

ARTICLES OF ASSOCIATION

OF

**Biosino Bio-Technology
and Science Incorporation***

* *For identification purpose only*

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**ARTICLES OF ASSOCIATION
OF
Biosino Bio-Technology and Science Incorporation***

CHAPTER 1 GENERAL PROVISIONS

Article 1 Biosino Bio-Technology and Science Incorporation* (the “Company”) is a joint stock limited company incorporated in accordance with the Company Law of the People’s Republic of China (the “PRC”) (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares and the Listing Overseas by Joint Stock Limited Companies (the “Special Regulations”) and other relevant laws and regulations of the State.

Mandatory Provisions for Companies Listing Overseas (“MP”) Article 1, Article 166

The Company was incorporated on 26 April 2001 by means of promotion after the approval of the Economic System Restructuring Office of the People’s Government of Beijing Municipality evidenced by the approval document, “Jing Zheng Ti Gai Gu Han [2001] No. [25]” and the confirmation of the State Economic and Trade Commission evidenced by the approval document, “Guo Jing Mao Qi Gai [2001] No. [1366]” were obtained. The Company registered itself with and was granted a business licence by Beijing Administration for Industry and Commerce on 26 April 2001. The Company’s business licence number is: 1100001420449 (1-1).

The Sponsors of the Company (the “Sponsors”) are the Institute of Biophysics of Chinese Academy of Sciences (legal address: No. 15 Datun Road, Chaoyang District, Beijing; legal representative: Rao Zihe), Beijing Enterprises Holdings High-Tech Development Co., Ltd. (legal address: Room 303-304, Building 7, Shang Di Dong Li Si Qu, Haidian District, Beijing; legal representative: Wang Sihong); Zhejiang Huangyan Fine Chemicals Group Co., Ltd. (legal address: No. 5 Rouji Road, Chengguan Town, Huangyan District, Taizhou City; legal representative: Wang Qipeng); Shanghai New Margin Venture Capital Co., Ltd. (legal address: No. 99 Yinqiao Road, Pudong New Area, Shanghai Municipality; legal representative: Dong Yeshun); Zhu Yigui (ID card No.: 110108371223145); and Fan Rong (ID card No.: 110105410518542).

Article 2	Registered name of the Company: In Chinese: 中生北控生物科技股份有限公司 In English: Biosino Bio-technology and Science Incorporation*	MP Article 2, Article 166
Article 3	The address of the Company: 27 Chaoqian Road, Science and Technology Industrial Park, Changping District, Beijing Postal code: 100083 Tel No.: (8610) 80117503 Fax No.: (8610) 80117026	MP Article 3, Article 166
Article 4	The Company’s legal representative shall be served by either the Chairman of the board of directors (the “Board of Directors”), an executive director or a manager of the Company, shall be appointed by the Board of Directors and registered according to law.	MP Article 4
Article 5	The Company is a joint stock limited company which has perpetual existence. The rights and responsibilities of the Company’s shareholders shall only be limited to the proportion of the shares as held by them; the Company shall be responsible for the Company’s debts by all of its assets. The Company is an independent corporate legal person, governed by, and existing under the protection of, the laws and regulations of the PRC.	MP Article 5, Article 166
Article 6	The Company made amendments to the original Articles of Association (the “original Articles of Association”) and formulated the current Articles of Association (the “Articles of Association”) at a shareholders’ general meeting in accordance with Company Law, Special Regulations, Mandatory Provisions for Articles of Association of Companies Listing Overseas (the “Mandatory Provisions”), Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong (“Comments on the Amendments to Articles of Association”), other national laws, administrative regulations and related rules.	Rules Governing the Listing Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) Appendix 11C Article 1(a)
Article 7	The original Articles of Association have completed registration formalities with Beijing Administration for Industry and Commerce, which have come into effect since the date of establishment of the Company.	MP Article 6

Article 8 From the date on which the Articles of Association come into effect, the Articles of Association constitute the legally binding document regulating the Company's organisation and activities, the rights and obligations between the Company and its shareholder and among the shareholders. MP Article 6

Article 9 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, managers and other senior management personnel, all of whom may, according to the Articles of Association, assert rights in respect of the affairs of the Company. MP Article 7

A shareholder may take action against the Company pursuant to the Articles of Association, and vice versa. A shareholder may also take action against another shareholder, directors, supervisors, managers and other senior management personnel of the Company pursuant to the Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 10 The Company can invest in other enterprises. However, except otherwise stipulated by laws, the Company shall not become a capital contributor that shall bear joint liabilities for the debts of the enterprises in which it invests. MP Article 8

Article 11 Under the premise of observing the laws and administrative regulations of the PRC, the Company has the right of financing or borrowing. The right of financing of the Company includes (but not limited to) the rights to issue corporate bonds, to pledge or mortgage the rights of ownership or rights of use of all or part of its assets as well as other rights permitted by the PRC laws and administrative regulations, and to provide all types of guarantee for debts of any third party (including but not limited to the affiliated or joint companies of the Company) under all circumstances. However, the Company shall not infringe or abolish the rights of any class of shareholders in exercising the above rights.

CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE OF BUSINESS

Article 12 The business objectives of the Company are: to be people oriented, to develop high and new technologies, to achieve effective integration of technology and capital, to promote the transformation of scientific and technological achievements, to develop the biotechnology industry, to establish a world-class enterprise, and to create favorable social and economic benefits. MP Article 9,
Article 166

Article 13 The scope of business of the Company includes: technological development, technological services, manufacturing and sales of medical diagnostic reagents, medical equipments and instruments; leasing of medical devices and equipment; technological development and services of biological products; self-operation of and acting as agency for the import and export of various commodities and technologies other than those restricted or prohibited by the state from import and export; the Company shall not operate any activities prohibited by laws and regulations; the Company shall not operate any activities before obtaining a licence; the Company may adopt business projects and carry out any such business activities that do not require approval by laws and regulations.

MP Article
10, Article
166

Article 14 Subject to the approval by the relevant government authorities, the Company may, when appropriate, modify its investment policies, scope and style of operations as well as set up branches and offices in the PRC and areas including Hong Kong, Macau and Taiwan (whether wholly-owned or not) according to the domestic and international market trends, business development requirements in the PRC and the Company's own development capabilities and business requirements;

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 15 There must, at all times, be ordinary shares in the Company, which include "Domestic Shares" and "Foreign Shares". Subject to the approval of the companies approving department authorised by the State Council, the Company may, according to its requirements, create different classes of shares.

MP Article
11

Article 16 The shares issued by the Company shall each have a par value of RMB1.00.

MP Article
12

"RMB" as mentioned above means the legal currency of the PRC.

Article 17 Subject to the approval of the securities competent authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

MP Article
13

"Foreign Investors" means those investors who subscribe for the shares of the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. "Domestic Investors" means those investors who subscribe for the shares of the Company and who are located within the territory of the PRC (except the areas referred to above).

Article 18 Shares which the Company issues to Domestic Investors for subscription in RMB are called “Domestic Shares”; shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign Shares”. Foreign Shares which are listed overseas are called “Overseas Listed Foreign Shares”. The shareholders of “Domestic Shares” and the shareholders of “Overseas Listed Foreign Shares” shall be shareholders of ordinary shares, possessing the same rights and obligations.

MP Article
14

“Foreign currencies” means the legal currencies of countries or districts outside the PRC which are recognised by the foreign exchange authority of the State and which can be used to make the share price to the Company.

Article 19 Foreign Shares issued by the Company and which are listed in Hong Kong shall be referred to as “H Shares”. “H Shares” means the shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (hereinafter the “Hong Kong Stock Exchange”), the par value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars.

Subject to the approval by the State Council or the vetting authority authorised by the State Council and the consent from The Stock Exchange of Hong Kong Limited, the Domestic Shares can be converted into H Shares.

Article 20 Subject to the approval of the Economic Restructuring Office of the People’s Government of Beijing Municipality evidenced by the approval document, “Jing Zheng Ti Gai Gu Han [2001] No. [25]”, the Company may issue 70,017,528 ordinary shares. There is an aggregate of 70,017,528 ordinary shares issued to the Sponsors upon the incorporation of the Company with a nominal value of RMB1.00 each, representing 100% of the total number of ordinary shares of the Company. The share capital of the Company is RMB70,017,528.

MP Article
15, Article
166

Article 21 Subject to the approval from relevant authorities, the Company issued 33,000,000 Overseas Listed Foreign Shares (H-shares) listed on GEM of the Hong Kong Stock Exchange, representing approximately 33% of the total number of ordinary shares of the Company after such issuance.

MP Article
16, Article
166

As a result of the said issue, there were an aggregate of 100,017,528 ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which in turn increased to RMB100,017,528.

Listing Rules
Appendix 3
Article 9

Following the issue of H-shares as mentioned above, there were an aggregate of 100,017,528 ordinary shares (104,517,528 ordinary shares upon full exercise of the over-allotment option by the manager of such issue) in the share capital of the Company. Without taking account of the shares issued upon the exercise of the over-allotment option, the Institute of Biophysics of the Chinese Academy of Sciences, Beijing Enterprises Holdings High-Tech Development Co., Ltd., Zhejiang Huangyuan Fine Chemicals Group Co., Ltd., Shanghai New Margin Venture Capital Co., Ltd., Zhu Yigui, Fan Rong, all of whom are our promoters, held 31,308,576 shares, 24,506,143 shares, 5,951,492 shares, 3,500,878 shares, 1,050,263 shares and 700,176 shares, respectively, representing 31.30%, 24.50%, 5.95%, 3.50%, 1.05% and 0.70% of the total share capital of the Company, respectively. Other Overseas Listed Foreign Shares (H-shares) holders held at least 33,000,000 shares (representing 33% of the total share capital of the Company) before the exercise of an extra 15 % over-allotment option and a maximum of 37,950,000 shares (representing approximately 36.31% of the total share capital of the Company) upon the exercise of an extra 15% over-allotment option.

