdrawn by the person who made it.



**Article 80.** If the matter demanded to be voted upon by ballot is the election of the chairman or the adjournment of the meeting, a ballot shall be taken immediately. If a ballot is demanded for any other matter, such ballot shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at that meeting.

**Article 81.** When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

**Article 82.** When the number of votes for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

**Article 83.** The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

1. work reports of the board of directors and the board of supervisors;
2. plans for the distribution of profits and making up of losses drafted by the board of directors;
3. removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
4. the Corporation's annual budget, final accounts, balance sheet, profit statement and other financial statements;
5. the extension or termination of the contract with an Accounting Office;
6. matters other than those that laws, administrative regulations or the Corporation's Articles of Association require to be passed by way of a special resolution; and
7. according to the GEM Listing Rules, the guarantee matters subject to the resolution of the shareholders' meeting, except the guarantee matters subject to the special resolution of the shareholders' meeting as stipulated in Article 84 of the Articles of Association.

The remuneration mentioned in the proceeding Item3 includes (but not limited to) the remuneration payable to relative board of directors and supervisors when they lose their positions or retire from the Corporation.

**Article 84.** The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:

1. Increase or reduction of the Corporation share capital and issuance of any category of shares, warrants or other similar securities;
2. Issuance of Corporation's bond;
3. Issuance of other securities and listing plan;
4. Division, merger, dissolution and liquidation of the Corporation;
5. Amendment of the Articles of Association of the Corporation;
6. Repurchase of the Corporation's share
7. Warrants stimulating plan;
8. Buying or selling significant assets of the Corporation within one year or giving a guarantee having the amount of more than 30% that of the total assets in the latest audit; and
9. Other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Corporation and require adoption by way of a special resolution.

Any resolution passed through the Shareholder' general meeting shall be pursuant to laws, administrative regulations and Articles of Association of the People's Republic of China.

**Article 85.** The proposal of candidate lists of board of directors and board of supervisors shall be decided by vote on shareholders' general meeting.

**Article 86.** The nomination methods and procedures of board of directors and board of supervisors are set below:

1. The shareholders holding 5 % or more of the total voting shares of the Corporation issued may make a written proposal to the shareholders' general meeting on the candidates of board of directors and candidates of board of supervisors (excluding supervisors selected from workers representatives). But the number of the candidates shall comply with regulations of this Articles of Association and shall not exceed the number as planned. The fore mentioned proposal from the shareholders shall be sent to the Corporation at 14 days prior to the commencement of the shareholder's general meeting;

2. The proposed name list of candidates of board of directors and candidates of board of supervisors (selected from representatives of shareholders) shall comply with the number as planned and be pursuant to the regulations of this Articles of Association.; the board of directors shall examine the competence of the candidates applying for the position of the board of directors; the board of supervisors shall examine the competence of the candidates applying for the position of board of supervisors; after examining and approving the candidates of board of directors and board of supervisors, a written proposal with regard to the resolution shall be made to the shareholders' general meeting;

3. Relevant written documents concerning candidates' inclination, the acceptance of the nomination as well as their personal information shall be made to the Corporation 7 days prior to the commencement of the shareholders' general meeting; the board of directors and board of supervisors shall provide the candidates' resumes and basic conditions to the shareholders;

4. At shareholders' general meeting, votes shall be cast for each candidate one by one for each director or supervisor candidate.

5. if there is any supplement of the candidates, the board of directors and board of supervisors shall make a proposal to the shareholders' general meeting for election and replacement;

**Article 87.** Shareholders requesting the convening of an extraordinary shareholders' general meeting or a meeting of shareholders of different categories shall proceed in accordance with the procedures set forth below:

1. two or more shareholders holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the board of directors to convene an extraordinary shareholders' general meeting or a meeting of shareholders of different categories and stating the subject of the meeting. The board of directors shall convene the shareholders' general meeting or the meeting of shareholders of different categories as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made;

2. if the board of directors fails to issue a notice of such a meeting within 30 days after having received the above-mentioned written notice , the shareholders who made such request may themselves convene the meeting within four months after the board of directors received the request. The procedures according to which they convene such meeting shall, to

the extent possible, be identical to the procedures according to which shareholders' meetings are to be convened by the board of directors.

Where shareholders convene and hold a meeting because of the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Corporation and shall be deducted from the sums owed by the Corporation to the negligent directors.

**Article 88.** Shareholders' general meeting shall be convened and presided over by the chairman of the board. Where the chairman of the board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the (a) director elected by more than half of the board of directors.

Where board of directors can not or do not fulfill the obligation to convene shareholders' general meeting, board of supervisors shall take over without delay; where board of supervisors do not convene and preside over the meeting, the shareholder(s) (either independently or jointly) holding 10% of the total shares of the Corporation may convene and preside over the meeting on their own.

**Article 89.** The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 90.** If the chairman of the meeting has any doubts about the result of a resolution put to vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, the chairman of the meeting shall immediately count the votes.

**Article 91.** If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes of the meeting and the attendance records signed by the attending shareholders and proxies shall be kept at the Corporation 's domicile.

**Article 92.** When the shareholders meeting examine and approve issues of connected transactions, shareholders who are connected shall not participate in the voting whereas their voting shares shall not be counted in the final votes calculation; the announcement on the resolution of shareholders' general meeting shall fully disclose the voting results from non-relevant shareholders.

Relevant shareholders shall abstain voluntarily, or an abstaining request may be made from other shareholders or shareholder representatives present at the shareholders' general meeting; where relevant shareholders cannot evade under special circumstances, the Corporation shall carry out the voting in accordance with normal procedures, but shall specify in the resolution of the shareholders' general meeting.

Shareholders must abstain their voting rights or shall be restricted to vote either "for" or "against" a certain resolution as stipulated by GEM Listing Rules; any voting on the cost of violation of the rules or restrictions from the shareholders (or its proxies) shall not be counted in the final votes calculation.

**Article 93.** The shareholder's general meeting shall have a minute, where the following items shall be kept in record:

1. the proportion of voting shares on the shareholders' general meeting to the total shares of the Corporation;
2. the date and place where the meeting is to be convened;
3. chairman's name and the schedule of the meeting;
4. main points with regard to each matter to be discussed from spokespersons;
5. the result of each resolution;
6. the name list, the proportion of the shares born by shareholders and the content of the proposal to be specified with regard to each resolution made on the shareholder's proposal; and
7. any other content considered to be necessary on the shareholders' general meeting and stipulated by the regulations of this Articles of Association.

**Article 94.** The minute of the meeting, signed by the chairman, board of directors present and

the recording secretary of the meeting, together with the register signed by the shareholders present and written instrument of the proxies, shall be kept in record at the Corporation's domicile by the secretary of board of director.

**Article 95.** Shareholders may examine photocopies of the minutes of meetings during the Corporation's office hours free of charge. If any shareholder demands from the Corporation a photocopy of relevant minutes of meetings, the Corporation shall send such photocopies within seven days of receiving payment of reasonable charges.

**Article 96.** The minutes of the shareholders' general meeting shall be kept in record forever.

**Article 97.** The lawyer employed by the board of directors of the Corporation may witness the shareholders' general meeting, and shall hand in a letter of opinion to the Corporation.

## **Chapter 9 Special Procedure on Classified Shareholders Voting**

**Article 98.** Shareholders who hold different categories of shares shall be shareholders of different class.

Shareholders of different class shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Corporation's Articles of Association.

**Article 99.** If the Corporation intends to change or abrogate the rights of shareholders of different categories, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected shareholders of different class in accordance with Article 101 to Article 105.

The replacement or cancellation of shareholders rights arising from the amendment of laws, administrative regulations and listing provisions of the place where the shares are listed or the decision lawfully made by Overseas Supervision and Management Authority may not need to be approved by a shareholders' general meeting or a classified shareholder's meeting.

The conversion of all or part of the domestic shares to overseas listed foreign shares for listing and trading on overseas stock exchange(s) by domestic shareholders of the Corporation shall not be deemed as the Corporation's intention to vary or abrogate the rights of class shareholders.

**Article 100.** The rights of shareholders of a certain category shall be deemed to have been changed or abrogated in the following conditions:

1. An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
2. A change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
3. A removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
4. A reduction or removal of a dividend preference or assets distribution preference during liquidation of the Corporation, attached to shares of such class;
5. An addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Corporation attached to shares of such class;
6. A removal or reduction of rights to receive amounts payable by the Corporation in a particular currency attached to shares of such class;
7. A creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
8. An imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
9. An issuance of rights to subscribe for, or convert into, shares of such class or classes;
10. An increase in the rights and privileges of shares of another category;
11. Restructuring of the Corporation causes shareholders of different class to bear liability to different extents during the restructuring; and
12. An amendment or cancellation of the provisions of this article.

**Article 101.** Shareholders of the affected class, whether or not otherwise having the right to

vote at shareholders' general meeting, shall have the right to vote at meetings of shareholders of different class in respect of matters referred to in Items (2) to (8) or (11) to (12) of Article 100, except that interested shareholders shall not have the right to vote at meetings of shareholders of different class.

For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meanings:

1. If the Corporation has made a buy-back offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a securities exchange in accordance with Article 34 hereof, the controlling shareholders as defined in Article 60 hereof shall be “interested shareholders”;

2. If the Corporation has bought back its own shares by an agreement outside a securities exchange in accordance with Article 35 hereof, holders of share in relation to such agreement shall be “interested shareholders”; or

3. Under a restructuring proposal of the Corporation, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same category, or shareholders who have an interest in a restructuring proposal of the Corporation that is different from the interest in such restructuring proposal of other shareholders of the same category shall be “interested shareholders”.

**Article 102.** Resolutions of a meeting of shareholders of different categories may be passed only by more than two-thirds of the voting rights of that category represented at the meeting in accordance with Article 103 hereof.

