1. DIRECTORS AND BOARD OF DIRECTORS

(1) Power to allot and issue shares

The Articles of Association stipulate that, on the premise of not violating the laws and regulations, the Articles of Association and the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed, the shareholders' meeting may grant a general mandate to the Board of Directors to issue, allot and deal with additional ordinary shares not exceeding 20% of the issued ordinary shares (or other proportions as required by applicable laws, regulations and the Hong Kong Listing Rules).

(2) Power to dispose the assets of the Company or any of its subsidiaries

The Company's purchase or sale of major assets within one year exceeding 30% of the Company's latest audited total assets is subject to the approval of the shareholders' meeting.

(3) Provision of financial assistance to purchase shares of the Company or any of its subsidiaries

In the interests of the Company, it may provide financial assistance to others to purchase shares of the Company or its parent company by a resolution of the shareholders' meeting or by a resolution of the Board of Directors according to the Articles of Association or the authorization of the shareholders' meeting, provided that the Company complies with the securities regulatory rules of the place where its shares are listed, but the cumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. A resolution made by the Board of Directors shall be adopted by more than two-thirds of all directors.

(4) Election, dismissal and retirement of directors

The Board of Directors consists of at least seven directors, of whom at least three are independent non-executive directors. The directors shall be elected at the shareholders' meeting. The number of independent non-executive directors, at any time, shall be at least three and represent more than one third of members of the Board of Directors, and at least one of the independent non-executive directors must have appropriate professional qualifications as required by the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules), or appropriate accounting or related financial management expertise. At least one independent non-executive director of the Company shall reside in Hong Kong on a regular basis.

The Board of Directors shall have one chairman and one vice chairman, both of whom shall be elected by more than half of all members of the Board of Directors.

The directors shall be elected or replaced by the shareholders' meeting for a term of three years and may be dismissed by the shareholders' meeting before the expiration of the term, and upon expiration of their terms, shall be eligible for re-election.

The tenure of a director shall commence from the date when he/she takes office until the end of the tenure of the existing Board of Directors.

Where no re-election is made in a timely manner upon expiration of the term of a director, the original director shall continue to perform his/her duties as a director in accordance with the provisions of laws, administrative regulations and the Articles of Association until a re-elected director takes office. Any person appointed by the Board of Directors to fill a casual vacancy or as an addition to the Board of Directors shall hold office until the first annual shareholders' meeting of the Company after his/her appointment, and shall then be eligible for re-election.

Where a director resigns, he/she shall notify the Company in writing, and the resignation shall take effect on the date the Company receives the notice. However, in the circumstances specified in the preceding paragraph, the director shall continue to perform his/her duties.

Subject to the shareholders' meeting held in compliance with the provisions of relevant laws and administrative regulations, the shareholders may, by an ordinary resolution, dismiss any director (including executive director) before the expiration of his/her term of office without prejudice to any claim for damages by such director pursuant to any contract.

The general manager or other senior management may serve as directors concurrently. However, the total number of directors serving the office of the general manager or other senior management concurrently and directors held by employee representatives shall not exceed half of the total number of directors of the Company.

None of the following persons shall serve as the director, supervisor or senior management of the Company:

i. a person who loses or has limited capacity for civil conduct;

ii. a person who has been sentenced to criminal punishment for corruption, bribery, seizing property, misappropriating property or disturbing the order of the socialist market economy, where no more than five years has elapsed since the expiration of the execution period, or who has been deprived of his/her political rights due to offences committed, where no more than five years has elapsed since the expiration of the execution period, or who has been placed under probation, where no more than two years has elapsed since the expiration of probation;

iii. a person who is a former director, factory manager, or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvent liquidation of the company or enterprise;

iv. a person who is a former legal representative of a company or enterprise which had its business license revoked or is ordered to close down due to any violation of the law and who incurred personal liability, where less than three years has elapsed since the date of revocation of the business license or being ordered to close down;

v. a person who has a relatively large amount of debts due and outstanding and was listed as dishonest person subject to enforcement by the people's court;

vi. a person who was prohibited by the CSRC from entering the securities market and the prohibition period has not expired;

vii. other circumstances as stipulated by laws, administrative regulations or departmental rules.