As approved by relevant authorities, the Company issued an additional of 31,286,143 specific Overseas Listed Foreign Shares (H-shares) (the “2010 Issue”).

As a result of the Issue, there were an aggregate of 131,303,671 ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which in turn increased to RMB131,303,671.

Following the issue of H-shares and the 2010 Issue as mentioned above, there were an aggregate of 131,303,671 ordinary shares, of which the Institute of Biophysics of the Chinese Academy of Sciences (as our promoter), Shanghai Fosun Pingyao Investment Management Co., Ltd., Wu Lebin (吳樂斌) (as a natural person), Hangzhou Everlong Biotechnics Co. Ltd., Zhu Yigui (as our promoter) and Fan Rong (as our promoter) held 31,308,576 domestic shares, 24,506,143 domestic shares, 3,500,878 domestic shares, 3,301,492 domestic shares, 1,050,263 domestic shares and 700,176 domestic shares, respectively, representing 23.84%, 18.66%, 2.67%, 2.52%, 0.80% and 0.53% of the total share capital of the Company, respectively. Other domestic shareholders held 2,650,000 Domestic Shares, representing approximately 2.02% of the total share capital of the Company. Other Overseas Listed Foreign Shares (H-shares) holders held 64,286,143 shares, representing approximately 48.96% of the total share capital of the Company.

As approved by relevant authorities, the Company issued an additional 13,403,505 domestic shares (the “2016 Issue”).

As a result of the 2016 Issue, there were an aggregate of 144,707,176 ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which in turn increased to RMB144,707,176.

Following the issue of domestic shares and the 2016 Issue as mentioned above, there were an aggregate of 144,707,176 ordinary shares, of which the Institute of Biophysics of the Chinese Academy of Sciences, Beijing Shuoze Health Industry Investment Company Limited, Beijing Junfengxiang Bio-technology Company Limited, Wu Lebin (as a natural person), Hangzhou Everlong Biotechnics Co. Ltd., Zhu Yigui, Fan Rong, all of whom our promoters except Beijing Shuoze Health Industry Investment Company Limited, Wu Lebin (as a natural person) and Hangzhou Everlong Biotechnics Co. Ltd. will hold 31,308,576 domestic shares, 24,506,143 domestic shares, 7,213,503 domestic shares, 3,500,878 domestic shares, 3,301,492 domestic shares, 1,050,263 domestic shares and 700,176 domestic shares, respectively, representing 21.64%, 16.93%, 4.98%, 2.42%, 2.28%, 0.73% and 0.48% of the total share capital of the Company, respectively. Other domestic shareholders will hold 8,840,002 domestic shares, representing approximately 6.11% of the total share capital of the Company. Other overseas listed foreign shares (H-shares) holders will hold 64,286,143 shares, representing approximately 44.42% of the total share capital of the Company.” person), Hangzhou Everlong Biotechnics Co. Ltd., Zhu Yigui (as our promoter) and Fan Rong (as our promoter) will hold 31,308,576 domestic shares, 24,506,143 domestic shares, 3,500,878 domestic shares, 3,301,492 domestic shares, 1,050,263 domestic shares and 700,176 domestic shares, respectively, representing 23.84%, 18.66%, 2.67%, 2.52%, 0.80% and 0.53% of the total share capital of the Company, respectively. Other domestic shareholders will hold 2,650,000 Domestic Shares, representing approximately 2.02% of the total share capital of the Company. Other Overseas Listed Foreign Shares (H-shares) holders will hold 64,286,143 shares, representing approximately 48.96% of the total share capital of the Company.

Article 22 The Company’s Board of Directors may take all necessary action for the respective issuance of the Overseas Listed Foreign Shares and Domestic Shares after the proposals for issuance of the same have been approved by the securities competent authority of the State Council.

MP Article
17

The Company may implement its proposal to issue the Overseas Listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the securities competent authority of the State Council.

Article 23 Where the total number of shares stated in the proposal for the issuance of shares includes Overseas Listed Foreign Shares and Domestic Shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities competent authority of the State Council, be issued on separate occasions. MP Article 18

Article 24 Prior to the issue of H-shares, the registered and fully-paid up share capital of the Company was RMB70,017,528, which had been filed to relevant company registry for record. MP Article 19, Article 166

Before the completion of the 2010 Issue, the registered and fully-paid up share capital of the Company was RMB100,017,528, which had been filed to relevant company registry for record. Upon completion of the 2010 Issue, the share capital of the Company was increased to RMB131,303,671.

Before the completion of the 2016 Issue, the registered and fully-paid up share capital of the Company was RMB131,303,671, which had been filed to relevant company registry for record. Upon the completion of the 2016 Issue, the share capital of the Company was increased to RMB144,707,176.”

Article 25 The Company may, based on its operation and development needs, authorise the increase of its capital pursuant to the Articles of Association. MP Article 20

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by any other means which is permitted by laws and administrative regulations.

After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant laws and administrative regulations of the State.

Article 26 Unless otherwise stipulated in the relevant laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien. MP Article 21/ Listing Rules Appendix 3-1 (2)

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 27 According to the provisions of the Articles of Association, the Company may reduce its registered capital. MP Article 22

Article 28 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. MP Article 23

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in a newspaper within 30 days of the date of such resolution. Creditors shall, within 30 days of receiving a written notice or within 45 days of the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for such debt.

The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

Article 29 The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant competent authority of the State, repurchase its outstanding shares under the following circumstances: MP Article 24

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) granting of shares to staff of the Company;
- (4) shareholders who are against merger and division resolutions made by the Company's General Meetings and request the Company to buy back their shares;
- (5) other circumstances permitted by laws and administrative regulations.

The Company shall obtain the prior approval of the shareholders at a general meeting before it can repurchase shares for the reasons set out in the preceding sub-paragraphs (1) to (3). The shares the Company repurchases in accordance with the provision of Clause 1 (3) shall not be more than 5% of the total issued shares of the Company. The funds for the repurchase shall be provided from the after-tax profit. The shares repurchased shall be transferred to the staff within one year.

The Company may not accept taking the shares of the Company as subject matter of a pledge.

The Company shall repurchase its outstanding shares in accordance with the stipulations of Article 30 to Article 33.

Article 30 The Company may repurchase shares in one of the following ways, with the approval of the relevant competent authority of the State:

MP Article
25 Listing
Rules
Appendix
3-8 (1) and
(2)

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange; or
- (3) by repurchasing shares outside of the stock exchange by means of an off-market agreement.

With regard to the repurchase of the shares,

- (1) if it is not through market or by means of bidding, price of shares repurchased by the Company cannot exceed certain maximum price level.
- (2) if bidding method is used for the repurchase, invitation must be made under the same conditions to all shareholders.

Article 31 The Company must obtain the prior approval of the shareholders in a general meeting in the manner stipulated in the Articles of Association before it can repurchase shares outside the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereof.

MP Article
26

A contract for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign any contract for the repurchase of its shares or any right contained in such contract.

Article 32 Where shares of the Company are purchased in accordance with Article 29 (1), it shall be canceled within ten days upon its purchase; where shares of the Company are purchased in accordance with Article 29 (2) or (4), it shall be transferred or canceled within six months upon its purchase. The Company shall apply to the original company registration authority for registration of the change in its registered capital. MP Article 27

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

After the completion of a reduction in the registered capital and the registration of such change, the Company shall make a public announcement in accordance with the overseas provisions (if applicable) and the Listing Rules.

Article 33 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to the repurchase of its outstanding shares: MP Article 28, Article 166

- (1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;
- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - i. if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of distributable profits of the Company; or

- ii. if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the premium account or the book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
- i. payment for the acquisition of the right to repurchase its own shares;
 - ii. payment for variation of any contract for the repurchase of its shares;
 - iii. payment for the release of its obligations under any contract for the repurchase of shares.
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account or capital common reserve fund account.

CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES

Article 34 The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company (the "Obligor").

MP Article
29

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances specified in Article 36 of this Chapter.

Article 35 For the purpose of this Chapter, “financial assistance” includes (but not limited to) the following:

MP Article
30

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), compensation (other than compensation in respect of the Company’s own default) or release or waiver of any rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract; or
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

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

Article 36 The following acts shall not be deemed to be acts prohibited by Article 34 of this Chapter: MP Article 31

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets as dividend;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the provision of loans by the Company falls within its scope of business and is in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) contributions made by the Company to the employee share ownership scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 37 Share certificates of the Company shall be in registered form. MP Article 32

Share certificates of the Company shall bear the following main items including other matters as required by the Company Law, Special Regulations and the stock exchange on which the shares of the Company are listed:

- (3) name of the Company;

- (4) date of registration and establishment of the Company;
- (5) class of share certificates, par value and the number of shares it represents;
- (6) Code of share certificates;
- (7) date on which each shareholder obtains the share(s);
- (8) Other matters as required by the Company Law, Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 38 The shares of the Company may be transferred, given, inherited and pledged in accordance with relevant laws, administrative regulations and the provisions herein.