**Article 103.** When the Corporation is to hold a meeting of shareholders of different categories, it shall issue a notice in accordance with the requirements of holding a general meeting as set out in Article 65 of these Articles of Association informing all the registered shareholders of that category of the matters to be examined at the meeting as well as the date and place of the meeting. Regarding the calculation of the notice period, the date on which the meeting is convened shall not be included.

**Article 104.** The notice of a meeting of shareholders of different class needs to be delivered only to the shareholders entitled to vote thereat.



The procedures according to which a meeting of shareholders of different categories is held shall, to the extent possible, be identical to the procedures according to which a shareholders' general meeting is held. Provisions of the Articles of Association of the Corporation relevant to procedures for the holding of a shareholders' general meeting shall be applicable to meetings of shareholders of different class.

**Article 105.** Excluding the shareholders of other category, shareholders of domestic investment share and shareholders of overseas listed foreign share shall be deemed as shareholders of different class.

The special voting procedures for shareholders of different categories shall not apply:

1. Where , as approved by way of a special resolution of the shareholders' general meeting, the Corporation issues, either separately or concurrently, domestic investment shares and foreign investment shares listed outside the People's Republic of China every 12 months, and the number of the domestic investment shares and foreign investment shares listed outside the People's Republic of China intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories;

2. Where the plan for issuance of domestic investment shares and foreign investment shares listed outside the People's Republic of China upon the establishment of the Corporation is completed within 15 months of being approved by the State Council Securities Commission;  
or

3. Where, as approved by the securities regulatory authorities of the State Council, the transfer of domestic investment shares held by the holders of domestic investment shares of the Corporation to foreign investors or the conversion of domestic investment shares to overseas listed foreign investment shares and the listing and trading of such shares on overseas stock exchange(s).

## **CHAPTER 10 PARTY ORGANISATION**

**Article 106.** According to the provisions of the “Constitution of the Communist Party of China”, the general CPC branch committee of Tianjin Binhai Teda Logistics (Group) Corporation Limited\* (天津濱海泰達物流集團股份有限公司) (hereinafter referred to as the

“Party Organisation”) shall be established, subject to approval by the higher Party organisations. The members of Party Organisation of the Corporation shall be elected from the Party member congress and each term of office is generally 3 years. Regular re-election shall be conducted upon the expiration of its term of office. The number of Party secretary, deputy Party secretary and other members of Party Organisation of the Corporation shall be set up subject to approval by the higher Party organisations, and shall be elected or appointed based on the relevant provisions of the “Constitution of the Communist Party of China”. In accordance with the principles of strengthening the work of the Party and lean and efficient coordination, the Party Organisation of the Corporation has set up the special working organs responsible for the management of leaders and the construction of grass-roots Party Organisations. A certain number of full-time and part-time Party affairs staff will be allocated, who shall enjoy the same rank and remuneration as the operation and management staff, and two-way exchange between Party affairs staff and other operation and management staff will be promoted.

The Corporation adheres and improves the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Organisation may join the board of directors and the management through statutory procedures, and eligible Party members in the board of directors and the management may join the Party Organisation in accordance with the relevant regulations and procedures.

The secretary of the Party Organisation and the chairman of the board of directors shall be the same person in general. A deputy secretary, generally serving as a member of the board of directors rather than a management member, shall be designated to be solely responsible for party building work for the Party Organisation. Members of the Party Organisation who enter the board of directors and management shall, in making decisions by the board of directors and the management, convey advice from the Party Organisation and reflect the intention of the Party Organisation, and report to the Party Organisation in a timely manner.

The working funds of the Party Organisation of the Corporation are guaranteed via channels such as including it in management expenses, which are inclined to the front line of production and operation. The expenses included in management expenses shall be based on the proportion of 1% of the total amount of staff salaries of the Corporation for the previous year, and shall be included in the annual budget of the Corporation. Various resources shall be

integrated and applied to well arrange the Party Organisation activities.

**Article 107.** The Party Organisation of the Corporation shall study and discuss major business management matters in advance and insist on consistency in decision-making quality and efficiency, and generally go through the procedures of proposing motions, formulating proposed plans, studying and discussing by the Party Organisation, communicating before the meetings of the board of directors, and implementing the intention of the Party Organisation during the meetings of the board of directors.

The Corporation's major operation and management matters must be studied and discussed by the Party Organisation before decisions are made by the board of directors in accordance with its functions and powers and prescribed procedures. For the board of directors to authorize the decision-making proposal, the Party Organisation shall maintain strict control to prevent undue and excessive authorization. For the board of directors to authorize the general manager to make decisions, the Party Organisation generally shall not carry out any prior examination and discussion, but shall play an effective role through appropriate means. The matters to be studied and discussed mainly include:

1. thorough implementation of the decisions and deployments of the Party Central Committee and important measures of national development strategies;
2. the development strategies, medium and long-term development plans and important reform proposals of the Corporation;
3. principles and directional issues involving the Corporation's asset restructuring, change of property rights, capital operations and significant investments;
4. the establishment of and adjustment to the Corporation's organizational structure and the formulation and amendment of the Corporation's important rules and systems;
5. important matters regarding the Corporation's safe production, maintenance of stability, interests of employees and social responsibilities;
6. other material matters required to be studied and decided by the Party Organisation.

The Party Organisation of the Corporation shall draw up a list of matters to be studied and discussed in the light of the practical situations of the Corporation, and clarify the powers and responsibilities of the Party Organisation and other governance bodies such as the board of directors and management.

The Party Organisation of the Corporation shall adhere strictly to studying and discussing major operation and management issues in advance, focusing on whether the decisions are in line with the Party's theories and policies, whether they are in line with the decisions of the Party Central Committee and the implementation of national development strategies, whether they are in compliance with the requirements of the municipal Party committee and the municipal government, whether they conform to the principle of city development based on manufacturing industry and "Tianjin +" reform principles, whether they are conducive to promoting the high quality development of the Corporation, enhancing the Corporation's competitive strength and realizing the preservation and appreciation of value of state-owned assets, and whether they are conducive to safeguarding the public interest and the legal rights and interests of workforce.

**Article 108.** The Party Organisation of the Corporation shall play a leading role, supervising the Corporation's direction of development, monitoring the whole picture and ensuring implementation, discussing and making decisions on significant matters of the Corporation in accordance with the regulations. The main responsibilities are:

1. to enhance the political construction of the Party in the Corporation, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all the Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;

2. to thoroughly study and implement Xi Jinping's Socialism ideology with Chinese characteristics in the new era, learn and propagate the Party's theories, thoroughly implement the Party's lines, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party Organisation at a higher level in the Corporation;

3. to investigate and discuss the significant operation and management matters of the Corporation and support the board of directors and the management to exercise their rights and perform their duties in accordance with the laws;

4. to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Corporation, and the building of the leading team, cadre and talents team of the Corporation;

5. to undertake the main responsibility in improving the Party's conduct and upholding integrity, lead and support internal discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote the Party's self-governance fully and extend to the grassroots level;

6. to strengthen the building of grassroot Party Organisations and teams of Party members, unite and lead officials and employees to devote themselves into the reform and development of the Corporation;

7. to lead the Corporation's ideological and political work, the spirit and civilization construction, the united front work and lead mass organizations such as the Labour Union, Communist Youth League and Women's Organization of the Corporation.

**Article 109.** The Party Organisation shall formulate the relevant working rules and rules of procedures to have detailed requirements on the working rules for the Party Organisation as well as the contents and decision-making procedures for the Party Organisation of the Corporation in order to ensure the work quality and efficiency of the Party Organisation and, improve and complete the system and mechanism for the Party Organisation's participating in the decision making process on major issues and give full play to the leading role of the Party Organisation of the Corporation.

**Article 110.** The Party Organisation generally operates in the form of meetings. The notification, convention and voting procedure of which shall be carried out in accordance with the relevant regulations of the Party.

## **CHAPTER 11 BOARD OF DIRECTORS**

### **Section I Directors**

**Article 110.** Directors shall be natural person elected or changed by the shareholders' meeting. A director may not hold any shares of the Corporation. Directors shall include executive and non-executive directors and non-executive directors shall include independent directors. The number of outside directors (directors who do not take any post in the Corporation) shall be or more than half of the board of directors and there shall be more than 3 independent

(non-executive) directors (i.e. directors who are not shareholders of the Corporation and do not take any post in the Corporation). Executive directors refer to the directors who take the post of manager, vice manager or other management positions in the Corporation. Non-executive directors refer to the directors who do not take any post of manager, vice manager or other management positions in the Corporation.

**Article 112.** Directors shall be elected or changed by the shareholders' meeting. Every term of a director is three years. Upon expiry of the term, a director shall be eligible for re-election and re-appointment. Prior to expiration of a director's term, the shareholders' committee may not remove him without cause.

The board of directors may appoint a director to fill a casual vacancy on the board of directors, and any person appointed by the board of directors to fill a casual vacancy on the board of directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Shareholders' meeting may, on the basis of complying with relevant laws and administrative regulations, dismiss any director before his term expires by ordinary resolution (claim of compensation according to any agreement shall survive).

Intention of the nominated candidate of directors and a written notice of the candidate expressing his willingness of accepting the nomination shall be submitted to the Corporation one day after the date of notice of the shareholder's meeting, but not later than seven days before the shareholders' meeting is held.

Candidates of the first board of directors shall be nominated by the sponsor and elected by the founding meeting of the Corporation. The quorum of each board of directors shall not less than the prescribed quorum in Article 105, nor exceed the maximum quorum determine in ordinary resolution made by the shareholders' meeting; where voted quorum of directors exceeds the determined maximum quorum, the directors shall be confirmed in the order of the candidates with highest votes to lowest votes, while the total quorum shall not exceed the determined maximum quorum.