Where the Company elects, appoints or engages directors, supervisors or senior management in violation of the above provisions, the election, appointment or engagement shall be ineffective. The Company shall dismiss the directors from their positions if any of the above circumstances occur during their term of office.

(5) Directors shall comply with the laws, administrative regulations and the Articles of Association and bear the following fiduciary obligations towards the Company:

i. shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;

ii. shall not misappropriate the Company's funds;

iii. shall not deposit the Company's assets or funds into an account opened in his/her own name or the name of another individual;

iv. shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantees for others using the Company's assets without the consent of the shareholders' meeting or the Board of Directors;

v. shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of the shareholders' meeting;

vi. shall not make use of his/her position to seek business opportunities which rightfully belong to the Company for himself/herself or others, or engage in the same type of business as the Company on his/her own or for others without the consent of the shareholders' meeting;

vii. shall not pocket commissions of transactions with the Company;

viii. shall not disclose confidential information of the Company without authorization;

ix. shall not make use of his/her relationships to compromise the interests of the Company;

x. any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the Articles of Association and the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed.

Income derived by a director from violation of the above provisions shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

The director shall comply with laws, administrative regulations, the Articles of Association and the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed, and bear the following duty of diligence towards the Company:

i. exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;

ii. treat all shareholders fairly;

iii. get a timely grasp of the status of the Company's business operation and management;

iv. sign written statements confirming the regular reports of the Company and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;

v. provide the relevant information and materials to the Supervisory Committee truthfully, and shall not hinder exercise of powers by the Supervisory Committee or the supervisors;

vi. any other duties of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association, as well as the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed.

(6) Qualification shares of directors

There are no provisions in the Articles of Association relating to qualification shares of directors.

(7) Directors' power to borrow

There are no provisions in the Articles of Association relating to directors' power to borrow.

(8) Compensation for loss of office of directors

There are no provisions in the Articles of Association relating to compensation for loss of office of directors.

2. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association in accordance with the laws, administrative regulations and the requirements of the stock exchange in the place where the Company's securities are listed.

Amendments to the Articles of Association shall be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval; where the amendments involve the registered particulars of the Company, procedures for change of registration shall be handled in accordance with the law; where the amendments do not involve change of registration, the amended Articles of Association shall be submitted to the company registration authority for filing.

3. ALTERATION TO RIGHTS ATTACHED TO CLASS OF SHARES

Any change to the rights attached to the class of shares (where appropriate) shall be passed by more than two-thirds of the voting rights represented by shareholders of the Company holding shares of the class to which the relevant rights are attached.

4. A SPECIAL RESOLUTION REQUIRING AN ABSOLUTE MAJORITY OF VOTES

A special resolution of the shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies thereof) present at the meeting.

The following matters shall be approved by special resolutions at the shareholders' meeting:

i. increase or reduction in registered capital of the Company;

ii. amendment to the Articles of Association;

iii. the Company's purchase, sale of major assets or guarantee within one year with the amount exceeding 30% of the Company's latest audited total assets;

iv. the stock incentive plans;

v. merger, division, spin-off, dissolution and liquidation (including voluntary winding-up) or change in corporate form of the Company;

vi. other matters stipulated by laws, administrative regulations, the Articles of Association or the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules), and that the shareholders' meeting determines by ordinary resolutions may have a significant impact on the Company and need to be approved by special resolutions.

5. VOTING RIGHTS

Shareholders (including proxies thereof) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote.

Shares held by the Company shall not carry any voting rights and shall not be counted into the total shares with voting rights represented by shareholders attending the shareholders' meeting.

6. REQUIREMENTS OF THE SHAREHOLDERS' MEETING

The shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous accounting year.

7. ACCOUNTING AND AUDITING

(1) Financial and accounting polices

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and requirements of relevant government departments of the State.

The Company shall prepare its financial and accounting reports in accordance with the relevant laws, administrative regulations and departmental rules. The Company shall, in each year, issue a consolidated annual financial audit report for the previous year, which shall be audited by an accounting firm engaged by the Company and submitted to the Board of Directors and the shareholders' meeting for approval, unless otherwise provided by the stock exchange and the securities regulatory authorities in the place where the Company's securities are listed.