Listing Rules
Appendix
3-1 (1)

Where shareholders holding more than 5% of the shares of the Company with voting rights have their shares pledged, a written report shall be submitted to the Company in writing within 3 working days from the date of occurrence thereof.

Any transfer and assign of shares shall be registered with the share registrar appointed by the Company, the charge of fees (if any) in relation thereto shall not exceed the maximum amount as specified by The Stock Exchange of Hong Kong Limited from time to time in the Listing Rules.

Article 39 Share certificates shall be signed by the Chairman of the board of the Company. Related senior management personnel shall also sign the share certificates if required by the stock exchange on which the shares of the Company are listed. The share certificates shall take effect after being sealed or imprinted with the seal of the Company (including the Company chop for securities), or with the seal sign in printed form. The share certificate shall not be valid unless a seal of the Company or the securities chop under the authorisation of the Board of Directors is affixed. Signatures of Director of the Company and other related senior management personnel can be printed on the certificates of shares as well.

MP
Article 33,
Comments
on the
Amendments
to Articles of
Association
Article 1/
Listing Rules
Appendix
3-2 (1)

Article 40 The Company shall keep a register of shareholders which shall contain the following items:

- (1) the name (title) and address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate numbers of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

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

Article 41 The Company may, in accordance with the mutual understanding and agreements made between the securities competent authorities of the State Council and overseas securities regulatory authorities, maintain the register of shareholders of Overseas Listed Foreign Shares overseas and appoint overseas agents to manage such register of shareholders. The original register for holders of Overseas Listed Foreign Shares shall be maintained in Hong Kong. The Company shall appoint Hong Kong agent(s) to manage such register of shareholders.

A duplicate register of shareholders for the holders of Overseas Listed Foreign Shares shall be maintained at the Company's residence. The appointed overseas agents shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas Listed Foreign Shares, the original register of shareholders shall prevail.

Article 42 The Company shall have a complete register of shareholders. It shall comprise the following parts: MP Article 36

- (1) the register of shareholders which is maintained at the Company's residence (other than those registers of shareholders which are described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas Listed Foreign Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the register of shareholders which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the shares of the Company.

Article 43 Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

All the fully paid Overseas Listed Foreign Shares listed in Hong Kong shall be freely transferred pursuant to these Articles. However, the Board of Directors may refuse to recognize any transfer instruments without assigning any reason thereof unless the same satisfies the following:

- (1) a fee of HK\$2.50 per instrument of transfer or such lower amount required from time to time by the Board of Directors (the fee shall not exceed the maximum rate stated in the GEM Listing Rules) has been paid to the Company for registration of the instrument of transfer and other documents relating to or likely to affect the right of the ownership of the shares;
- (2) the instrument of transfer relates only to Overseas Listed Foreign Shares listed in Hong Kong;
- (3) payment in full of any stamp duty due on the instrument of transfer;

MP
Article 37,
Comments
on the
Amendments
to Articles of
Association
Article 12/
Listing Rules
Appendix
3-1 (1)
Listing Rules
Appendix
3-1 (3)
Listing Rules
Appendix
3-1 (4)

- (4) provision of the relevant share certificates and any other evidence reasonably required by the Board of Directors to prove the transferor's right to make the transfer;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four (4);
- (6) the Company does not have any lien on the relevant shares.

Overseas Listed Foreign Shares of the Company listed in Hong Kong shall be transferred in written form after ordinary or standard procedures or any other procedure acceptable by the Board of Directors (including standard transfer procedures or forms as prescribed by The Stock Exchange of Hong Kong Limited from time to time) are gone through. Such transfer document shall be signed by the transferor and transferee in person or in the form of machine printing. All instruments of transfers must be kept at the legal address of the Company or any other place as determined by the Board of Directors from time to time.

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

If the Company refuses to register the transfer of shares, it shall give a written notice of registration rejection to the transferor and the transferee within two months after the date of officially filing the transfer application.

Article 44 Changes from shares transfer may not be entered in the register of shareholders within 20 days prior to the date of a shareholder's general meeting or within 5 days prior to the record date set for the purpose of distribution of dividends.

MP Article
38

Article 45 When the Company needs to convene a shareholders' meeting for the purposes of determination, dividend distribution, liquidation or any other purposes which need to determine shareholdings, the Board of Directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date.

MP Article
39

Article 46 Any person who disputes the register of shareholders and asks for inclusion of his name in or removal of his name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

MP Article 40

Article 47 A person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”). Where right is exercised to issue share warrants to bearer, no new share warrant shall be issued to replace the one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

MP Article 41/ Growth Enterprise Market Listing Rules of Hong Kong Appendix 3-2 (2)

Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.

Application by a holder of Overseas Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

Where holders of Overseas Listed Foreign Shares of a company, 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 an application to the Company in the prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

Growth Enterprise Market Listing Rules of Hong Kong Appendix 3-7 (1)

- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the Board of Directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days.

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

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant therefor.

Article 48 Where the Company issues a replacement share certificate pursuant to the Articles of Association, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a owner of the shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders.

MP Article
42

Article 49 The Company shall not be liable for any damages sustained by any person from his cancellation of the original share certificate or the issuance of the replacement share certificate unless the Chairman is capable to prove that the Company has acted in a deceitful manner. MP Article
43

CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 50 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders. MP Article
44

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

Article 51 The shareholders of ordinary shares of the Company shall enjoy the following rights: MP Article
45

- (1) the right to receive dividends and other distributions in proportion to their shareholdings;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (3) the right to supervise the Company's business operations, the right to present proposals or raise queries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the Articles of Association, including:
 - i. the right to obtain a copy of the Articles of Association, subject to payment of costs;

- ii. the right to inspect and copy, subject to payment of a reasonable fee:
 - A. all parts of the register of shareholders, but the Company should be allowed to close the register of shareholders in Hong Kong in accordance with Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when shareholders inspect the register of shareholders for H-shares;
 - B. personal particulars of each of the Company's Directors, Supervisors, Managers and other senior management personnel, including:
 - a. present and former name and alias;
 - b. principal address (place of residence);
 - c. nationality;
 - d. primary and all other part-time occupations and duties;
 - e. identification documents and the numbers thereof;
 - C. status of the Company's share capital;
 - D. reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the last accounting year as well as the aggregate amount paid by the Company for this purpose; and
 - E. minutes of shareholders' general meetings.
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company may not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclose his interests to the Company.

Article 52 The shareholders of ordinary shares of the Company shall assume the following obligations: MP Article
46

- (1) to abide by the Articles of Association of the Company;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

Article 53 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company. MP Article
47

- (1) to exempt the responsibilities of a Director or Supervisor to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;

- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with the Articles of Association).

Article 54 For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions: MP Article 48

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board of Directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise 30% or more or has power to control the exercise of 30% or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

CHAPTER 8 SHAREHOLDERS’ GENERAL MEETINGS

Article 55 The shareholders’ general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws. MP Article 49

Article 56 The shareholders’ general meeting shall exercise the following functions and powers; MP Article 50

- (1) to decide on the Company’s operation policies and investment plans;
- (2) to elect and replace directors, who are not employees’ representatives, and to determine the emoluments of directors;

- (3) to elect and replace the supervisors who are not to be appointed from among the employees' representatives and decide on matters concerning the emolument of supervisors;
- (4) to consider and approve reports of the Board of Directors;
- (5) to consider and approve reports of the Board of Supervisors;
- (6) to consider and approve the Company's annual financial budget and final accounts;
- (7) to consider and approve the Company's profit distribution proposals and loss recovery proposals;
- (8) to resolve on the increase or reduction of the Company's registered capital;
- (9) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to resolve on the issuance of debentures by the Company;
- (11) to resolve on the appointment, removal or non-renewal of the services of an accounting firm for the Company;
- (12) to amend the Articles of Association;
- (13) to consider proposals submitted by shareholders representing 3% or more of voting shares of the Company;
- (14) other matters which are required by laws, administrative regulations and the Articles of Association to be resolved by the shareholders' general meeting.

The shareholders' general meeting may delegate or entrust its matters to be handled by the Board of Directors.

Article 57 The Company shall not enter into any contract with any person other than a Director, Supervisor, Manager or other senior management personnel of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of shareholders in a general meeting. MP Article
51

Article 58 Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual general meeting shall be convened once each financial year, and shall take place within six months of the end of the previous accounting year. MP Article
52

The Board of Directors shall convene an extraordinary general meeting within two months after the occurrence of any one of the following circumstances:

- (1) where the number of Directors is less than the number stipulated in the Company Law or is no more than two-thirds of the number required by the Articles of Association;
- (2) where the accrued losses of the Company amount to one-third of its total paid-in share capital;
- (3) where shareholder(s) singly or jointly holding 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) where the Board of Directors considers it necessary or the Board of Supervisors proposes to call for such a meeting;
- (5) whenever two or more independent Directors so request.