Independent non-executive directors shall meet following requirements:

1. be independent of the shareholders of the Corporation;
2. not taking any post in the Corporation
3. one independent non-executive director shall have proper qualification and specialty in accounting or financial management required by the GEM Listing Rules.

External directors shall have sufficient time and necessary knowledge to perform his duties. The Corporation shall provide necessary information to the outside directors to perform his duties. The independent (non-executive) directors may directly report situations to the shareholders' meeting, State Council securities regulatory organizations and other relevant departments.

Any director may concurrently take the post of manager or other senior management (except supervisor), however the total number of directors who take the post of manager or other senior management and staff's representatives shall not more than ½ of the total numbers of the directors of the Corporation.

**Article 113.** A directors shall abide by the Articles of Association :

1. may not abuse their authorities by accepting bribes or generating other illegal income, and may not convert Corporation assets;
2. may not misappropriate Corporation funds;
3. may not deposit Corporation assets into an account in his own name or in any other individual's name;
4. without the consent of the shareholders' meeting, shareholders' assembly or board of directors, he may not loan the Corporation's fund to others or providing any guaranty to any other person by using the Corporation's assets as in violation of the Articles of Association;
5. may not sign a contract or trading with the Corporation by violating the Articles of Association or without the consent of the shareholders' meeting or shareholders' assembly;
6. without the consent of the shareholders' meeting or shareholders' assembly, he may not seek business opportunities for himself or any other person by taking advantages of his authorities, or operating for himself or for any other person any like business of the Corporation he works for;
7. may not take commissions on the transactions between others and this Corporation into his own pocket;

8. may not disclose the Corporation's secrets without prior permission;
9. may not damage the Corporation's interests using his relationships; or
10. other duties prescribed by laws, administrative regulations, department regulations and this Articles of Association.

Where any income of the director arises from his ( her ) violations against the aforesaid provisions, the income shall be returned to the Corporation; where the director causes damage to the Corporation, he(she) shall liable for compensation.

**Article 114.** The directors shall abide by laws, administrative rules and the Articles of Association, bearing the following obligations:

1. In line with national laws, administrative rules as well as the various requirements of the national economic policies, exercise meticulously, gravely and assiduously the rights authorized by the Corporation so as to ensure the Corporation's business act within the scope prescribed in the business license;
2. Give fair treatment to all the shareholders;
3. Investigate the performance of the Corporation;
4. Report regularly to the Corporation and signing confirmation opinion in written form to ensure the sincerity, preciseness and integrity of the information revealed by the Corporation;
5. Provide genuinely the relevant information and material to the Supervision Committee, and not impede the Supervision Committee to exercise its functions and powers;
6. Other obligations prescribed in relevant laws, administrative rules, regulations and Articles of Association.

**Article 115.** Where any director fails to attend the conference for two consecutive times and fails to consign other directors hereto, he(she) shall be deemed incapable to perform his(her)duty and the board of directors shall propose the shareholders conference to reshuffle the director.

**Article 116.** An independent director may resign before the term of his/her office expires. He/She shall submit the written resignation report to the board of directors and spell out the circumstances related to the resignation or those that need the attention of the shareholders



and the creditors of the listed Corporation.

If the resignation of the director causes the number of the directors in the board of directors to become less than the minimum number required by the relevant requirements, the resignation of director shall take effect after the subsequent appointed director fills the vacancy. If the resignation of the independent director causes the number of the independent directors in the board of directors to become less than the minimum number required by the Guidelines, the resignation report of the independent director shall take effect after the subsequent appointed independent director fills the vacancy.

The resignation of director shall, except the circumstances prescribed in the preceding paragraph, comes into effect as of its acknowledgement by the board of directors.

**Article 117.** Without the legal authorization of the Articles of Association or the board of directors, any director shall not represent the Corporation or board of directors to act in the name of an individual. Where the director acts in his(her) own name, the director shall declare his(her) standpoint and identity in advance provided that the director is deemed by the third party as acting in the interest of the Corporation.

**Article 118.** Where the director, on the occasion of performing his(her) duty hereof, violates laws, administrative rules, regulations or provisions in the Articles of Association and has caused damage to the Corporation, the director shall honor indemnity compensation.

**Article 119.** The independent directors shall act in accordance with laws, administrative rules and regulations.

## **Section II Board of Directors**

**Article 120.** The board of directors established by the Corporation shall be responsible to the shareholders' meeting. The board of directors shall be composed of nine directors, of which there shall be at least one executive director and seven non-executive directors. One chairman shall be established. Significant matters of the Corporation shall be subject to discussion by the Party Organisation before any decision shall be made by the board of directors.

**Article 121.** The chairman of the board of directors shall be elected and dismissed by more than half of the total directors. Every term of the chairman shall be 3 years. A chairman may continue to serve his post if he is re-elected upon the expiration of his term.

**Article 122.** The board of directors is accountable to the shareholders' committee, and it formulates strategies, makes decisions and prevents risks, and shall exercise the following powers:

1. being responsible for calling meetings of shareholders committee and presenting reports thereto;
2. implementing resolutions adopted by the shareholders' committee;
3. determining the Corporation's business plans and investment programs, except major investment plans that shall be submitted to the shareholders' meeting for approval as prescribed by the Articles of Association ;
4. preparing annual financial budget plans and final accounting plans of the Corporation;
5. preparing profit distribution plans and plans to cover Corporation losses;
6. formulating plans for increasing or reducing registered capital of the Corporation; issue of stocks or other securities and listing of the Corporation;
7. drafting plans for merger, division, change of corporate form or dissolution of the Corporation;
8. reviewing and approving affiliate transactions that are required by laws, administrative rules or other relevant regulations to be approved by the board of directors.
9. determining the structure of the Corporation's internal management;
10. appointing or removing the manager (general manager) (Hereinafter referred to as the "general manager") of the Corporation, appointing or removing, upon the general manager's recommendation, vice managers of the Corporation and the officer in charge of finance, and determining the remuneration for those officers;

In appointing senior operation management personnel, the Party Organisation shall consider and comment on the candidates nominated by the nomination committee under the board of directors or the general manager, or recommend candidates to the nomination committee or the general manager. The Party Organisation shall evaluate the proposed candidates and put forth comments and suggestions after collective discussion.

11. formulating the basic management scheme of the Corporation.

12. formulating the revision plan of the Articles of Association and submitting to the shareholders' meeting for voting.
13. drafting major acquisition or sales plan of the Corporation
14. exercising the financing and loaning authorities and deciding pledge, lease, subcontracting or transfer by complying with relevant laws, regulations, rules and the article of associations, or authorizing the manager to exercise such authorities within certain scope;
15. determining the risk management system, the internal control system, the system for accountability for non-compliant operation and investment, and legal compliance management system of the Corporation, and to monitor and assess operation thereof;
16. deciding on the guarantee matters other than those stipulated in Articles 83 and 84 of the Articles of Association, including but not limited to providing guarantee to wholly-owned subsidiaries, non-wholly-owned subsidiaries within the scope of consolidated statements and participating companies in proportion to their capital contribution; and
17. Other authorities authorized by shareholders' meeting and the Articles of Association.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in Items 6,7, 12 and 13, which shall require the affirmative vote of more than two-thirds of the directors.

When the boards of directors make any resolutions on the affiliate transactions, the resolutions shall only come into effect when they are signed by independent (non-executive) directors.

The board of directors shall exercise any power not regulated by these Articles of Association which may be exercised by the shareholders' general meeting. The board of directors shall abide by the regulations in the Articles of Association and by the regulations developed on occasion by the shareholders' general meeting. However, regulations developed by the shareholders' general meeting shall not make behavior by the board of directors invalid which was proper before the passage of that regulation.

Any director shall not vote on any resolution made by the board of directors regarding contracts or arrangements or other proposals in which he or any of his associates is materially

interested, nor would he attend any meeting to discuss any part of such contracts or arrangements or other proposals. He shall not be counted in when determining whether a quorum is reached in the meeting. Definition of “associates” shall be same with that of the GEM Listing Rules, the matters of contract or arrangements or any other proposals of the major rights and benefits owned by the directors or any associates shall include:

1. any pledge or compensation guarantee provided to director or its associate due to the obligations arising from director or its associates lending money to the Corporation or its affiliates, or their interest or obligations undertaken by the director or its associate under the requirement of the Corporation or its affiliate; or

The Corporation or its affiliate provides any pledge or compensation guarantee to any third party for its debt or obligation, where the director or its associate has already bear whole or part (no matter singly or jointly) of the debt or obligation according to one guarantee or compensation guarantee or pledge;

2. any proposal made by others or the Corporation for acquire or purchase the shares, bonds or other securities of the Corporation or other Corporation (sponsored by the Corporation or in which the Corporation is interested), a director or its associate is interested or is about to be interested for participating the exclusive sales or sub-exclusive sales of the contract;

3. proposals made by other Corporation, in which the director or his associate is directly or indirectly interested (either as senior staff or administrative staff or shareholder); or any proposal made by other Corporation, in which the director or his associate beneficially holds its shares, however the director or his associate are not jointly holding (or any third party Corporation used by the director or his associate to obtain relevant interest) 5% or more than 5% of the issued shares or voting right;

4. proposals or arrangements that are related to the interests of the Corporation or its affiliates, which includes:

- (1) adopting, revising or implementing any employee share plan or share incentive or share option in which any director or its associate may be interested;
- (2) adopting, revising or implementing any retirement funds plan, retirement plan, death or injury compensation plan in which any director or its associates and employees of the Corporation or its affiliates may be interested ; where no preference or benefit not granted to the director (or his associate) same with other persons that are related

to the plan or funds; and

5. contract or arrangements in which any director or its associate is interested, in such contract or arrangement, director or its associate is interested in the same way of other holder of the Corporation shares or bonds or other securities only because the director or its associate is interested only in issuers' shares or bonds or other securities.