(2) Appointment and dismissal of accountants

The appointment, dismissal or non-reappointment of an accounting firm by the Company shall be approved by an ordinary resolution at the shareholders' meeting. The Board of Directors shall not appoint an accounting firm prior to the resolution passed at the shareholders' meeting.

The Company shall ensure that the accounting documents, books of accounts, financial and accounting reports, and other accounting information provided to the accounting firm appointed are true and complete without any omission, concealment or false statement.

The audit fee of the accounting firm shall be decided at the shareholders' meeting.

When the Company dismisses or does not re-appoint an accounting firm, it shall give advance notice of 30 days to the accounting firm. The accounting firm shall be permitted to make representations at the shareholders' meeting where a voting process concerning the dismissal of such accounting firm is carried out.

Where the accounting firm resigns, it shall state at the shareholders' meeting whether or not there are situations of irregularities in the Company.

8. NOTICE AND CONVENING OF THE SHAREHOLDERS' MEETING

The shareholders' meeting is the body of authority of the Company and shall exercise its powers and functions in accordance with the laws.

In any of the following circumstances, the Company shall hold an extraordinary shareholders' meeting within two months from the date of the occurrence of the circumstance:

i. when the number of directors is less than the number required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;

ii. when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;

iii. when the shareholders individually or jointly holding more than ten percent of total voting shares issued of the Company make a request;

iv. when deemed necessary by the Board of Directors;

v. where it is proposed by the Supervisory Committee;

vi. other circumstances specified by laws, administrative regulations, departmental rules or the Articles of Association or the rules of the securities regulatory authority or the stock exchange in the place where the Company's securities are listed.

When the Company convenes the shareholders' meeting, the Board of Directors, the Supervisory Committee and shareholders who individually or collectively hold more than 1% of the Company's shares shall be entitled to submit proposals to the Company.

Shareholders individually or jointly holding over 1% of the Company's shares can put forward a temporary proposal 10 days before convening the shareholders' meeting and submit the proposal in writing to the Board of Directors. The provisional proposal should have clear topics and specific resolutions. The Board of Directors shall inform other shareholders within two days upon receiving the proposal and submit it to the shareholders' meeting for consideration, unless the provisional proposal violates the laws, administrative regulations or the Articles of Associations, or does not fall within the terms of reference of the shareholders' meeting. The Company shall not increase the shareholding of the shareholder putting forward such provisional proposal.

A company offering shares to the public shall give the notice required by the preceding two paragraphs by way of announcement.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not amend the proposals stated in the notice of the shareholders' meeting or add new proposals upon the issuance of the notice of the shareholders' meeting.

The shareholders' meeting shall not vote and resolve on proposals not stated in the notice of the shareholders' meeting.

Notice of an annual shareholders' meeting shall be given to all shareholders by the convener at least 21 days before the meeting; notice of an extraordinary shareholders' meeting shall be given to all shareholders at least 15 days before the meeting.

The aforesaid period of "21 days" or "15 days" counted by the Company shall not include the day on which the meeting is convened but include the day on which the notice is given.

The notice of the shareholders' meeting shall include the following particulars:

i. time, place and duration of the meeting;

ii. matters and proposals submitted to the meeting for consideration;

iii. an express statement that all shareholders shall have the right to attend the shareholders' meeting and may authorize a proxy in writing to attend and vote at such meeting, and that a proxy need not be a shareholder of the Company;

iv. the record date for the shareholders who are entitled to attend the shareholders' meeting;

v. name and telephone number of the standing contact person of the meeting;

vi. the voting time and voting procedure via network or through other means;

vii. other contents stipulated by relevant laws, regulations, rules, normative documents, the rules of the securities regulatory authority or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules), and the Articles of Association.

Notices and supplementary notices of the shareholders' meeting shall adequately and completely disclose the specific contents of all proposals as well as all the information or explanations that help the shareholders to make reasonable judgments on the matters to be discussed. Where the opinions of an independent non-executive director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of the shareholders' meeting are given.

Resolutions of the shareholders' meeting include ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the shareholders' meeting.

Special resolutions shall be passed by votes representing two thirds or more of the voting rights held by shareholders (including proxies thereof) attending the shareholders' meeting.