Article 59 A written notice of a general meeting shall be given to each shareholder 45 days (includes the date of meeting, but not includes the date of sending a notice) prior to the date of the general meeting and the notice should include the date, time and place of the meeting to be held to the shareholder as recorded in the register of shareholders. The shareholders who intend to attend the shareholders' meeting should give written replies to the Company 20 days before the date of the shareholders' meetings. MP Article
53

Article 60 When the Company is to hold an annual general meeting, shareholders separately or aggregately holding 3 percent or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for the meeting the matters mentioned in the motions that fall within the scope of the duties of the shareholders' general meeting. MP Article
54

Article 61 Based on the written replies received 20 days before a shareholders' general meeting, the Company shall calculate the number of shares represented by the shareholders who have intention to attend the general meeting. Where the number of voting shares represented by those shareholders reaches half of the Company's total number of such shares, the Company may convene the shareholders' general meeting. Otherwise, the Company shall, within 5 days, inform the shareholders again of the motions to be considered, the date and place of the meeting by means of public announcement. After making the announcement, the shareholders' general meeting may be convened. MP Article
55

An extraordinary general meeting shall not decide on matters which are not specified in the notice.

Article 62 Notice of general meetings shall comply with the following requirements: MP Article
56

- (1) issue in written format;
- (2) be in specific place, date and time of the meeting;
- (3) state the motions to be discussed at the meeting;
- (4) provide such information and description as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganise its share capital, or to restructure the Company in any other manner, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such a proposal must be properly explained;

- (5) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, Manager or other senior management personnel in the transaction proposed and the effect of the proposed transaction on him in his capacity as shareholder in so far as it is different from the effect on the other shareholders of the same class;
- (6) contain the full text of any special resolution proposed for the meeting;
- (7) contain a specific statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him and that a proxy need not be a shareholder;
- (8) state the time within which and the address to which the relevant instruments appointing the proxies for the meeting are to be delivered.

Article 63 The notice of general meeting shall be sent to the shareholders (with or without voting right in the general meeting) via specially assigned person or by prepaid mail and the address of receiver shall be the address recorded on the register of shareholders. For domestic shareholders, the notice of general meeting can also be sent by way of announcement.

MP Article 57/Listing Rules Appendix 3-7 (1) and (3)

The announcement referred to in the preceding paragraph shall be published on one or more newspaper designated by the competent authority of the State Council in charge of securities in a period between 45 days to 50 days before the meeting is held. Once it is announced in the public, the notice of shareholders' meeting shall be deemed as received by all domestic shareholders.

Article 64 If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

MP Article 58

Article 65 Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on behalf of him. A proxy so appointed shall be entitled the following rights pursuant to authorisation by that shareholder: MP Article
59

- (1) the shareholders' right to speak at the general meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by hand or on a poll, but when there are more than one proxy are appointed by a shareholder the proxies may only vote on a poll.

Article 66 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a legal person, it shall be under seal or under the hand of a Director or attorney duly authorised. These letters of authorization shall contain the number of the shares to be represented by the proxies. If several persons are authorised as the proxies of the shareholder, the letter of authorisation shall specify the number of the shares to be represented by each proxy. MP Article
60

Article 67 The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than 24 hours prior to the meeting at which the proxy is authorised to vote or 24 hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointor, that power of attorney or other authorisation documents shall be notarially certified. The notarially certified power of attorney and other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting. MP Article
61

If the appointor is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body may attend any general meetings of the Company as a representative of the appointor and vote in the meeting. If the legal person has appointed a representative to attend any meeting, it shall be treated as being present in person. The form of proxy may be executed under the hand of a duly authorised officer.

If the shareholder is the recognized clearing house (“recognized clearing house”) or its attorney as defined under the relevant laws and regulations of the place in which the Company’s securities are listed, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting and creditors meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise the right on behalf of the recognized clearing house (or its attorney) as if he is the individual shareholder of the Company and shall have the right to speak and to vote in the meeting.

Article 68 Any form issued to a shareholder by the Board of Directors for use by him for appointing a proxy to attend and vote at a shareholders’ general meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form should contain a statement that in default of instructions the proxy may vote as he thinks fit.

MP Article
62

Article 69 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given has occurred prior to the voting, provided that no notice in writing of such death, loss of capacity, revocation or transfer shall have been received by the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

MP Article
63

Article 70 A proxy attending a shareholders’ general meeting shall present his identity certification and the proxy form signed by the appointor or the legal representative of the appointor or a person authorised by the appointor, and the proxy form shall specify the issue date. (If a shareholder as a legal person appoints its legal representative to attend a meeting, such legal representative shall present his identity certification (except the recognized clearing house or its attorney) and a notarially certified copy of the resolutions of such shareholder’s (except the recognized clearing house or its attorney) board of directors or other authorities in respect of the appointment of the proxy or any other copy certified in a manner accepted by the Company.)

Article 71 Resolutions of a shareholders' general meeting can be ordinary resolutions or special resolutions. MP Article 64

An ordinary resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than half of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

A special resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

Shareholders shall have the right to (1) speak at a general meeting; and (2) vote at a general meeting, except where a shareholder is required, by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange (or refer to the "Listing Rule"), to abstain from voting to approve the matter under consideration. The shareholders (including their proxy) attending the meeting shall clearly show approval or objection to every matter to be voted on. As for the unpolled vote or abstention, the Company will not treat it as the vote with voting right when calculating the voting result of this matter. Where any Shareholder is, under the Listing Rules, required to abstain from voting on any matters under consideration or restricted to voting only for or only against any matters under consideration, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction will not be counted.

Article 72 Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries the right to one vote. MP Article 65

Article 73 At any shareholders' general meeting, a resolution shall be passed on a show of hands unless a poll is demanded before or after a vote is carried out by a show of hands: MP Article 66

- (1) by the chairman of the meeting;
- (2) by at least two shareholders present in person or by proxy entitled to vote thereat;

- (3) by one (1) or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting singly or in aggregate.

Unless a poll is demanded, a declaration by the Chairman of the meeting that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes for or against such resolution.

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

- Article 74 A poll demanded on the election of the Chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. MP Article 67
- Article 75 On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way. MP Article 68
- Article 76 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote. MP Article 69
- Article 77 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting: MP Article 70
- (1) work reports of the Board of Directors and the Supervisory Committee;
 - (2) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
 - (3) appointment and removal of members of the Board of Directors and Supervisors, their emolument and manner of payment;

- (4) removal of any director before the expiration of his term of office (including managing directors or other executive directors);
- (5) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company; and
- (6) matters other than those required by laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

However, the removal under paragraph (4) above shall be without prejudice to the Director's claim for damages under any contract.

Article 78 The following matters shall be resolved by a special resolution at a shareholders' general meeting: MP Article 71

- (1) increase or reduction of the Company's share capital and the issuance of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution and liquidation of the Company, change of corporate form and major acquisitions and disposals;
- (4) amendments to the Articles of Association; and Listing Rules Appendix 3-4 (3)
- (5) other matters which, according to an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by means of a special resolution.

Article 79 When the general meeting examines the items related to connected transactions, the connected shareholders shall abstain from voting. The number of the shares with voting rights held by the connected shareholders shall not be counted as the valid ballots cast; the resolution made by the general meeting shall fully disclose the voting details of the unconnected shareholders. Should there be special circumstances under which the connected shareholders cannot avoid voting, the Company shall vote in accordance with normal procedures, and detailed clarifications shall be made in the announcement of the resolution. Listing Rules Appendix 3-14

Article 80 Any resolution adopted by a shareholders' general meeting shall comply with relevant provisions of PRC laws, administrative regulations and the Articles of Association.

Article 81 Shareholders requiring to convene an extraordinary general meeting or a class general meeting shall proceed in accordance with the following procedure:

MP Article
72

- (1) two or more shareholders holding 10% or more of the shares carrying the right to vote at the meeting sought to be held may, by signing one or more counterpart written requisitions stating the object of the meeting, require the Board of Directors to convene an extraordinary general meeting or a class general meeting. The Board of Directors shall as soon as possible proceed to do so. The shareholdings referred to shall be calculated as at the date of the delivery of the requisitions;
- (2) if the Board of Directors fails to issue a notice of such a general meeting within 30 days from the date of the receipt of the written requisition, the requisitionists may themselves convene such a meeting in a manner as nearly as possible as where meetings are to be convened by the Board, provided that any meeting so convened shall not be convened after four months from the date of receipt of such requisition by the Board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

Article 82 A shareholders' general meeting shall be convened by the Chairman of the Board of Directors who shall preside as chairman of the meeting. If the Chairman is unable to attend the meeting for any reason, the Deputy Chairman of the Board of Directors shall convene and take the chair of the meeting. If both the Chairman and Deputy Chairman of the Board of Directors are unable to attend the meeting, then a Director of the Company shall be recommended by the Board of Directors to convene and take the chair of the meeting. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman of the meeting. If for any reason the shareholders cannot elect a chairman, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as chairman of the meeting.

MP Article
73

Article 83 The chairman of the meeting shall be responsible for deciding whether or not a resolution has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes. MP Article 74

Article 84 Should the chairman of the meeting has any doubts on the result of vote cast on any resolution, he should order a count on the ballots cast; should the chairman has yet to conduct a ballot count, any participating shareholders or proxies with dissenting view on the announced voting result have the right to request a ballot count immediately after the announcement, and the chairman of the meeting should order ballot count immediately. MP Article 75

Article 85 Where a counting of the votes has been conducted at a shareholders' general meeting, the results shall be recorded in the minutes. MP Article 76

The Company Secretary shall make the record of decisions on matters discussed at the shareholders' general meeting, which shall be signed by Directors attending the meeting.

Resolutions adopted by a shareholders' general meeting shall be included in the minutes of the meeting. The record and minutes of the meeting shall be in Chinese. Such record and minutes, shareholders' attendance lists and proxy forms shall be kept at the Company's residence.