**Article 123.** When the board of directors disposes of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet placed before the shareholders' general meeting, the board of directors may not dispose of the fixed assets without the prior approval of the shareholders' general meeting.

For the purposes of this Article, the term “disposal of fixed assets” shall include the assignment of a certain interest in assets other than by way of security.

The validity of transactions whereby the Corporation disposes fixed assets shall not be affected by the breach of the first paragraph hereof.

**Article 124.** The chairman shall exercise the following authorities:

1. presiding over meetings of shareholders' general committee, and calling and presiding over meetings of the board of directors;
2. supervising the implementation of resolutions adopted by the board of directors;
3. signing the share certificates , bond certificates and other valuable securities of the Corporation.
4. signing other important documents of the Corporation and other documents that shall be signed by the legal representative of the Corporation;
5. exercising legal representative's authorities;
6. nominating manager to the board of directors;
7. other functions granted by the board of directors.

If the chairman of the board of directors is unable to perform his duties, the duties shall be performed by a director jointly recommended by half or more of the directors.

Significant matters shall be subject to discussion by the Party Organisation before any decision shall be made by the chairman.

**Article 125.** Meetings of the board of directors shall be held at least four times a year. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 10 days before the meetings are held. Extraordinary meetings of the board of directors may be held upon proposal by shareholders with more than 1/10 voting rights, more than 1/3 directors or the Supervision Committee. The chairman of board of directors shall call and preside the meeting within 10 days upon receiving the proposals. When there is an urgent matter, extraordinary meetings of the board of directors may be held upon proposal by more than three directors or the Corporation manager.

**Article 126.** Where the time and address of the meeting of the board of directors have been specified in advance by the board of directors, no notice is necessary to be given before the meeting is convened. Where the time and address of the meeting of the board of directors have not been specified in advance by the board of directors, the chairman of the board shall instruct the secretary to send the time and venue to all directors and the chairman of supervisors by e-mail, telex, telegraph, fax, EMS, registered mail or special person within the period of not less than ten days and not more than thirty days before the meeting is convened.

Where interim meeting of the board of directors is required to be convened due to emergencies, the chairman of the board shall encharge the secretary to send the time and locus to all directors, managers and the chairman of supervisors by e-mail, telex, telegraph, fax, EMS, registered mail or special person within the period of not less than two days and not more than ten days before the meeting is convened.

The meeting notice shall be made in Chinese, and translation in English may be attached when necessary. The notice shall include agenda and topics.

Where the directors have attended the meeting without objection expressing that he didn't receive any meeting notice before or at the meeting, the meeting notice shall be deemed as having been delivered to him.

**Article 127.** Meetings of the board of directors may be held only if more than half of the directors (including in accordance with Article 129 hereof, directors who entrust in writing another director with attending the meeting on his behalf) attend.

Each director shall be entitled to one vote. Resolutions of the board of directors must be adopted by the affirmative vote of more than half of all the directors.

**Article 128.** Directors may appear at a meeting of the board by means of telephone conference or similar communication system whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

**Article 129.**

1. Meetings of the board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority.

2. A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

3. the entrusted person shall be a director also. The director himself and the director he is on behalf shall be counted separately when counting the quorum of the meeting of the board of directors. The director is not necessary to vote for or against any resolutions with all the voting rights he has. The director shall notify the Corporation with the termination of the attorney.

**Article 130.** Reasonable expenses of the directors arising from attending the meetings of the board of directors shall be borne by the Corporation. The expenses include transportation expense from where the director is to the meeting venue that is different from where the director is, accommodation, meeting room rent, local transportation expense, etc.

**Article 131.** The board of directors shall keep minutes of its decisions on the matters examined at their meetings. The directors attending a meeting and the person taking minutes

shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Corporation's Articles of Association, thereby causing serious losses to the Corporation, the directors who took part in the resolution shall be liable to the Corporation for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director may be relieved from such liability.

The board of directors shall make records into meeting minutes in Chinese for the matters discussed in the meetings of the board of directors or non-convened meetings of the board of directors. Opinions expressed by independent (non-executive) directors shall be stated in the resolution of the board of directors. The meeting minutes of every meeting of the board shall be provided to all directors for reviewing as soon as possible. Any director who hopes to make amendments or supplements to the meeting minutes shall send written reports with opinion of amendments to the chairman of the board within one week after he receives the meeting minutes. Where the meeting minute is finalized, the directors and recorders who attended the meeting shall sign on the minute. The meeting minutes shall be kept at the Corporation's address in China and complete copy shall be sent to every director.

**Article 132.**

1. A written resolution signed by all directors shall be deemed to have same effectiveness with a resolution made by a legal meeting of the board of directors. Such written resolution shall be made into several copies and each copy may be signed by one or more than one director. A resolution signed by the directors or with his name and sent by telegraph, telex, mail, fax or special person shall be deemed as a document signed by the director.

2. The board of directors may set up a commission or working group consists of two or more than two directors from time to time and authorize the commission or working group to exercise certain powers, authorities and extenuation; the commission and working group shall exercise within the scope authorized by the board of directors and shall comply with rules that may be formulated by the board of directors from time to time. The board of directors may make resolution from time to time to dissolve the commission or working group or change the scope of authorizations.



3. The quorum of the commission or working group of the board of directors shall be two members of the commission or group or half of the members, whichever is higher. Article 126 to Article 131 and 1. of this article shall apply to the procedures and records of the meeting of the board of directors, and also apply to relevant commission or working group, unless relevant regulations are replaced by rules formulated by the board of directors in accordance with preceding paragraph hereof.

**Article 133.** Unless otherwise provided by the board of directors, manager who doesn't concurrently take any post of director may attend the meeting of the board of directors and is entitled to receive meeting notice and relevant documents; however unless the manager also takes a post of director, he shall not vote in the meeting of the board of directors.

## **CHAPTER 12 SECRETARY OF BOARD OF DIRECTORS**

**Article 134.** The Corporation shall have a secretary to the board of directors. The secretary to the board of directors shall be a senior official of the Corporation and shall undertake obligations required by laws, regulations and this Articles of Association on senior managers, while having appropriate authorities and remuneration. The secretary to the board of directors shall be appointed and responsible for the board of directors.

**Article 135.** The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed or dismissed by the board of directors. His main duties shall be as set forth below:

1. to assist the directors in the daily work of the board of directors, be responsible for the communications between the directors and the Corporation, to ensure that directors receive information and documents necessary to perform their duties. Continuously provide to the directors, to remind and to ensure their understanding of the regulations, policies and requirements of the relevant regulatory authorities on the Corporation's operations. To assist directors and managers when exercising its powers to comply with the law and administrative regulations, rules, relevant provisions of the securities regulatory organizations in the place where the Corporation is listed and other relevant provisions in the Articles of Association;

2. be responsible for organization and preparation of the meeting of the board of

directors, board of shareholders and relevant meeting documents, be responsible for meeting minutes, ensuring the decisions is made in accordance with statutory procedures, taking the initiative to master the implementation of the resolution made by the board of directors; replying the directors with questions of meeting procedures and applicable rules;

3. to guarantee that the Corporation has complete organizational documents and records;

4. to ensure that the Corporation prepares and submits according to law the documents and reports required by relevant authorities(include but not limited to Administration for Industry and Commerce); and

5. to keep the register of shareholders, seals and relevant documents of the board of directors; to deal with stock rights management and trusteeship register; to guarantee that the Corporation's register of shareholders is properly established and that persons entitled to relevant records and documents of the Corporation obtain such records and documents in a timely manner.

6. to disclose the Corporation information and ensure that the information disclosure is timely, accurate, legitimate, true and complete;

7. to coordinate and organize market promotion, coordinate visit reception, handle investor relations, maintain contact with regulators, investors and intermediaries, coordinate public relations;

8. to fulfill Corporation secretary duties prescribed in laws and this Articles of Association (including reasonable requirements of the Board of Directors).

**Article 136.** Directors or other senior officials of the Corporation may concurrently hold the office of secretary to the board of directors. No accountant of the accounting office hired by the Corporation may concurrently hold the office of secretary to the board of directors.

**Article 137.** The secretary to the board of directors shall be nominated by the chairman of the board of directors and appointed or dismissed by the board of directors. If the office of secretary to the board of directors is held by a director of the Corporation and a certain act is to be done by a director and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in both capacities.

## **CHAPTER 13 MANAGER**

**Article 138.** The Corporation shall have one general manager (manager) who shall be appointed or dismissed by the board of directors. The Corporation shall have several vice general managers (vice managers), one person in charge of finance. Vice managers and person in charge of finance shall be named by the manager and appointed or dismissed by the board of directors.

Vice managers and person in charge of finance shall assist and responsible for the manager.

The Corporation shall implement a market-based system for selecting and hiring professional managers and introduce a system to manage members of management with tenure and contract. The management shall be appointed, supervised and managed by the board of directors, with a tenure of no more than three years, subject to a renewal by the board of directors upon the expiration of its term of office. The management have annual and tenure targets as determined by the board of directors, which strictly assesses their performance and pays their remuneration as specified in the contract. Professional managers shall strictly be recruited according to principles of market-based selection and recruitment, be managed by contract, differentiated remuneration and market-oriented exit, and the board of directors shall negotiate with the professional managers to determine the level of remuneration reasonably, and the conditions of termination of the employment relationship.

**Article 139.** The general manager is accountable to the board and shall exercise the following authorities:

1. being in charge of managing the Corporation's production and operation, and organizing the implementation of resolutions adopted by the board;
2. organizing the implementation of annual operating plans and investment programs of the Corporation;
3. drafting the plan for the structure of the Corporation's internal management;
4. drafting the basic management scheme of the Corporation;
5. formulating detailed rules of the Corporation;
6. recommending for appointment or removal of the vice general managers and the officer in charge of finance;
7. appointing and removing officers of the Corporation other than those to be appointed

or removed by the board;

8. personally (or appointed an vice manager to) call and preside manager working meeting which manger, vice manager or other senior managers shall attend;

9. determine to reward, punish, upgrade, downgrade, increase or decrease salary of, appoint and dismiss employees; and

10. other functions and powers granted by the Corporation's Articles of Association and the board of directors.