The following matters shall be approved by ordinary resolutions at the shareholders' meeting:

i. work reports of the Board of Directors and the Supervisory Committee;

ii. the profit distribution plan and loss recovery plan formulated by the Board of Directors;

iii. appointment and dismissal of the members of the Board of Directors and the Supervisory Committee, their remunerations and the method of payment thereof;

iv. the Company's annual budgets and final accounts;

v. the annual report of the Company;

vi. other matters except those that should be passed by special resolutions pursuant to laws, administrative regulations, the Articles of Association or the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed.

The following matters shall be approved by special resolutions at the shareholders' meeting:

i. increase or decrease of the registered capital of the Company;

ii. amendment to the Articles of Association;

iii. the Company's purchase, sale of major assets or guarantee within one year with the amount exceeding 30% of the latest audited total assets of the Company;

iv. stock incentive plans;

v. merger, division, spin-off, dissolution and liquidation (including voluntary winding-up) or change in corporate form of the Company;

vi. other matters stipulated by laws, administrative regulations, the Articles of Association or the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules), and that the shareholders' meeting determines by ordinary resolutions may have a significant impact on the Company and need to be approved by special resolutions.

If any resolution of the shareholders' meeting or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedures or voting methods of the shareholders' meeting or the meetings of the Board of Directors violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the people's court to cancel such resolution within sixty days after passing the resolution, unless there is only a minor defect in the convening procedures or voting methods of the shareholders' meeting or the meetings of the Board of Directors, which does not have a material effect on the resolution.

A shareholder who has not been notified to attend the shareholders' meetings may petition People's Court to revoke such resolution within 60 days from the date on which he/she knows or should know that the resolution was made at the shareholders' meeting; if the right of revocation is not exercised within one year from the date on which the resolution is made, the right of revocation shall be extinguished.

9. TRANSFER OF SHARES

The shares issued before the Company's public offering of shares shall not be transferred within one year from the date on which the Company's shares are listed on the stock exchange. Where laws, administrative regulations or the securities regulatory authorities of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail.

The directors, supervisors and senior management of the Company shall report to the Company the shares they held in the Company and the changes thereof, and the shares transferred each year during the term of office shall not exceed 25% of the total number of shares they held in the Company; the shares they held in the Company shall not be transferred within one year from the date on which the Company's shares are listed. The abovementioned personnel shall not transfer the shares of the Company they held within half a year after leaving the Company.

Where the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules) provide otherwise regarding the restrictions on the transfer of overseas listed shares, such provisions shall prevail.

10. REPURCHASE OF SHARES IN THE COMPANY

The Company shall not repurchase its own shares. However, the Company may repurchase its own shares in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association under the following circumstances:

i. to decrease the registered capital of the Company;

ii. to merge with another company holding shares of the Company;

iii. to issue shares under employee stock ownership plan or as share incentives;

iv. where shareholders require the Company to purchase their shares due to their disagreement on the merger or division resolution passed at the shareholders' meeting;

v. to use the shares in the conversion of the convertible corporate bonds issued by the Company;

vi. where it is necessary for preserving the value of the Company and the interest of shareholders;

vii. circumstances permitted by laws, administrative regulations, departmental rules, the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules), etc.

If the relevant laws and regulations, regulatory documents, and the relevant provisions of the rules of the securities regulatory authorities or the stock exchange in the place where the Company's securities are listed (including but not limited to the Hong Kong Listing Rules) have other provisions on the matters involved in the aforementioned share repurchases, such provisions shall prevail.

Except for the above, the Company shall not repurchase any of its own shares.

Where the Company repurchases its own shares, it shall fulfil its information disclosure obligations in accordance with the law.