Article 86 Copies of the minutes of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees therefor. MP Article 77

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASSIFIED SHAREHOLDERS

Article 87 Holders of various classes of shares are referred to classified shareholders. MP Article 78

Classified shareholders shall have rights and assume obligations in accordance with laws, regulations and the Articles of Association.

Article 88 Any proposal by the Company to vary or abrogate the rights conferred on any classified shareholders must be approved by a special resolution of the shareholders' general meeting and by the classified shareholders affected at a separate meeting convened in accordance with Articles 90 to 94. MP Article
79

Article 89 The rights of classified shareholders are deemed to be varied or abrogated in the following circumstances: MP Article
80

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights or privileges equal or superior to the shares of such class;
- (2) the exchange of all or part of the shares of such class into shares of another class, or the exchange of all or part of the shares of another class into the shares of such class, or conferring such rights of exchange;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, reduction or removal of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) the creation of a new class of shares having voting or equity rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;

- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (12) the variation or abrogation of the provisions of Chapter 9 hereof.

Article 90 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at classified shareholders' meeting in respect of matters concerning Articles 89 (2) to (8) and (11) to (12), but Interested Shareholders shall not be entitled to vote at classified shareholders' meeting.

MP Article
81

“Interested Shareholder” referred to in the preceding paragraph has the following meaning:

- (1) in the case of a repurchase by a general offer made to all shareholders in equal proportions or through open transactions on a stock exchange under Article 30 of this Articles of Association, a Controlling Shareholder within the meaning of Article 54 of this Articles of Association is an Interested Shareholder;
- (2) in the case of a repurchase of shares by contract made outside the stock exchange under Article 30 of this Articles of Association, a holder of the shares to which the contract relates is an Interested Shareholder; or
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class is an Interested Shareholder.

Article 91 Resolution of any classified shareholders' meeting shall be passed by votes of not less than two-thirds of the voting rights of shareholders of that class represented at that meeting who, according to Article 90, are entitled to vote at classified shareholders' meeting.

MP Article
82

Article 92 A written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 45 days before the date of the class meeting (including the date of meeting). Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company 20 days before the date of the class meeting.

MP Article
83/Listing
Rules
Appendix 3 –
7(1)

Where the number of voting shares represented by those shareholders intending to attend the meeting reaches not less than half of the total number of voting shares of that class, the Company may convene the class meeting. Otherwise, the Company shall, within 5 days, inform the shareholders again of the matters to be considered and the date and place of the meeting by means of an announcement. After making the announcement, the class meeting may be convened.

Article 93 Notices of classified shareholders' meeting need only be served on shareholders entitled to vote thereat.

MP Article
84

Meetings of any class of shareholders shall be conducted as nearly as possible as shareholders' general meetings. Provisions in the Articles of Association which relate to any meeting of shareholders shall apply to any meeting of a class of shareholders.

Article 94 In addition to holders of other classes of shares, holders of Domestic Shares and Overseas Listed Foreign Shares are deemed to be shareholders of different classes.

MP
Article 85,
Comments
on the
Amendments
to Articles of
Association
Article 3/
Listing Rules
Appendix
11C - 1(f) (i)
and (ii)

The special procedure for approval by classified shareholders shall not apply:

- (1) where the Company issues, either separately or concurrently, Domestic Shares and Overseas Listed Foreign Shares in numbers not exceeding 20% of the number of Domestic Shares and Overseas Listed Foreign Shares then in issue respectively in any 12-month period as approved by a special resolution of a shareholders' general meeting; or

- (2) where the plan for issuance of Domestic Shares and Overseas Listed Foreign Shares upon the establishment of the Company is completed within 15 months from the date of approval by the securities regulatory authority of the State Council.

CHAPTER 10 BOARD OF DIRECTORS

Article 95 The Company shall have a Board of Directors. The Board of Directors shall consist of at least nine directors and there shall be one (1) Chairman and two (2) Vice-chairmen.

MP Article 86, Article 166 Listing Rules Article 5.05

The Board of Directors shall have executive directors, non-executive directors and independent non-executive directors.

The external directors (meaning those who do not hold any positions within the Company and carrying the same meaning below) shall make up more than half of members of the Board of Directors, of which three (3) shall be independent (non-executive) directors (meaning directors who are independent from the Company's shareholders and do not hold any positions within the Company).

Article 96 Directors shall be elected at the shareholders' general meeting each for a term of three years. At the expiry of a director's term, the term is renewable upon re-election.

MP Article 87, Article c 166, Comments on the Amendments to Articles of Association Article 4/ Listing Rules Appendix 3-4 (2) and (5)

The written notices in relation to the intention of a person to be nominated for election as a director and the indication of such person's willingness to accept the nomination shall be lodged to the Company after the day on which the notice of the shareholders' general meeting is dispatched and at least 7 days prior to the date of such meeting.

Candidates for the first session of the Board of Directors shall be nominated by the Sponsors of the Company and elected at the Company's inaugural meeting. The number of directors elected for each subsequent Board of Directors shall not be less than that stipulated in Article 95 or more than the maximum number determined at the shareholders' general meeting by an ordinary resolution. Where the number of directors elected by voting exceeds the maximum number of directors proposed, directors shall be appointed according to the maximum number proposed and on the basis that those who get the highest votes shall be appointed.

Subject to the relevant laws and administrative regulations, the shareholders' general meeting may remove any Director by ordinary resolution prior to the expiration of such Directors' term, but without prejudice to any claim for damages which such Director may have under any contract.

The Chairman and Deputy Chairman of the Board of Directors is elected and removed by a majority of all the Directors. The Chairman and Deputy Chairman and of the Board of Directors and the Directors shall be appointed for a term of three years, and may serve consecutive terms if re-elected.

Independent non-executive directors of the directors shall meet the following requirements:

Listing Rules
Appendix
3-4 (3)

- (1) independent of shareholders of the Company;
- (2) not in office within the Company; and
- (3) one of the independent non-executive directors shall possess appropriate professional qualifications and expertise in accounting or financial management in compliance with the GEM Listing Rules.

External directors shall have sufficient time and requisite expertise to perform their duties. The Company shall provide the necessary information to enable the external directors to perform their duties. Independent (non-executive) Directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

Directors other than external directors and independent non-executive directors may hold office of other senior management of the Company (except supervisors).

Directors are not required to hold shares in the Company.

Article 97 The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

MP Article
88

- (1) to convene shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to decide on the Company's operating plans, investing and financing proposal and the external guarantees of the Company;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution proposals and loss recovery proposal;
- (6) to formulate the Company's debt and financial policies, proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
- (7) to draw up the Company's material acquisition and disposal proposals and plans for the merger, division, dissolution or liquidation of the Company and change of corporate form;
- (8) to decide on the Company's internal management structure;
- (9) to appoint or dismiss the manager of the Company, to appoint or dismiss the deputy manager and financial controller of the Company according to nominations of the manager of the Company and to determine their remuneration;
- (10) to set up the basic management system of the Company, including the financial management and human resources management systems;
- (11) to formulate proposals for any amendment of the Company's Articles of Association;

Listing Rules
Appendix
3-4 (1)

- (12) to submit the proposals for application of bankruptcy of the Company;
- (13) to appoint operation and legal consultants of the Company;
- (14) to determine other major and administrative businesses, other than those required to be determined at general meetings under the Company Law and the Articles of Association, and to sign other significant agreements;
- (15) to exercise such other authorities as conferred by general meetings and under the Articles of Association.

Other than the Board of Directors' resolutions in respect of the matters specified in sub-paragraphs (6), (7) and (11) of this Article which shall be passed by the affirmative vote of more than two-thirds of all the Directors, the Board of Directors' resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the directors.

These resolutions adopted by the Board with regard to the connected transactions of the Company shall not be valid unless they are backed by the signature of the Independent (non-executive) Directors.

Article 98

The Board of Directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the sum of estimated value of the fixed assets to be disposed of and the value of such fixed assets disposed of within 4 months immediately preceding the proposed disposition exceeds 33% of the value of fixed assets shown in the latest balance sheet considered by a general meeting.

MP Article
89

For the purposes of this Article, "disposition" includes an act involving the transfer of interests in assets, but excludes the provision of guarantee by fixed assets.

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

Article 99 The Chairman of the Board of Directors shall exercise the following functions and powers: MP Article 90

- (1) to preside over general meetings and convene and preside over Board meetings;
- (2) to review on the implementation of resolutions passed by the Board of Directors;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other functions and powers granted by the Board of Directors.

When the Chairman is not available to exercise his functions and powers, he can assign a Deputy Chairman to exercise such functions and powers on his behalf.

Article 100 The meetings of the Board of Directors shall be held at least twice every year and shall be convened by the Chairman of the Board of Directors. All of the directors and supervisors shall be notified about the meeting 10 days beforehand. Where there is an urgent matter, an extraordinary meeting of the Board of Directors may be held upon requisition by the shareholders representing more than one tenth of the voting rights, more than one third of the Directors or the General Manager and by the Supervisory Committee, not subject to the provisions of Article 101 on notice of the meetings. The Chairman of the Board shall convene and preside over the meeting of the Board of Directors within 10 days upon the receipt of the requisition. MP Article 91, Article 166

The meetings of the Board of Directors shall be held in the place of incorporation of the Company in principle and may be held in other parts of the territory of the PRC in accordance with the resolution of the Board of Directors.