Significant matters in respect of production and operation shall be subject to discussion by the Party Organisation before any decision shall be made by the general manager.

**Article 140.** The management is the executive body of the Corporation, which is responsible for operations management, implementation and strong leadership. The manager shall develop manager working rules, which shall be implemented after being approved by the Board of directors. The manager shall, through the manager office meeting and other forms of meetings, exercise the authorization of the board of directors. For matters which the general manager is authorized by the board of directors to make decisions, prior to any decision making, the manager office shall generally listen to the views of the Party secretary and the chairman of the board of directors, in case a consensus has not be reached, the proposal shall not be proposed in the meeting. On other important issues, the manager office shall also value and listen to the views of the Party secretary and the chairman of the board of directors.

**Article 141.** Manager working rules shall include the followings:

1. conditions, procedures and participants of the manager's meeting;
2. specific responsibilities of the manager and other senior officials;
3. management of the Corporation's funds and assets, authority to sign major contracts, as well as the reporting system to the board of directors and Supervision Committee;
4. other matters deemed necessary by the board of directors.

**Article 142.** The manager may tender his resignation before the expiration of his term. The specific procedures and methods regarding the resignation shall be prescribed in the labor contract between the manager and the Corporation.

**Article 143.** The Corporation manager shall attend the meetings of the board of directors, if he is not a director, he shall have the right to receive meeting notification and relevant documents, but have no right to vote at such meetings.

**Article 144.** In the exercise of his functions and powers, the Corporation manager shall perform his duties in good faith and with diligence in accordance with laws, administrative regulations and the Corporation's Articles of Association.

## **CHAPTER 14 SUPERVISION COMMITTEE**

### **Section 1 Supervisors**

**Article 145.** The board of supervisor shall be composed of six supervisors including worker representatives and shareholders representatives, where the worker representatives shall not be less than 1/3, outside supervisors (supervisors who do not take any post in the Corporation) shall not be less than 1/2.

**Article 146.** The directors, managers, and other top management personnel (include but not limited to the person in charge of finance) shall not act as supervisor concurrently.

**Article 147.** The single term for the supervisor shall be three years. The supervisor may be reappointed after the expiration of its term. The shareholder representatives and outside supervisors shall be elected and changed by the shareholders' general meeting, and the representatives of the Corporation's staff and workers shall be democratically elected and changed by the Corporation's staff and workers.

**Article 148.** The supervisor may, in advance of his(her) expiration of the term, submit his(or her) resignation report. Regulation regarding the resignation of directors in Chapter 11 in this article of association shall also apply to the supervisors.

### **Section 2 Supervision Committee**

**Article 149.** The Corporation shall set up the Supervision Committee as supervising organization. The Supervision Committee shall be responsible for supervising the board of directors and the members, managers, vice managers, finance directors and other top management to prevent them from abusing authorities and damaging the legal rights and benefit of the shareholders, the Corporation and the staff.

**Article 150.** The Supervision Committee shall be composed of 6 supervisors, of which one chairman shall be appointed. Each term of a supervisor shall be three years, and a supervisor may continue to serve his post at the expiration of his term if he is re-elected.

Appointment and removal of the chairman of the Supervision Committee shall be adopted by supervisors representing 2/3 or more of the voting rights of the supervisors.

The shareholders' representatives shall be elected and removed by the shareholders' general meeting, and the representatives of the Corporation's staff and workers shall be democratically elected and removed by the Corporation's staff and workers.

Directors, managers, vice managers, person in charge of finance and other senior managers shall not concurrently take the post of supervisor.

**Article 151.** The meeting of the board of supervisor shall be convened at least twice a year. The meeting shall be called and presided over by the chairman of the Supervision Committee. If the chairman is unable or does not perform his duties, the meeting shall be called and presided over by a supervisor jointly recommended by half or more of the supervisors.

Any supervisor shall not vote on any resolution made by the Supervision Committee regarding contracts or arrangements or other proposals in which he or any of his associates is materially interested, nor would he attend the meeting to discuss any part of such contracts or arrangements or other proposals.

**Article 152.** The Supervision Committee shall exercise the following authorities:

1. reviewing the financial affairs of the Corporation;
2. monitoring the acts of the directors or the general manager to guard against violation

of national statutes, administrative regulations or the Articles of Association in the course their performance of duties;

3. requiring the directors or the general manager to make rectification when any act thereof harms Corporation interests;

4. verifying financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Corporation, a registered accountant or practicing auditor to assist in reviewing such information;

5. proposing for interim meetings of shareholders' general committee;

6. bringing forward proposals at shareholders' meetings;

7. representing Corporation in negotiating with or instituting legal proceedings against a director;

8. other authorities prescribed by the Articles of Association.

Supervisors shall attend meetings of the board of directors.

**Article 153.** The method of discussions at the Supervision Committee shall be: the meeting of the Supervision Committee shall be only held when all supervisors attend. In case any supervisor is not in China when a meeting is required to be called, the quorum may be decreased to 2/3 of all supervisors.

**Article 154.** When the Supervision Committee makes a resolution and/or report, it shall be adopted by more than 2/3 (including 2/3) of all the supervisors by voting. A supervisor shall have one vote only.

In case any supervisor has any different opinion on the resolution or report, he shall express his opinion in the resolution or report.

**Article 155.** The supervisors shall sign resolutions made by the Supervision Committee and be liable for the Supervision Committee. However, if a director is proven to have expressed his objection to the voting on such resolution and his objection was recorded in the records, then the supervisor may be exempted from liabilities.

**Article 156.** Any reasonable expenses arising from hiring professionals such as lawyers,

registered accountants and independent auditors shall be borne by the Corporation.

Reasonable expenses of the supervisors arising from attending the meetings of the Supervision Committee shall be borne by the Corporation. The expenses include transportation expense from where the supervisor is to the meeting locus that is different from where the director is, accommodation, meeting room rent, local transportation expense, etc.

**Article 157.** The chairman of the Supervision Committee shall exercise following functions:

1. call and preside the meeting of the Supervision Committee
2. Call an interim meeting of the Supervision Committee when the meeting is deemed necessary by the chairman of the Supervision Committee;
3. sign the resolutions made in the Supervision Committee; and
4. Other authorities authorize by the Supervision Committee.

If the chairman is unable or does not perform his duties, the duties shall be performed by a supervisor jointly recommended by half or more of the supervisors.

**Article 158.** The chairman of the Supervision Committee shall call interim meeting of the Supervision Committee within five working days where the meeting is deemed necessary by the chairman or proposed by other supervisors.

**Article 159.** Written notices with relevant documents shall be delivered by e-mail, telex, telegraph, fax or personal delivery to all supervisors within five working days before the meeting of the Supervision Committee is held. Notices with relevant documents shall be delivered within three working days before the interim meeting of the Supervision Committee is held. The meeting is required to held in the place where the Corporation is registered in principle, however may be held in other place of China by resolution of the Supervision Committee.

**Article 160.** Supervisors shall participate in the meeting of the Supervision Committee in person after the written notice is received. Where any supervisor is unable to attend the meeting for a certain reason, he may, by issuing a written power of attorney, entrust another supervisor to attend the meeting on his behalf.



The name of the entrusted supervisor, entrusted matters, authorities and period of validity shall be stated in the power of attorney which shall be autographed or sealed by the entrusting supervisor.

A supervisor who attends a meeting on behalf of another supervisor shall exercise the rights of a supervisor within the scope of authority granted. If a supervisor fails to attend a meeting of the Supervision Committee and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

**Article 161.** Where the supervisor fails to attend the conference for two consecutive times and fails to consign other directors hereto, he/she shall be deemed incapable to perform his/her duty.

**Article 162.** The board of director shall record all the proceedings under discussion and the present supervisors and recorders shall sign their names herein. The supervisors have the right to require their speech to be given descriptive record herein. The conference record of the Supervision Committee shall be kept as the file of the Corporation.

**Article 163.** Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Corporation's Articles of Association.

## **CHAPTER 15 RIGHTS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR OFFICIALS**

**Article 164.** A person in any of the following categories may not serve as a director, supervisor, or the general manager of a Corporation:

1. persons without capacity or with limited capacity for civil acts;
2. persons who were sentenced for crimes for corruption, bribery, encroachment or embezzlement of assets or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;

3. directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises due to mismanagement where three years have not lapse following the date of completion of such bankruptcy or liquidation;
4. the legal representatives of Companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefore and three years have not lapsed following the date of revocation of such business licenses;
5. persons with relatively heavy individual debts that have not been settled upon maturity;
6. persons whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;
7. persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
8. non-natural persons;
9. persons who are banned from entering the securities market by the security supervisory and regulatory authorities under the State Council, and the ban has not been lifted; and
10. persons ruled by a relevant organization in charge have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling.

Any shareholder who is also in the position of executive position shall not take a post of manager, vice manager, financial executive, marketing executive or secretary to the Board of Director.

**Article 165.** The validity of an act of a director, a supervisor the manager or other senior officials of the Corporation on behalf of the Corporation towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

**Article 166.** In addition to obligations imposed by laws, administrative regulations or listing rules of the securities exchange(s) on which shares of the Corporation are listed, the Corporation's directors, supervisors, manager and other senior officials shall lay the following obligations on each shareholder in the exercise of the functions and powers granted to them by the Corporation:

1. not to cause the Corporation to act beyond the scope of business stipulated in its business licence;
2. to act honestly and in the best interests of the Corporation;
3. not to deprive the Corporation of its assets in any way, including (but not limited to) any opportunities that are favorable to the Corporation; and
4. not to deprive the shareholders of their individual rights or interests, (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Corporation submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Corporation.