11. DIVIDEND DISTRIBUTION METHODS

The Company may distribute dividends in the form of cash or shares as follows:

i. Profit distribution principles of the Company: the Company implements a dividend distribution policy of equal shares and equal benefits, whereby shareholders shall receive dividends and other forms of benefit distribution in accordance with their proportion of shareholdings. The Company implements a positive profit distribution policy, which attaches importance to a reasonable return on investment to investors and maintains continuity and stability. The Company may distribute profits in the form of cash or shares, etc. The distribution of profits shall not exceed the extent of accumulated distributable profits and shall not impair the Company's ability to continue its business. The opinions of independent non-executive directors, external supervisors (if any) and public investors shall be fully considered in the decision-making and discussion process of the profit distribution policy by the Board of Directors, the Supervisory Committee and the shareholders' meeting of the Company.

ii. Overall forms of profit distribution of the Company: the Company may distribute the dividends in the form of cash, shares or a combination of them, and shall giving priority to cash dividends for profit distribution to the extent that the Company meets the conditions for distribution of cash dividends.

iii. Specific conditions and proportion of the Company's dividend distribution in cash: the Company distributes profits primarily in the form of cash. Specifically, if the Company makes a profit in a year and has distributable profits after making up for losses and appropriating the statutory reserves and surplus reserves according to the law, then the Company shall make cash dividends; the Company's profit distribution shall not exceed the scope of accumulated distributable profits.

The Company shall pay cash dividends and other payments to holders of unlisted domestic shares in RMB. When the Company pays cash dividends and other payments to the holders of overseas listed shares, it shall be denominated and declared in RMB and paid in Hong Kong dollars. The foreign currencies required by the Company to pay cash dividends and other payments to the holders of overseas listed shares shall be processed in accordance with the relevant regulations of the State on foreign exchange control.

Unless otherwise specified in the relevant laws and administrative regulations, the exchange rate for cash dividends and other payments paid in Hong Kong dollars shall be calculated on the basis of average selling price of the relevant foreign exchange published by the People's Bank of China one calendar week prior to the date of announcement of the dividends and other payments.

12. PROXIES

Shareholders may attend the shareholders' meeting in person or by a proxy to attend and vote on their behalf. A proxy need not be a shareholder of the Company.

An individual shareholder attending the shareholders' meeting in person shall present his/her identity card or other valid identity certificates; a proxy attending the shareholders' meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder.

For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

13. REGISTER OF SHAREHOLDERS

The Company shall establish a register of shareholders in accordance with laws. The register of shareholders serves as sufficient evidence of the shareholders' shareholdings in the Company. Shareholders shall enjoy the rights and assume the obligations according to the class of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

For any shareholder who is registered in the register of shareholders or any person who requests his/her name be entered in the register of shareholders, if his/her share certificates are lost, he/she may apply to the Company for issuing replacement share certificates in respect of such shares. Application by a holder of unlisted shares for issuance of a replacement share certificate due to loss of the same shall be dealt with pursuant to the relevant provisions of the Company Law. In the event that a holder of overseas listed shares has lost his/her share certificates and applies for issuing replacement share certificates, such matter may be dealt with in accordance with the laws, the rules of the stock exchange or other relevant stipulations of the place where the original register of shareholders of overseas listed shares is maintained.

Transfer of shares shall be recorded in the register of shareholders. Pursuant to the understanding reached and the agreement entered into between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities, the Company may keep the register of the shareholders of the overseas listed shares overseas and entrust an overseas entity to manage it. In case of inconsistency between the original and copy of the register of the shareholders of the overseas listed shares, the original shall prevail.

Any amendments or corrections to the different parts of the register of shareholders shall be made according to the laws of the place where that part of the register of shareholders is kept.

The shareholders of the Company shall be entitled to inspect the register of shareholders.

14. QUORUM FOR THE SHAREHOLDERS' MEETING AND THE BOARD OF DIRECTORS

There are no provisions of the quorum for the shareholders' meeting.

A meeting of the Board of Directors may be held only if a majority of the directors are present.

15. RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

If a director or a senior management causes losses to the Company due to violation of the requirements of the laws, administrative regulations or the Articles of Association while performing his/her duties, shareholders who hold 1% or more, individually or jointly, of the Company's shares for more than 180 consecutive days shall have the right to request the Supervisory Committee in written to file a lawsuit to the people's court; if the Supervisory Committee causes losses to the Company due to violation of the requirements of the laws, administrative regulations or the Articles of Association while performing its duties, shareholders may request the Board of Directors in written to file a lawsuit to the people's court.

Upon receipt of the written request from the shareholders as stipulated in the preceding paragraph, in case the Supervisory Committee or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days from receipt of such request, or under urgent circumstances where failure to file a lawsuit immediately will have the Company suffer from irreparable damages, the aforesaid shareholders as stipulated in the preceding paragraph shall have the right to file a lawsuit to the people's court directly in their own names in the interests of the Company.