The language used at the meeting of the Board of Directors shall be Chinese. Where necessary, interpreters may attend the meeting to provide simultaneous interpretation service between Chinese and English languages.

Article 101 Notice of meetings and extraordinary meetings of the Board of Directors shall be delivered as follows:

- (1) For regular meetings of the Board of Directors of which the time and venue have been stipulated by the Board of Directors beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the Board of Directors of which the time and venue have not been decided by the Board of Directors beforehand, the Chairman of the Board of Directors shall notify the Directors of the time and venue of such meeting at least 10 days and at most 30 days in advance by telex, by telegram, by fax, by express delivery service or by registered mail or in person, unless otherwise provided for in Article 100.
- (3) Notice of meetings shall be served in Chinese, with an English translation attached thereto when necessary, and in each case accompanied with a meeting agenda. A director may waive his right to receive the notice of a Board meeting.

Article 102 All the Executive Directors and external Directors shall be notified the important matters that must be resolved by the Board of Directors within the period stipulated in Article 101, and be provided sufficient information at the same time. Such important matters shall be implemented in strict compliance with the required procedures. The Directors may request for supplementary information. Upon more than one-fourth of the Directors or more than 2 external Directors consider that the information provided is not sufficient or the demonstration is not clear, they may jointly propose to postpone the convening of the Board meeting or the consideration of certain matters of the agenda of the Board meeting, and the Board of Directors shall accept such proposal.

Notice of a meeting shall be deemed to be served to any Directors who attend the meeting without protesting against any lack of notice before or at its commencement.

Any regular or extraordinary meeting of the Board of Directors may be held by telephone conferencing or similar communication equipment. As long as all Directors participating in the meeting can hear and communicate clearly with each other, all such Directors shall be deemed to be present in person at the meeting.

Article 103 A Board meeting shall be held only if more than half of the Directors (including any Directors appointed pursuant to Article 104 to attend the meeting as the representatives of other Directors) are present. MP Article
93

Each Director has one (1) vote. Any resolution requires the affirmative votes of more than half of all Directors in order to be passed.

In the case of equal division of votes, the Chairman of the Board of Directors is entitled to a casting vote.

Article 104 Directors shall attend the Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may appoint another Director in written power of attorney to attend the Board meeting on his behalf. The power of attorney shall set out the authorisation scope. MP Article
94

The Director so appointed as an attorney of another Director to attend the meeting shall exercise the rights of a Director within the authorisation scope. Where a Director doesn't attend or appoint an attorney to attend a Board meeting on his behalf, he shall be deemed to waive his voting right at the meeting.

Expenses incurred by a Director for attending a Board meeting shall be paid by the Company. These expenses include the costs of transportation between the premises of the Director and the venue of the meeting in different cities and accommodation expenses during the meeting. Rent of the meeting place, local transportation costs and other out-of-pocket expenses shall be paid by the Company.

Article 105 The Board of Directors shall keep minutes in Chinese of its decisions concerning the matters under its consideration at the meeting of the Board and such meetings as are not convened. Opinions of the Independent (non-executive) Directors shall be clearly stated in the resolutions of the Board of Directors. The minutes of each Board meeting shall be provided to all the Directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the Directors present at the meeting and the person who recorded the minutes after they are finalised. The minutes of Board meetings shall be kept at the residence of the Company in the PRC and a complete copy of the minutes shall be promptly sent to each Director. MP Article
95

The Board of Directors may accept a written resolution in lieu of convening a Board meeting provided that a draft of such written resolution shall be delivered to each Director in person, by mail, by telegram or by fax. If the Board of Directors has delivered such proposed written resolution to all the Directors and the Directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the Board of Directors, such resolution shall become a resolution of the Board of Directors and there is no need to hold a Board meeting.

Directors shall be liable for resolutions of the Board. If a resolution is against the laws, administrative rules or the Articles of Association, and thus causing the Company suffers serious loss, the Directors who participate in voting shall assume the liability to compensate to the Company; but those Directors who are proved to have cast a dissenting vote which is recorded in the minutes shall be exempted from liability.

Article 106 When the matters related to a connected transaction are considered at a Board meeting, the connected Directors shall be abstained from voting and the numbers of votes held by them shall not be included in the total numbers of valid votes; the resolution of the Board meeting shall fully disclose the voting results of the non-connected Directors. If the votes of the connected Directors can not be avoided under special circumstances, the Company may vote in accordance with normal procedures, but shall give a detailed description in the resolution of the meeting.

Listing Rules
Appendix
3-4 (1),
and refer to
Appendix –
Note 5

The “connected Directors” mentioned in this Article refers to the directors, among whom each holds 5% or above interests in the transaction.

CHAPTER 11 SECRETARY OF THE BOARD OF DIRECTORS

Article 107 The Company shall have one (1) secretary of the Board of Directors. The secretary shall be senior management personnel of the Company, who assumes the obligations as required by the laws, the regulations and the Articles of Association of the Company, has the appropriate working responsibilities and receives the corresponding remuneration.

MP Article
96

Article 108 The secretary of the Company's Board of Directors shall be a natural person who has the requisite knowledge of laws and regulations and the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. MP Article
97

The responsibilities of the secretary of the Board of Directors are to ensure the Company has a complete file of organisations documents and records; to ensure the Company prepares and submits all reports and documents, as required by laws, to responsible organisations of the PRC; to ensure the register of the shareholders of the Company to be set up, and to ensure timely access to records and documents related to the Company by individuals with the right of access.

Article 109 A Director or a senior management person of the Company may concurrently act as the secretary of the Company's Board of Directors. An accountant of the accounting firm engaged by the Company, the General Manager of the Company or a chief financial officer of the Company may not concurrently act as the secretary of the Company's Board of Directors. MP Article
98

In the case of a Director acting concurrently as secretary of the Board and an action has to be taken by a Director and the secretary of the Board separately, the Director acting concurrently as secretary of the Board may not act in his capacity as both director and secretary of the Board.

Article 110 The secretary of the Board shall diligently exercise his duties in accordance with the relevant provisions of the Articles of Association.

The secretary of the Board shall assist the Company in complying with the relevant PRC laws and the relevant laws, regulations, ordinances and the rules of the securities exchange on which the shares of the Company are listed.

CHAPTER 12 GENERAL MANAGER OF THE COMPANY

Article 111 The Company shall have one (1) manager who shall be appointed or dismissed by the Board of Directors. MP Article
99

Article 112 The manager of the Company shall be accountable to the Board of Directors and shall exercise the following duties and powers: MP Article 1

- (1) to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board of Directors;
- (2) to organise the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to draft the Company's basic regulations;
- (6) to propose the appointment or dismissal of the assistant managers and the chief financial officers of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) other duties and powers conferred by the Articles of Association and the Board of Directors.

Article 113 The manager of the Company shall attend Board meetings. The manager who is not a director shall attend Board meetings and is entitled to receive notices of meetings and other relevant documents, but do not have any voting rights at Board meetings. MP Article 101

Article 114 In performing their duties and powers, the manager and assistant managers shall not amend the resolutions of the shareholders' general meetings and the Board of Directors or exceed the authorisation scope.

Article 115 In performing their duties and powers, the manager and assistant managers shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association. MP Article 102

Article 116 The manager, assistant managers and other senior management personnel of the Company who ask for resignation shall submit written notice to the Board of Directors three (3) months in advance; the manager of a department who asks for resignation shall submit written notice to the manager of the Company two (2) months in advance.

CHAPTER 13 SUPERVISORY COMMITTEE

Article 117 The Company shall have a Supervisory Committee. The Supervisory Committee is a permanent supervisory organisation of the Company, and is responsible for the supervision of senior management personnel, including the Board of Directors and its members, manager, assistant managers and chief financial officers, to prevent them from abusing their authorities and assaulting the legal rights and interests of shareholders, the Company and the employees of the Company. MP Article 103

Article 118 The Supervisory Committee consists of three (3) supervisors, one of whom shall serve as the Chairman of the Supervisory Committee. A supervisor shall have a term of office for three years and can be re-elected. MP Article 104, Article 166/
Comments on the Amendments to Articles of Association Article 5/
Listing Rules Appendix 11C – 1 (d) (i) and (ii)

(1) The appointment or removal of the Chairman of the Supervisory shall be passed by more than half of the members of the Supervisor.

(2) The resolutions of the Supervisory shall be passed by more than half of the members of the Supervisory.

Article 119 The Supervisory Committee consists of two (2) representatives of shareholders and one (1) representative of employees of the Company. The external supervisors (refer to those supervisors who do not hold office in the Company) shall represent more than half of the members of the Supervisory Committee. MP Article 105, Article 166

The representatives of shareholders shall be elected and dismissed by the shareholders' general meeting, and the representative of the employees of the Company shall be elected and dismissed by the employees of the Company democratically.

Article 120 Directors, managers, assistant managers, chief financial officers and other senior management personnel of the Company may not serve as supervisors concurrently. MP Article 106

Article 121 Supervisors' meetings shall be held regularly at least once every six months. The meetings shall be convened by the Chairman of the Supervisory Committee. Ten (10) days notice shall be given to all Supervisors for the convening of a Supervisors' meeting. Upon anything urgent, an extraordinary Supervisors' meeting can be held under the proposal raised by the Supervisors, not subject to the notice of the Supervisors' meetings mentioned below. MP Article 107, Article 166

Supervisors' meetings shall be held in the place of incorporation of the Company in principle and may be held in other places within the PRC in accordance with the resolution of the Supervisory Committee.