**Article 167.** The Corporation's directors, supervisors, manager and other senior officials shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

**Article 168.** The Corporation's directors, supervisors, manager and other senior officials must, in the exercise of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

1. to honestly act in the best interests of the Corporation;
2. to exercise powers within the scope of their functions and powers and not to act beyond such powers;
3. to personally exercise the discretion invested in him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting that has been informed;
4. to be impartial to shareholders of the same category and of different categories;
5. (v) not to conclude a contract or enter into a transaction or arrangement with the Corporation except as otherwise provided in the Articles of Association of the Corporation or with the consent of the shareholders' general meeting that has been informed;
6. not to use the Corporation assets for his own benefit in any way without the consent of the shareholders' general meeting that has been informed;

7. not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Corporation assets in any way, including (but not limited to) any opportunities that are favorable to the Corporation;

8. not to accept commissions in connection with Corporation transactions without the consent of the shareholders' general meeting that has been informed;

9. to abide by the Articles of Association of the Corporation, perform his duties faithfully, protect the interests of the Corporation and not to seek personal gain with his position, functions and powers in the Corporation;

10. (x) not to compete with the Corporation in any way without the consent of the shareholders' general meeting that has been informed;

11. not to embezzle Corporation funds or lend them to others, not to deposit Corporation assets in accounts opened in his own or in another's name, not to use Corporation assets as security for the debts of the Corporation shareholders or other individuals; and

12. not to disclose confidential information relating to the Corporation that was acquired by him during his office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Corporation; however, such information may be disclosed to the court or other government authorities if:

(1) provided by law;

(2) required in the public interest; or

(3) required in the own interest of such director, supervisor, manager or other senior officials of the Corporation.

**Article 169.** A director, a supervisor, the manager or other senior officials of the Corporation may not cite the following persons or organizations (“Connected Persons”) to do what such director, supervisor, manager or other senior officials may not do:

1. the spouse or minor child of such director, supervisor, manager or other senior officials of the Corporation;

2. the trustee of a director, supervisor, manager or other senior officials of the Corporation or of any person referred in Item 1. hereof;

3. the partner of a director, supervisor, manager or other senior officials of the Corporation or of any person referred in Items 1. and 2. hereof;

4. the Corporation over which a director, supervisor, manager or other senior officials of

the Corporation, alone or jointly with any person referred to in Items 1.,2. and 3. hereof or any other director, supervisor, manager or other senior officials of the Corporation, has actual control; and

5. a director, a supervisor, the manager or other senior officials of a Corporation being controlled as referred to in Item 4. hereof.

**Article 170.** The obligation and credibility of the Corporation's directors, supervisors, manager and other senior officials does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Corporation's trade secrets shall remain upon termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Corporation terminates.

**Article 171.** A director, a supervisor, the manager or other senior officials of the Corporation may be relieved from liability for a specific breach of obligations after the shareholders' general meeting has been informed, except in circumstances as specified in Article 59 hereof.

**Article 172.** If a director, a supervisor, the manager or other senior officials of the Corporation has directly or indirectly vested a material interest in a contract, transaction or arrangement concluded or planned by the Corporation (except his employment contract with the Corporation), he shall disclose the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

Unless the interested director, supervisor, manager or other senior officials of the Corporation has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and had refrained from voting, the Corporation shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, manager or other senior officials concerned.

A director, a supervisor, the manager or other senior officials of the Corporation shall be

deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that director, supervisor, manager or other senior officials has an interest.

Where a director has an interest in any corporation involved in the matters decided by the board of directors, he shall not vote or be entrusted by other director vote to such resolution. The meeting may be held with the presence of more than half of the non-interest directors. The resolutions made by the meeting of the board of directors shall be adopted by more than half of the non-interest directors. Where the number of non-interest directors is less than three, the matters shall be submitted to the shareholders' meeting for reviewing.

**Article 173.** If a director, a supervisor, the manager or other senior officials of the Corporation gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Corporation, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Corporation, such director, supervisor, manager or other senior officials of the Corporation shall be deemed for the purposes of the preceding Articles of this Part to have declared his interest, insofar as attributable to the scope stated in the notice.

**Article 174.** The Corporation may not in any manner pay tax on behalf of its directors, supervisors, manager or other senior officials.

**Article 175.** The Corporation may not directly or indirectly provide a loan or loan security for its directors, supervisors, manager or other senior officials, those of its parent Corporation, or Connected Persons of the above-mentioned persons.

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

1. the provision of a loan or loan security by the Corporation for a subsidiary of the Corporation;
2. the provision of a loan or loan security or other funds by the Corporation to a director, a supervisor, the manager or other senior officials of the Corporation under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Corporation or for the performance of his Corporation

duties;

3. the provision of a loan or loan security by the Corporation to a relevant director, a supervisor, the manager or other senior officials of the Corporation or to a Connected Person thereof on normal commercial terms, if the ordinary business scope of the Corporation includes the lending of money or the provision of loan security.

**Article 176.** A loan provided by the Corporation in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 177.** The Corporation may not be forced to perform a loan security provided by the Corporation in violation of the first paragraph of Article 175, except:

1. when the loan is provided to a affiliate of a director, a supervisor, the manager or other senior officials of the Corporation or its parent Corporation, the loan provider is not aware of the condition;
2. the collateral provided by the Corporation has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 178.** For the purposes of the preceding Article of this Part, the term “security” shall include an act whereby a guarantor assumes liability or provides assets to guarantee or secure the performance of obligations by an obligator.

**Article 179.** If a director, a supervisor, the manager or other senior officials of the Corporation breaches his obligations to the Corporation, the Corporation shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

1. require the relevant director, supervisor, manager or other senior officials to compensate for the losses sustained by the Corporation as a consequence of his dereliction of duty;
2. rescind any contract or transaction concluded by the Corporation with the relevant director, supervisor, manager or other senior officials and contracts or with a third party (where such third party is aware or should be aware that the director, supervisor, manager or other senior officials representing the Corporation was in breach of his obligations to the Corporation);

3. require the relevant director, supervisor, manager or other senior officials to surrender the gains derived from the breach of his obligations;

4. recover any funds received by the relevant director, supervisor, manager or other senior officials that should have been received by the Corporation, including (but not limited to) commissions; and

5. (v) require the relevant director, supervisor, manager or other senior officials to return the interest earned or possibly earned on the funds that should have been given to the Corporation.

6. require the relevant director, supervisor, manager or other senior officials to return the interest earned from the acts against duty.

**Article 180.** The Corporation shall include a written contract with each director and supervisor of the Corporation concerning his emoluments. Such contract shall be approved by the shareholder' general meeting before it is entered into. The above-mentioned emoluments shall include:

1. emoluments in respect of his service as a director, supervisor or senior officials of the Corporation;

2. emoluments in respect of his service as a director, supervisor or senior officials of a subsidiary of the Corporation;

3. emoluments otherwise in connection with the management of the Corporation or any subsidiary thereof; and

4. funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors.

A director or supervisor may not sue the Corporation for his benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

**Article 181.** The Corporation shall specify in the contract concluded with a director or supervisor of the Corporation concerning his emoluments that in the event of a takeover of the Corporation, a director or supervisor of the Corporation shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement. For the purposes of the preceding paragraph, the term “a takeover of the Corporation” shall refer to any of the following circumstances:



1. anyone makes a general offer to all the shareholders; or
2. anyone makes a general offer so that the offeror becomes a controlling shareholder as defined in Article 60 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

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

**Article 182.** The Corporation shall formulate its own financial and accounting system in accordance with laws, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

**Article 183.** The Corporation shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

**Article 184.** The fiscal year of the Corporation shall coincide with the calendar year, i.e. from January 1 to December on the Gregorian calendar.

**Article 185.** The Corporation shall adopt Renminbi as the standard accounting currency, account books prepared by the Corporation shall be written in Chinese.

**Article 186.** The board of directors of the Corporation shall place before the shareholders at each shareholders' general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Corporation to prepare. The reports shall be verified.

**Article 187.** The financial reports of the Corporation shall be made available for inspection by shareholders 20 days prior to an annual shareholders' meeting. Each shareholder of the

Corporation shall have the right to obtain a copy of the financial reports referred to in this Part.

The Corporation shall, within 21 days before the shareholders' annual meeting is held, submit (i) report of the board of directors, Balance Sheet (including documents that are required by relevant regulations to be attached to the Balance Sheet), Income Statement or Statement of Income and Expenditure or (ii) summary financial reports to each holder of foreign investment shares listed outside the People's Republic of China by e-mail or prepaid mail at the recipient's address shown in the register of shareholders.

Where the Corporation distributes summary financial report to H share holders, the Company Law and GEM Listing Rules shall be followed and effective agreement (if any) shall be obtained. Delivering summary financial report extracted from the Corporation's annual financial report and the report of the board of directors with the means not prohibited by the Corporation Law, where the summaries and reports are consistent with application regulations in forms and contents, the holders of H shares shall be deemed complying with above mentioned regulations. Any holder of H share may, by sending written requests to the Corporation, ask the Corporation to deliver the complete copy of annual financial report and report of the board of directors besides the summary financial report.

**Article 188.** The financial statements of the Corporation shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Corporation are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Corporation's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall govern.

**Article 189.** Interim results or financial information published or disclosed by the Corporation shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Corporation are listed.

**Article 190.** The Corporation shall publish four financial reports each fiscal year, namely an interim financial report within 45 days after the end of the first three, six and nine months of the fiscal year and an annual financial report within 90 days after the end of the fiscal year.

**Article 191.** The Corporation may not set up any account books other than the statutory account books.

**Article 192.** The capital common reserve shall include the following funds:

1. the premiums obtained from the issue of shares in excess of the par; and
2. other revenue required by the State Council's department in charge of finance to be included in the capital common reserve.