In the event that any person infringes the legitimate interests of the Company and causes losses thereto, the shareholders may file a lawsuit to the people's court.

In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a director or a senior management resulting damage to the interests of shareholders, the shareholders may file a lawsuit to the people's court.

Where shareholders abuse their rights and causes losses to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with laws.

Where shareholders abuse the Company's legal independent status or the limited liability of shareholders to disregard debts, thereby severely damaging the interests of the Company's creditors, such shareholders shall bear joint and several liability for the debts of the Company. If shareholders conduct any action stipulated in the preceding paragraph by using two or more companies controlled by him/her, each company shall assume joint and several liability for the debts of any one of the companies.

The controlling shareholders and the de facto controllers of the Company shall not use their connected relations to prejudice the interests of the Company. Any losses caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and de facto controllers of the Company shall bear the fiduciary duty to the Company and other shareholders. The controlling shareholders shall exercise the rights of capital contributors in strict accordance with laws, and they shall not damage the legitimate rights and interests of the Company and other shareholders by means of profit distribution, asset reorganization, outbound investment, capital occupation, loan guarantee, etc., nor damage the interests of the Company and other shareholders by means of using their controlling position.

The directors, supervisors and senior management of the Company shall obey the law, administrative regulations and the Articles of Association. They shall fulfil their duties of loyalty and diligence to the Company in good faith and consciously safeguard the safety of the Company's assets. They shall not make use of their positions to accommodate, assist or allow the controlling shareholders to occupy the funds of the Company, nor shall they infringe the Company's interests through irregular guarantees, unfair connected transactions and other means.

Where the Hong Kong Listing Rules and other applicable laws and regulations provide for the protection of minority investors, the Company shall implement such provisions.

16. PROCESS OF DISSOLUTION AND LIQUIDATION

The Company may be dissolved for any of the following reasons:

i. the operating term prescribed in the Articles of Association has expired, or any other grounds for dissolution prescribed in the Articles of Association have arisen;

ii. the shareholders' meeting has passed a resolution to dissolve the Company;

iii. dissolution is required due to a merger or division of the Company;

iv. the Company is revoked of business license, ordered to close down or cancelled according to the law;

v. serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding more than 10% of all shareholders' voting rights of the Company may petition the people's court to dissolve the Company.

Where the Company is to be dissolved pursuant to items (i), (ii), (iv) or (v) of the preceding paragraph, it shall be liquidated. The directors are the liquidation obligors of the Company, and they shall establish a liquidation committee within fifteen days from the date of occurrence of the cause of dissolution. The liquidation committee shall consist of directors, unless the shareholders' meeting decides to elect another person. The liquidation obligors shall bear the liability for damage suffered by the Company or creditors due to their failure to fulfil the obligations of liquidation in a timely manner. Where the Company fails to form a liquidation committee for liquidation within the prescribed period of time or fails to carry out liquidation after forming the liquidation committee, its stakeholders may petition the people's court to appoint the relevant persons to establish a liquidation committee for liquidation. The people's court shall accept the application and promptly organize a liquidation committee to carry out liquidation.

Where the Company is dissolved in accordance with the provisions of item (iv) of the preceding paragraph, the department or the company registration authority that made the decision to revoke the business license, order the closure or cancel the registration may apply to the people's court for designating the relevant persons to form a liquidation committee to carry out liquidation.

The liquidation committee shall notify creditors within ten days of its establishment, and it shall make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the announcement if not receiving the notice.

The creditors shall provide a description and supporting evidence of matters relating to their claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not pay off creditors during the period of declaration of claims.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the shareholders' meeting or the people's court for confirmation.

After paying all liquidation expenses, staff wages and labor insurance expenses, statutory expenses, outstanding taxes, and company debts, the remaining assets of the Company shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company shall continue in existence but shall not carry on any business unconnected to the liquidation.

The assets of the Company shall not be distributed to its shareholders before payments have been made in accordance with the preceding provisions.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall apply to the people's court for a declaration of bankruptcy in accordance with the law.

Once the people's court has accepted the Company's bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Members of the liquidation committee shall perform their liquidation duties and assume duties of loyalty and diligence.