Notice of meetings of the Supervisory Committee shall be delivered as follows:

- (1) For regular meetings of the Supervisory Committee of which the time and venue have been stipulated by the Supervisory Committee beforehand, no notice of the convening of such meetings will be needed.
- (2) For the meeting of the Supervisory Committee of which the time and venue have not been decided by the Supervisory Committee beforehand, the Chairman of the Supervisory Committee shall notify the Supervisors of the time and venue of such a meeting at least ten (10) days and at most thirty (30) days in advance by telex, by telegram, by fax, by express delivery service or by registered mail or in person, except otherwise stipulated in paragraph 1 of this Article.
- (3) Notice of a meeting may be served in Chinese, with an English translation attached thereto when necessary, and in each case accompanied with a meeting agenda. A Supervisor may waive his right to receive the notice of the Supervisors' meetings.

Notice of a meeting shall be deemed to be served to any Supervisors who attend the meeting without protesting against any lack of notice before or at its commencement.

Any regular or extraordinary meeting of the Supervisory Committee may be held by telephone conferencing or similar communication equipment. As long as all Supervisors participating in the meeting can hear and communicate clearly with each other, all such Supervisors shall be deemed to be present in person at the meeting.

The Supervisory Committee may accept a written resolution in lieu of convening a Supervisors' meeting provided that a draft of such written resolution shall be delivered to each Supervisor in person, by mail, by telegram or by fax. If the Supervisory Committee has delivered such proposed written resolution to all the Supervisors and the Supervisors who signed and approved such resolution have reached the required quorum, such resolution shall become a resolution of the Supervisory Committee and there is no need to hold a Supervisors' meeting.

Article 122 The Supervisory Committee shall be responsible to the shareholders' general meeting and exercise the following duties and powers in accordance with law:

MP Article
108

- (1) to review the Company's financial position;
- (2) to supervise the Directors, managers and other senior management personnel of the Company to ensure that they do not act in contravention of any law, administrative regulations or the Articles of Association during their performance of duties;
- (3) to demand the Directors, managers and other senior management personnel of the Company to rectify their error if they have acted in a harmful manner to the Company's interest;
- (4) to check and inspect the financial information such as the financial report, operation report and plans for profits distribution to be submitted by the Board of Directors to the shareholders' general meetings, and to authorise, in the Company's name, publicly certified accountants and practicing auditors to assist in the review on such information should any doubt arise in respect thereof;

- (5) to propose to convene an extraordinary general meeting;
- (6) to propose a motion to the shareholders' general meeting;
- (7) to represent the Company in negotiations with or in bringing actions against a Director;
- (8) other functions and powers specified in the Company's Articles of Association.

The Supervisory Committee has the right to give suggestions on the appointment of the accounting firm by the Company. When necessary, has the right to appoint another accounting firm on behalf of the Company to conduct independent examination on the financial issues of the Company, could directly report the situations to the securities regulatory authorities of the State Council and other regulatory departments.

The external supervisors are entitled to report independently to the shareholders' general meeting the performance of good faith and diligence of senior management personnel of the Company.

Supervisors shall attend Board meetings

Article 123 A Supervisors' meeting shall be held only upon more than two-thirds of the members of the Supervisory Committee are present. Each Supervisor has one (1) vote.

MP Article 109, Article 166/ Comments on the Amendments to Articles of Association Article 6

Article 124 All reasonable fees incurred in respect of the employment of professionals (such as lawyers, certified public accountants or practicing auditors) which are required by the Supervisory Committee in the exercise of its functions and powers shall be borne by the Company.

MP Article 110

Article 125 A supervisor shall carry out his duties faithfully and bona fide in accordance with laws, administrative regulations and the Articles of Association.

MP Article 111

CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL OF THE COMPANY

Article 126 A person may not serve as a Director, Supervisor, manager or other senior management personnel of the Company if any of the following circumstances apply:

MP Article
112

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty for corruption, bribery, encroachment of property or misappropriation of property or other crimes which destroy the social economic order, and not more than five (5) years have lapsed since the sentence was served or a person who has been deprived of his political rights and not more than five (5) years have lapsed since the sentence was served;
- (3) a person who was the former director, factory director or manager of a company or enterprise and who is personally liable for the bankruptcy or liquidation of the company or enterprise, where the period of time that has elapsed since the date of the completion of such bankruptcy or liquidation is less than three (3) years;
- (4) a person who was a former legal representative of a company or enterprise the business licence of which was revoked and was ordered to close due to the violation of law and who is personally liable therefor, where the period of time that has elapsed since the date of the cancellation of the business licence is less than three (3) years;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

- (8) a person other than a natural person;
- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have lapsed from the date of such conviction;

A person who is the controlling shareholder and takes executive post as one of the management personnel can not concurrently act as the manager, assistant manager, chief financial officer, sales director or the secretary of the Board.

Article 127 The validity of an act carried out by a Director, manager or other senior management personnel of the Company on its behalf shall, as against a bona fide third party, not be affected by any irregularity in his office, election or any defect in his qualification. MP Article 113

Article 128 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, each of the Company's Directors, Supervisors, manager or other senior management personnel owes a duty to each shareholder, in the exercise of the duties and powers of the Company entrusted to him: MP Article 114

- (1) not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business licence;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (but not limited to) usurpation of opportunities which may benefit the Company;
- (4) not to deprive of the individual interest of shareholders, including (but not limited to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders in general meeting for approval in accordance with the Articles of Association.

Article 129 Each of the Company's Directors, Supervisors, manager and other senior management personnel owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. MP Article
115

Article 130 Each of the Company's Directors, Supervisors, manager and other senior management personnel shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (but not limited to) performance of the following obligations: MP Article
116

- (1) to act bona fide in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to transfer the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise stipulated in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to abuse his position to accept bribes or other illegal income or expropriate the public property in any way, including (but not limited to) opportunities which benefit the Company;

- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with the Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person; not to use the Company's assets to set up deposit accounts in his own name or in the any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
 - i. stipulated by law;
 - ii. required for the public interest;
 - iii. required for the own interest of such Director, Supervisor, manager or other senior management personnel of the Company.

Article 131 A Director, Supervisor, manager or senior management person of the Company may not direct the following persons or organisations ("connected persons") to do what such a Director, Supervisor, manager or senior management person may not do:

MP Article
117

- (1) the spouse or minor child of a Director, Supervisor, manager or senior management person of the Company;

- (2) the trustee of a Director, Supervisor, manager or senior management person of the Company or any person referred in sub-paragraph (1) of this Article hereof;
- (3) the partner of a Director, Supervisor, manager or senior management person of the Company or any person referred in sub-paragraphs (1) and (2) of this Article hereof;
- (4) the company over which a Director, Supervisor, manager or senior management person of the Company, alone or jointly with any person referred to in sub-paragraphs (1), (2) and (3) hereof or any other Director, Supervisor, manager or senior management person of the Company, has actual control;
- (5) the directors, supervisors, manager and other senior management personnel of a company which is being controlled in the manner set out in sub-paragraph (4) of this Article.

Article 132 The duty of a Director, Supervisor, manager and other senior management personnel of the Company to act in good faith does not necessarily terminate on the expiration of their term of office. His duty of confidentiality in respect of trade secrets of the Company survives the termination of his tenure. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship between the relevant Director, Supervisor, General Manager and the senior management personnel on one hand and the Company on the other hand was terminated.

MP Article
118

Article 133 A Director, Supervisor, manager and other senior management personnel of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting, save under the circumstances of Article 53 of the Articles of Association.

MP Article
119

Article 134 Where a Director, Supervisor, manager and other senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board of Directors.

MP Article
120

Unless the interested Director, Supervisor, manager and other senior management personnel disclosed his interests in accordance with the preceding sub-paragraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the Director, Supervisor, manager or senior management personnel is not counted as part of the quorum and refrains from voting, or from entering into a contract, transaction or arrangement in which that senior management personnel is materially interested is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested senior management personnel.

A Director, Supervisor, manager and other senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

Article 135 Where a Director, Supervisor, manager and other senior management personnel of the Company gives to the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

MP Article
121

Article 136 The Company shall not pay taxes for or on behalf of a Director, Supervisor, manager and other senior management personnel in any manner.

MP Article
122

Article 137 The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a Director, Supervisor, manager and other senior management personnel of the Company or its holding company or any of their respective associates. MP Article 123

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to its Directors, Supervisors, manager and other senior management personnel to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a Director, Supervisor, manager and other senior management personnel or his associates in the ordinary course of its business on normal commercial terms.

Article 138 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Articles shall, irrespective of the terms of the loan, forthwith repay such funds. MP Article 124

Article 139 A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 137 (1) shall not be enforceable against the Company, save in respect of the following circumstances: MP Article 125

- (1) the guarantee was provided in connection with a loan which was made to an associate of a Director, Supervisor, manager and other senior management personnel of the Company or the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan;
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 140 For the purposes of the foregoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided by the obligor to secure his performance of obligations. MP Article
126

Article 141 In addition to any rights and remedies provided by laws and administrative regulations, where a Director, Supervisor, manager and other senior management personnel of the Company breaches the duties which he owes to the Company, the Company has a right: MP Article
127

- (1) to demand such a Director, Supervisor, manager or other senior management personnel to compensate it for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such a Director, Supervisor, manager and other senior management personnel or between the Company and a third party (where such third party knows or should have known that such a Director, Supervisor, manager and other senior management personnel representing the Company has breached his duties owed to the Company);
- (3) to demand such a Director, Supervisor, manager and senior management person to surrender the gains made as result of the breach of his obligations;
- (4) to recover any funds received by such a Director, Supervisor, manager and senior management person that should have been received or might have been received by the Company, including (but not limited to) commissions;
- (5) to demand repayment of interest earned or which may have been earned by a Director, Supervisor, manager and other senior management personnel on money that should have been paid to the Company.