**Article 193.** After the income tax is paid, the profit shall be distributed in the sequence of:

1. recovering the loss of the last year;
2. drawing 10 percent of the profits as the Corporation's statutory common reserve;
3. drawing discretionary common reserve; and
4. playing for the shareholders' dividends.

Corporation shall no longer be required to make allocations to their statutory common reserve once the aggregate amount of such reserve exceed 50% of their registered capital. Corporation may, if so resolved by the shareholder's meeting or the shareholder's general meeting, make allocations to the discretionary reserve.

Where a Corporation distributes its aftertax profits of the current year, it shall draw 10 percent of the profits as the Corporation's statutory common reserve. The Corporation may stop drawing if the accumulative balance of the common reserve has already accounted for over 50 percent of the Corporation's registered capital.

If the accumulative balance of the Corporation's statutory common reserve is not enough to make up for the losses of the Corporation of the previous year, the current year's profits shall first be used for making up the losses before the statutory common reserve is drawn therefrom

according to the provisions of the preceding paragraph.

After the Corporation draws the statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders' meeting, draw a discretionary common reserve from the after-tax profits. After the losses have been made up and common reserves have been drawn, a limited liability Corporation shall distribute the remaining profits according to Article 35 of this Law; a joint stock limited Corporation shall distribute the remaining profits in light of the proportions of shares held by shareholders, unless it is not permitted in the Articles of Association to distribute profits according to the proportions of shares held by shareholders.

If the shareholders' meeting, shareholders' assembly or board of directors distributes the profits by violating the provisions of the preceding paragraph before the losses are made up and the statutory common reserves are drawn, the profits distributed must be refunded to the Corporation.

No profit may be distributed for the Corporation's shares held by this Corporation.

**Article 194.** The Corporation may distribute dividends in the following forms:

1. cash; and/or
2. shares.

The dividend or other payment made by the Corporation to the holders of domestic shares shall be paid in Renminbi. The dividend or other payment made by the Corporation to the holders of foreign shares shall be priced and announce in Renminbi and paid in Hong Kong dollars. The foreign currency needed by the Corporation in paying dividend or other payment to the holders of foreign shares shall be transacted in accordance with relevant regulations of foreign exchange management of China.

Any capital paid before the call for share capital is entitled to interest. The shareholders have no right to receive dividends declared for the prepaid share capital. The Corporation shall be entitled to forfeit any unclaimed dividend after relevant applicable period expires. The power to forfeit such unclaimed dividends shall only be exercised after applicable limitation period

prescribed in relevant laws and / or regulations and / or the relevant ordinances expires.

**Article 195.** The Corporation shall appoint recipient agents for holders of foreign investment shares listed outside the People's Republic of China to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the People's Republic of China.

The recipient agents appointed by the Corporation shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares are listed. The recipient agents of the holders of foreign investment shares listed outside the People's Republic of China appointed by the Corporation shall be trust companies registered in accordance with Trustee Clause.

#### **Article 196**

1. The Corporation may exercise authority to stop delivering dividend warrant that is not claimed. This authority shall only be exercised after the dividend warrant has not be claimed for twice or the dividend warrant is returned when it is failed to be delivered to the recipient for the first time.

2. The Corporation shall not exercise such authority for selling the shares of the holders cannot be reached unless following regulations are met:

- (1) relevant shares have been distributed with three times of dividends within 12 years and the dividends have not been claimed in such period;
- (2) after the period of 12 years, the intent of selling such shares shall be published with announcement and notified to the Stock Exchange of Hong Kong after approved by the State Council securities supervisory organization.

## **CHAPTER 17 EMPLOYMENT OF AN ACCOUNTING OFFICE**

**Article 197.** The Corporation shall employ an independent accounting office that complies with relevant State regulations to audit the annual financial reports and other financial reports of the Corporation.

The first accounting office of the Corporation may be employed by the inaugural meeting

prior to the first annual shareholders' meeting. Such accounting office shall hold office until the conclusion of the first annual shareholders' meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

**Article 198.** The term of employment of an accounting office employed by the Corporation shall be between the end of the annual shareholders' meeting of the Corporation and the end of the next annual shareholders' meeting.

**Article 199.** An accounting office employed by the Corporation shall have the following rights:

1. the right of access at all times to the account books, records or vouchers of the Corporation and the right to require directors, the manager and other senior officials of the Corporation to provide the relevant information and explanations;
2. the right to require the Corporation to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting office to perform its duties;
3. the right to attend shareholders' meeting, receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the accounting office of the Corporation.

**Article 200.** If the position of accounting office becomes vacant, the board of directors may appoint an accounting office to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting offices holding the position of accounting office of the Corporation while such vacancy still exists, such accounting offices shall continue to act.

**Article 201.** The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting office prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting office and the Corporation, but without prejudice to such accounting office's right, if any, to claim damages from the

Corporation in respect of such dismissal.

**Article 202.** The remuneration or method of remuneration of an accounting office shall be decided upon by the shareholders' general meeting. The remuneration of an accounting office employed by the board of directors shall be determined by the board of directors.

**Article 203.** The employment, dismissal or refusal of the renewal of the employment of an accounting office shall be decided upon by the shareholders' general meeting and reported to the State Council authorities in charge of securities for the record.

The employment of an accounting office to fill the vacancy of the position of accounting office, or renewal of an accounting office that is employed by the board of director to fill the vacancy or dismiss an accounting office before its term expires shall be decided upon by the resolution of the shareholders' meeting in accordance with following regulations:

1. the proposal of employment or dismissal shall be sent to the accounting office to be employed or has left the post in relevant accounting year before the notice of the shareholders' meeting is delivered.

Leaving the post includes dismissal, resignation and retirement.

2. Where the accounting office that is about to leave the post makes any written statement and requires the Corporation to notify the statement to the shareholder, the Corporation shall adopt following measures unless the statement is received too late:

- (1) stating that the accounting office to leave the post has made statement on the notice issued for making a resolution;

- (2) sending the copy of the statement as appendix to the notice to shareholders in the means prescribed by the Articles of Association.

3. Where the Corporation fails to send out the accounting office's statement in accordance with 2.of this article, the accounting office may require the statement to be read in shareholders' meeting and further appeal can be made.

4. the accounting office that has left its post is entitled to attend following meeting:

- (1) shareholders' meeting that is due within its term;
- (2) shareholders' meeting that is held to fill the vacancy caused by its dismissal;  
and/or
- (3) shareholders' meeting that is called due to its resignation.

The accounting office that has left its post is entitled to receive all notice or other relevant information of the above mentioned meeting and speak on the matters related to its position of accounting office of the Corporation in above mentioned meeting.

**Article 204.** When the Corporation dismisses or does not renew the employment of an accounting office, it shall give advance notice to the accounting office. The accounting office shall have the right to present its views before the shareholders' general meeting. Where an accounting office tenders its resignation, it shall inform the shareholders' general meeting of whether there is any irregularity in the Corporation.

An accounting office may resign by delivering its written notice of resignation to the legal address of the Corporation. The notice shall come into effect as of the date that the notice is delivered to the legal address of the Corporation or any later date stated in the notice. The notice shall include following:

1. statement to express that its resignation does not involve any circumstances that need to be explained to the shareholders or creditors of the Corporation; or
2. statement of any circumstance that need to be explained.

The Corporation shall, within fourteen days after receiving above mentioned notices, send the copy of the notice to relevant regulatory organization. Where the notice is written with statement mentioned in 2. of above paragraph, the Corporation shall keep a copy of the statement in the Corporation for the shareholders to review. The Corporation shall also send a copy of above-mentioned statement by e-mail or prepaid mail to the holders of foreign investment shares listed outside the People's Republic of China at the recipient's address shown in the register of shareholders.

Where the notice of dismissal of the accounting office is written with any statement of



circumstance that needs to be explained, the accounting office may require the board of directors to call an interim shareholders' meeting to hear its explanation of circumstance that is related to the dismissal.

## **CHAPTER 18 INSURANCE**

**Article 205.** The various types of insurance of the Corporation shall be covered by an insurance Corporation that is registered in China and allowed by the laws of China to provide insurance business to the companies of China.

**Article 206.** The types of insurance, the insured amount, the period of insurance and other insurance clauses shall be discussed and determined by the board of directors according to the practices of similar companies in other countries and the convention of China as well as requirements of the laws.

## **CHAPTER 19 LABOR MANAGEMENT**

**Article 207.** The Corporation shall establish labor management, personnel management, salary, welfare and social insurance according to relevant provisions of the laws of China.

**Article 208.** The Corporation adopts appointment system to managers and contract system to general staff. The Corporation may decide staffing independently and shall have the right to recruit and dismiss managers and staff in accordance with relevant laws and regulations.

The Corporation shall continue to improve its market-oriented employment and remuneration structure, implement open recruitment of employees, competition for management promotion, performance appraisal for all staff, position adjustment and exit mechanism for incompetent employees, establish a market competitive market-rate remuneration structure for key and core talents, and flexibly carry out various forms of medium and long-term incentives.

**Article 209.** The Corporation is entitled to independently decide the salary and welfare of the managers and other staff within the scope prescribed by relevant administrative regulations

according to the Corporation's economic returns.

**Article 210.** The Corporation shall pay various insurance in accordance with relevant provisions of the laws and regulations of China.

## **CHAPTER 20 LABOR UNION ORGANIZATION**

**Article 211.** The staff of the Corporation shall have the right to establish a labor union organization according to Labor Union Law of PRC to perform union activities. The labor union's activities shall be carried out outside working hours unless otherwise prescribed by the board of directors.