Any member of the liquidation committee who neglects to perform the liquidation duties and causes losses to the Company shall be liable for compensation; any member of the liquidation committee who willfully or through gross negligence causes losses to the creditors shall be liable for compensation.

Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority and apply for cancellation of registration of the Company.

17. OTHER MATERIAL PROVISIONS FOR THE COMPANY OR THE SHAREHOLDERS

(1) General provisions

The Company is a joint stock limited company with perpetual existence.

The shareholders may bring litigation against each other. The shareholders may bring litigations against the directors, supervisors, general manager and other senior management of the Company. The shareholders may bring litigation against the Company. The Company may bring litigations against shareholders, directors, supervisor, general manager and other senior management.

(2) Subject to approvals at the shareholders' meeting, the Company may, based on its requirements for operation and development and in accordance with the laws and regulations, increase its capital by way of:

i. public offering of shares;

ii. non-public offering of shares;

iii. offering of bonus shares to existing shareholders;

iv. capitalization of surplus reserve into share capital;

v. other means stipulated by laws and administrative regulations.

The Company may reduce its registered capital. The reduction of the registered capital of the Company shall be made in accordance with the Company Law and other relevant regulations as well as procedures stipulated in the Articles of Association.

(3) Shareholders

A shareholder of the Company shall be entitled to the following rights:

i. receive dividends and benefit distributions in other forms according to the portion of shares he/she holds;

ii. make a request to, convene, preside over and attend or appoint a proxy to attend the shareholders' meeting, and exercise the corresponding voting rights in accordance with the law;

iii. carry out supervision of the Company's operations, and make recommendations or raise questions;

iv. transfer, grant or pledge the shares he/she holds in accordance with the laws, administrative regulations and the provisions of the Articles of Association;

v. access to the Articles of Association, register of shareholders, counterfoils of corporate bonds, minutes of the shareholders' meeting, resolutions of meetings of the Board of Directors, resolutions of meetings of the Supervisory Committee and financial and accounting reports;

vi. participation in the distribution of surplus property of the Company according to the portion of shares he/she holds at the time when the Company ceases operation or goes into liquidation;

vii. those shareholders who object to a resolution made at the shareholders' meeting on the merger or division of the Company request the Company to purchase their shares;

viii. access to the Hong Kong branch register of shareholders, provided that the Company may close the register of shareholders on terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

ix. other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association and the rules of the securities regulatory authorities or the stock exchange in the place where the securities of the Company are listed (including but not limited to the Hong Kong Listing Rules).

(4) Board of Directors

The Board of Directors shall be accountable to the shareholders' meeting and exercise the following duties and powers:

i. to convene the shareholders' meeting and report to the shareholders' meeting;

ii. to implement the resolutions passed at the shareholders' meeting;

iii. to determine the Company's business plans and investment schemes;

iv. to prepare the Company's annual financial budget and final accounts;

v. to formulate the Company's profit distribution plan and loss recovery plan;

vi. to formulate proposals for increases or reductions of the Company's registered capital and for the issuance of corporate bonds or other securities and listing plans;

vii. to draft plans for material acquisition, acquisition of the shares of the Company or merger, division, dissolution and change in corporate form;

viii. to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, external guarantee, entrusted wealth management, connected transaction and external donations within the scope of the authority of the shareholders' meeting;

ix. to determine the establishment of the Company's internal management structure;

x. to decide to appoint or dismiss the Company's general manager and the secretary to the Board of Directors, and pursuant to the general manager's nominations, to appoint or dismiss senior management including vice general manager and chief financial officer of the Company and to decide on their remuneration, rewards and penalties;

xi. to formulate the Company's basic management system;

xii. to formulate the proposed amendments to the Articles of Association;

xiii. to deal with information disclosures of the Company;

xiv. to propose to the shareholders' meeting for appointment or replacement of the accounting firms serving as the auditors of the Company;

xv. to receive the work report submitted by the general manager of the Company and to review his/her performance;

xvi. other duties and powers specified in the laws, administrative regulations, departmental rules or the Articles of Association and the rules of the securities regulatory authorities or the stock exchange in the place where the securities of the Company are listed (including but not limited to the Hong Kong Listing Rules).

(5) Independent non-executive directors

The Company shall have three independent non-executive directors according to the relevant laws and regulations, among which one shall be an accounting professional.

(6) Secretary to the Board of Directors

The Company shall have a secretary to the Board of Directors, who will be responsible for the preparation of the shareholders' meeting and the meetings of the Board of Directors, document keeping as well as the management of shareholders' information, information disclosure and other matters.

(7) Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of three supervisors, including two shareholder representative supervisors and one employee representative supervisor. Two shareholder representative supervisors shall be elected by the shareholders' meeting. One employee representative supervisor shall be democratically elected by the employees of the Company via the meeting of the employee representatives, meeting of the employees or in other forms.

The Supervisory Committee shall have one chairman. The chairman shall be elected by a majority of all supervisors. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to or fails to perform his/her duty, one supervisor jointly elected by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee performs the following duties and powers:

i. to review the periodic reports of the Company prepared by the Board of Directors and to provide review comments in writing;

ii. to inspect the financial status of the Company;

iii. to supervise the performance of duties by the directors and senior management, and propose to dismiss directors and senior management who have violated the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting;

iv. to demand rectifications of the directors and senior management where their conducts are detrimental to the interests of the Company;

v. to propose to hold an extraordinary shareholders' meeting, and to convene and preside over the shareholders' meeting if the Board of Directors fails to do so as required by the Company Law;

vi. to submit proposals to the shareholders' meeting;

vii. to take legal actions against directors and senior management according to the Company Law;

viii. to attend the meetings of the Board of Directors;

ix. to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;

x. other duties and powers specified by the Articles of Association or granted by the shareholders' meeting.

(8) General manager

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The general manager shall be accountable to the Board of Directors and exercise the following duties and powers:

i. to take charge of the production, operation and management of the Company, to organize and implement the resolutions adopted by the Board of Directors, and to report his/her work to the Board of Directors;

ii. to organize and implement the annual business plans and investment plans of the Company;

iii. to draft schemes for the establishment of the Company's internal management departments;

iv. to formulate the basic management system of the Company;

v. to formulate the detailed rules and regulations of the Company;

vi. to make proposals regarding the appointment or dismissal of the vice general manager and chief financial officers of the Company to the Board of Directors;

vii. to decide on the appointment or dismissal of management other than those to be appointed or dismissed by the Board of Directors;

viii. other duties and powers authorized by the Articles of Association or the Board of Directors.

(9) Profit distribution

In distribution of the profit after tax of the year, 10% of the profit shall be contributed to the statutory reserves of the Company. When the aggregate statutory reserves of the Company have reached more than 50% of the registered capital of the Company, the Company may cease to make further contributions.

Where the statutory reserves of the Company are not sufficient to recover the losses for the previous year, the profit for the current year shall first be used to recover the losses before contributing to the statutory reserves as stipulated in the preceding paragraph.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the shareholders' meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the statutory reserves, unless it is stipulated in the Articles of Association that such distribution shall not be made in accordance with the proportion of shareholding.

If the shareholders' meeting breaches the preceding paragraph by distributing profits to the shareholders before the Company recovers losses and contributes to the statutory reserves, the shareholders shall return to the Company the profits distributed in violation of the regulations.

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

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company. Where any losses need to be recovered with reserves of the Company, discretionary reserves and statutory reserves shall be used first and if still insufficient, capital reserves can be used in accordance with the regulations.

When the statutory reserves are converted into capitals, the remaining amount of such reserves shall not be less than 25% of the registered capital of the Company before the conversion.

If the Company is still in a loss position after recovering losses with statutory reserves, it may reduce the registered capital to recover the losses. If the registered capital is reduced to recover the losses, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the amounts of shares.

After reducing its registered capital in accordance with the provisions of the preceding paragraph, the Company shall not distribute profits until the cumulative amount of the statutory reserves and the discretionary reserves reaches 50% of its registered capital.

If the registered capital is reduced in violation of the provisions of the laws and regulations and the Articles of Association, the shareholders shall return the funds so received, and the reduced capital contribution of the shareholders shall be restored to its original amount; if losses are caused to the Company, the shareholders and the responsible directors, supervisors and senior management shall be liable for compensation.