## **CHAPTER 21 MERGER AND DIVISION**

**Article 212.** The merger or division of the Corporation shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Corporation, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose such proposal on the merger or division of the Corporation shall have the right to require the Corporation or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Corporation shall be compiled in a special document for inspection by shareholders. Holders of foreign investment shares listed outside the People's Republic of China of companies that are listed in Hong Kong shall be served copies of the above-mentioned document by e-mail or prepaid mail to the recipient's address shown in the register of shareholders.

**Article 213.** Merger of the Corporation may take the form of merger by absorption and merger by new establishment.

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

a public announcement on a newspaper within 30 days. The creditors may, within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement if it fails to receive a notice, require the Corporation to clear off its debts or to provide corresponding guarantees.

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

**Article 214.** If the Corporation is to be divided, its assets shall be divided accordingly.

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

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

**Article 215.** Where the merger or division of the Corporation involves a change in registered particulars, such change shall be registered with the Corporation registry according to law. Where the Corporation is dissolved, it shall cancel its registration according to law. Where a new Corporation is established, its establishment shall be registered according to law.

## **CHAPTER 22 DISSOLUTION AND LIQUIDATION**

**Article 216.** In any of the following circumstances, a Corporation may be dissolved and liquidated according to relevant laws, regulations, rules and measures:

1. the term of operation prescribed by the Corporation's Articles of Association has expired, or any other cause for dissolution prescribed by the Corporation's Articles of Association has occurred;
2. the shareholders' committee has adopted a resolution for dissolution;
3. if dissolution is necessary as a result of the merger or division of the Corporation;

4. if the Corporation is declared bankrupt according to law because it is unable to pay its debts upon maturity;
5. the Corporation is dissolved by People's Court in accordance with the *Company Law*;
6. if the Corporation is lawfully ordered to close down as a result of violation of laws and administrative regulations.

**Article 217.** Where any of the circumstances as prescribed in Article 216, 1. of this Law occurs, by obtaining the consent of the shareholders who hold two thirds or more of the voting rights, a Corporation may continue to exist by modifying its Articles of Association. Where any Corporation is dissolved according to the provisions of 1.,2., 4., 5. and 6. of the preceding paragraph, a liquidation group shall be formed within fifteen days as of the occurrence of the causes of dissolution and the members shall be designated through resolution of the shareholders' meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group to carry out the liquidation.

Where the Corporation is to be dissolved pursuant to Item 4. and 5. of the preceding Article, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Corporation is to be dissolved pursuant to Item 6. of the preceding Article, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 218.** If the board of directors decides that the Corporation should be liquidated (except the liquidation as a result of Corporation's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Corporation and that the board holds the opinion that the Corporation can pay its debts in full within 12 months after the announcement of liquidation.

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

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

**Article 219.** The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish newspaper announcements on the liquidation within 60 days. Claims shall be registered by the liquidation committee.

**Article 220.** The liquidating committee shall exercise the following authorities in the course of liquidation:

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

**Article 221.** After the liquidation committee has thoroughly examined the Corporation's assets and prepared a balance sheet and an asset list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.

After liquidation expenses, wages of employees, social insurance premiums and legal compensations, outstanding taxes and the Corporation's debts are paid, the assets of the Corporation shall be distributed according the proportions of shares held by the shareholders. Corporation assets left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Corporation's shareholders according to the category and proportion of their shareholding.

During liquidation, the Corporation may not engage in new business activities.

**Article 222.** If the Corporation is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Corporation's assets and prepared a balance sheet and asset list, discovers that the Corporation's property is insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of bankruptcy.

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

**Article 223.** Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the Corporation registry, apply for cancellation of the Corporation's registration and publicly announce the Corporation's termination.

## **CHAPTER 23      MODIFICATION PROCEDURES OF ARTICLES OF ASSOCIATION**

**Article 224.** The Corporation may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

**Article 225.** Where an amendment to the Corporation's Articles of Association involves matters provided for in the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses (“Prerequisite Clauses”), it shall become effective after being examined and approved companies and the State Council Securities Commission. Where an amendment to the Corporation's Articles of Association involves matters of Corporation

registration, the registration shall be amended according to law.

**Article 226.** The Board of Directors shall amend the Articles of Association in accordance with the resolution and authorization of the shareholders' meeting.

## **CHAPTER 24 SETTLEMENTS OF DISPUTES**

**Article 227.** The Corporation shall comply with the following rules of dispute resolution:

1. if any dispute or claim concerning the Corporation's business on the basis of the rights or obligations provided for in the Articles of Association of the Corporation or in the Corporation Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People's Republic of China and the Corporation, between a holder of foreign investment shares listed outside the People's Republic of China and a director, a supervisor, the manager or other senior officials of the Corporation or between a holder of foreign investment shares listed outside the People's Republic of China and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Corporation or shareholders, director, supervisors, the manager or other senior officials of the Corporation) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration;

2. a dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out

arbitration in the arbitration institution selected by the applicant.

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

3. unless otherwise provided by laws or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in Item (1);

4. the award of the arbitration institution shall be final and binding upon each party.

## **CHAPTER25 NOTIFICATION**

**Article 228.** The notification of the Corporation shall be distributed by the following means:

1. Special person;
2. Mail;
3. Fax or email
4. publishing on website named by the Corporation or Hong Kong Exchanges and Clearing Limited in accordance with laws, administration rules and listing rules of the place where the Corporation is listed;
5. Announcement; or
6. Other means recognized by supervising organization of the place where the Corporation is listed or prescribed in the Articles of Association.

Unless otherwise provided in the Articles of Association, the notices, information or written statements sent by the Corporation to the holders of foreign investment shares shall be delivered by special person or prepaid mail or fax or e-mail according to the registered address of each holder of foreign investment shares. Meanwhile, the delivering means of above mentioned documents may be adjusted according to relevant laws, regulations or requirements of securities regulatory organization.



Unless otherwise required by context, 「announcement」 in the Articles of Association shall mean the announcement published on the newspapers of China as for the announcements issued to the holders of domestic shares or announcements that shall be issued in China according to relevant regulations and the Articles of Association and the newspapers shall be designated by the laws or administrative regulations of China or the State Council securities regulatory organizations; as for the announcements issued to the holders of foreign investment shares or announcements that shall be issued in Hong Kong, the announcements shall mean the announcement published on the newspapers of the place where the stock exchange that the Corporation is listed outside China, and the newspapers shall be designated or suggested by the laws or administrative regulations of China or the State Council securities regulatory organizations.

**Article 229.** Where the notice is sent by a special person, it shall be autographed (or sealed) in the acknowledgement by the receiver, the receipt date signed by the receiver shall be the date of service; where the notice of the Corporation is sent by mail, the service date shall be 48 hours as of the date when the notice is delivered to the post office; where the notice is delivered by means of fax or e-mail or website, the service date shall be the date of sending; where the notice is delivered by means of announcement, the service date shall be the date when the announcement is initially published. Relevant announcement shall be published on newspapers that comply with relevant regulations.

**Article 230.** Any notice, document, information or written statement sent by shareholders or directors to the Corporation shall be delivered to the legal address of the Corporation by special person or registered mail.

**Article 231.** To prove that the shareholders or directors has delivered notices, documents, information or written statements to the Corporation, proof shall be provided that the notices, documents, information or written statements have been delivered through the means specified in Article 223 with the time prescribed; the Corporation' confirmation shall be provided if they are delivered by special person; 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; written record shall be provided for those have been delivered by fax, e-mail or website.

Unless otherwise provided in the Articles of Association, the notices, documents, information or written statements sent by the Corporation to the holders of foreign investment shares shall be delivered by special person or prepaid mail or fax or e-mail according to the registered address of each holder of foreign investment shares.

**Article 232.** Unless otherwise provided, the forms of notifications prescribed in Article 228 shall also apply to the notifications of the meetings of the shareholders, board of directors and the Supervision Committee of the Corporation.

## **CHAPTER 26 INTERPRETATION AND DEFINITION**

**Article 233.** Such terms as "no less than", "within", "no more than" as mentioned herein shall include in the amount the figures listed; such terms as "not more than", "beyond", "less than" and "more than" shall not include the figures listed.

**Article 234.** The Articles of Association shall be interpreted by the board of directors of the Corporation. Any issues unmentioned in the Articles of Association shall be submitted by the board of directors to the shareholders' meeting for voting.

**Article 235.** In the Articles of Association, the following terms and expressions shall have the following meanings, except where the context requires otherwise.

“Articles of Association”	means	the Articles of Association of the Corporation
“board of directors”	means	The board of directors of the Corporation
“the chairman”	means	The chairman of the board of directors
“the directors”	means	Any director of the Corporation
“Ordinary shares”	means	Domestic shares or overseas listed foreign shares of the Corporation
“Corporation domicile”	means	The Corporation’s legal address at No. 39 Bohai Road, TEDA, Tianjin
“Renminbi”	means	Legal currency of China
“Hong Kong dollar”	means	Legal currency of Hong Kong Special Administrative Region of the People’s

		Republic of China
“China” and “the country”	means	The People’s Republic of China
“Hong Kong Stock Exchange”	means	Stock Exchange of Hong Kong Limited
“the Corporation”	means	Tianjin Binhai Teda Logistics (Group) Corporation Limited
“Accounting office”	means	“Auditor” that is referred to in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	means	Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited

**Article 236.** “Mandatory provisions”, “Opinions on Supplement and Amendment” and “GEM Listing Rules” next to relevant provisions mean that the articles are formulated in accordance with relevant requirements of Mandatory Provisions for the Articles of Association of the Companies to be Listed Outside the PRC issued by State Council Securities Commission and State Commission for Restructuring the Economic Systems on August 27, 1994, Opinions on Supplement and Amendment of Articles of Association of the Companies to be Listed in Hong Kong issued by Overseas Listing Department of China Securities Regulatory Commission and Production System Division of State Commission for Restructuring the Economic Systems on April 3, 1995 and Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited that may be modified from time to time.