Article 142 The Company shall make written contract with a Director or Supervisor in relation to emoluments. The emoluments shall be approved in advance by shareholders' general meeting. The aforesaid emoluments include:

- (1) emoluments in respect of his service as Director, Supervisor or senior management personnel of the Company;
- (2) emoluments in respect of his acting as a director, supervisor or a senior management personnel of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) payment by means of compensation for loss of office, or as consideration for or in connection with his retirement from office.

No proceedings may be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the preceding contract.

Article 143 The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Company's Directors and Supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purposes of the preceding Article, the acquisition of the Company includes any of the following:

- (1) an offer made by any person to the general body of shareholders;
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 54 hereof.

If the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer; the expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant Director or Supervisor and shall not be paid out of such sum.

CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION

Article 144 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the PRC enterprise accounting standards formulated by the finance competent department of the State Council. MP Article 130

Article 145 The accounting year of the Company shall coincide with the calendar year which is from 1 January to 31 December on the Gregorian calendar. MP Article 131

The Company shall adopt RMB as its accounts keeping unit. All accounts shall be written in Chinese.

At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

Article 146 The Board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare. Such reports shall be verified. MP Article 132

Article 147 The financial reports of the Company shall be available for inspection by the shareholders 20 days prior to an annual shareholder's general meeting. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in the Articles of Association. MP Article 133/
Comments on the Amendments to Articles of Association Article 7/
Listing Rules Appendix 3 Article 5

The Company shall send to each holder of Overseas Listed Foreign Shares by prepaid mail at the address registered in the register of shareholders the aforesaid reports (including the balance sheet, profit and loss account, income and expenditure account or summarized financial report, as well as other documents stipulated by law) and directors' reports twenty-one (21) days prior to the date of every annual general meeting.

Article 148 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place overseas where the shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its profits after tax, the lower of the two amounts shown in the financial statements shall be adopted.

MP Article
134

Article 149 Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC enterprise accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the shares of the Company are listed.

MP Article
135

Article 150 The Company shall publish four financial reports every accounting year. That is, the quarterly and interim reports shall be published within forty-five (45) days of the end of the first three (3) months, six (6) months and nine (9) months of the accounting year and the annual report shall be published within ninety (90) days of the end of the accounting year.

MP Article
136/ Listing
Rules Article
18.03, 18.53
and 18.66

Article 151 The Company shall not keep accounts other than those required by law.

MP Article
137

Article 152 When allocating the after-tax profits of the current year, the Company shall allocate ten (10) percent of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than fifty (50) percent of the registered capital of the Company, no allocation is needed.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses of the Company on the previous year, before allocating the statutory common reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocating the statutory common reserve fund from the after-tax profits of the Company, the Company can allocate the arbitrary common reserve fund according to the resolution of shareholders' general meeting.

After making up the losses and allocating the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their shareholdings.

Article 153 Before making up the losses and allocating the statutory common reserve fund, the Company shall not distribute the dividends or carry out other distributions by way of bonus.

Article 154 Capital common reserve fund includes the following items:

MP Article
138

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital common reserve fund by the regulations of the finance competent department of the State Council.

Article 155 The common reserve fund of the Company shall only be applied for compensating the losses, expansion of production and operation, or converting the common reserve fund into the capital of the Company. However, the capital common reserve fund of the Company shall not be used to compensate the loss of the Company.

The Company may convert its common reserve fund into capital subject to the resolution of the shareholders' general meeting. When such conversion takes place, the Company shall distribute new shares to the shareholders in proportion to their shareholdings, provided, however, that when the statutory common reserve fund is converted into capital, the balance of the statutory common reserve fund may not fall below twenty-five (25) percent of the registered capital of the Company.

Article 156 The payments of any share having been paid before the demand for payment shall enjoy interest, however, the shareholders shall have no right to dividend distributed thereafter in respect of the advance payments of shares.

Listing Rules
Appendix
3-3 (1) and
(2)

As for the right of obtaining the dividends having not been drawn, it may not be exercised until the application term prescribed by relevant laws and/or regulations and/or ordinances expires.

Article 157 The Company may distribute dividends in the following forms:

- (1) cash;
- (2) shares.

Article 158 The Company shall calculate, declare and pay cash dividends and other amounts which are payable to the holders of Domestic Shares in RMB. The Company shall calculate and declare cash dividends and other amounts which are payable to the holders of Overseas Listed Foreign Shares in RMB, and shall pay such amounts in Hong Kong Dollars. As for the foreign currency needed, it shall be handled in accordance with the related national regulations on foreign exchange control.

Article 159 Unless otherwise stipulated by related laws or administrative regulations, for cash dividends and other amounts paid in Hong Kong dollars, the applicable exchange rate shall be the average median price of the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.

Article 160 The shareholders' general meeting may authorise the Board of Directors to distribute interim or special dividends unless otherwise determined by the shareholders' general meeting.

Article 161 In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of Taxation Law of the PRC and in consideration of the distributed sum.

Article 162 The Company shall appoint receiving agents for holders of the Overseas Listed Foreign Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas Listed Foreign Shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the shares of the Company are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of Overseas Listed Foreign Shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

- Article 163 (1) The Company may exercise of power to terminate the delivery of share dividend warrants by post, if such dividend warrants haven't been cashed, then such power shall be exercised only after such dividend warrants haven't been cashed twice. However, upon such dividend warrants can't be served initially to the recipient and have been returned, such power can be exercised also.
- (2) As to sale shares of untraceable shareholders, unless complying with the following provisions, the Company shall not exercise such power:
- (a) The relevant shares have been distributed at least three times of dividends within 12 years, and no dividend is claimed during that period; and
 - (b) After the expiry of 12 years, and subject to the approval of the securities authority of the State Council, the Company publishes an advertisement in the newspapers, indicating its intention to sell shares, and it shall notify The Stock Exchange of Hong Kong Limited.

Listing Rules
Appendix
3-13 (1) and
(2)

CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRM

- Article 164 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

MP Article
141

The first accounting firm of the Company may be appointed by the founders' meeting before the first shareholders' meeting. The term of appointment of the accounting firm shall terminate at the end of the first shareholders' meeting.

If the founders' meeting does not exercise its duties and powers according to the aforementioned provisions, then the Board of Directors shall exercise its duties and powers.

- Article 165 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders. MP Article 142
- Article 166 The accounting firm appointed by the Company shall be entitled the following rights: MP Article 143
- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the Directors, Manager and other senior management personnel of the Company to supply relevant information and explanations;
 - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
 - (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.
- Article 167 If there is a vacancy in the position of the accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises. MP Article 144
- Article 168 The shareholders in a general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby. MP Article 145
- Article 169 The emolument of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting by ordinary resolution. The emolument of an accounting firm appointed by the Board of Directors which is to fill the vacancy shall be determined by the Board of Directors. MP Article 146

Article 170 The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a general meeting by ordinary resolution. Such resolution shall be filed with the securities competent authority of the State Council.

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

- (1) A copy of the appointment or removal proposal shall be sent before notice of meeting is given to the shareholders to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year. Reference as leaving herein includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations are received too late) take the following measures:
 - i. in any notice of the resolution given to shareholders, state the fact of the representations having been made by the accounting firm leaving its post;
 - ii. attach a copy of the representations to the notice and deliver it to the shareholders entitled to receive the notice of shareholders' general meeting in the manner stipulated by the Articles of Association.
- (3) If the Company fails to circulate the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting.

- (4) An accounting firm which is retired from its office shall be entitled to attend the following meetings:
- i. the general meeting at which its term of office would otherwise have expired;
 - ii. the general meeting at which it is proposed to fill the vacancy caused by its removal;
 - iii. the general meeting which convened as a result of its voluntary resignation.

The leaving accounting firm has the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as the former accounting firm of the Company.

Article 171 Prior notice should be given to the accounting firm in advance if the Company decides to remove or not to renew appointment of such accounting firm. Such accounting firm shall be entitled to make representations at the general meeting. Where the accounting firm resigns from its position as the Company's auditors, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

MP Article 148/
Comments on the Amendments to Articles of Association Article 10/
Listing Rules Appendix 11C – 1(e)
(ii), (iii), (iv)

An accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

Where a notice is served under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant competent authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such a statement shall be placed in the office of the Company for shareholders' inspection. The Company shall also send a copy of such a statement by prepaid mail to every shareholder who is entitled to obtain the financial reports of the Company, including but not limited to every shareholder of Overseas Listed Foreign Shares, at the address registered in the register of the shareholders.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the Board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

CHAPTER 17 INSURANCE

Article 172 The insurance of the Company shall be purchased from the People's Insurance Company of China or other insurance companies registered in the PRC and allowed by the laws of the PRC to provide insurance coverage to PRC companies.

The types of insurance, the insured amounts and other terms and periods of the Company's insurance shall be discussed and decided by the Board of Directors based on the practices of similar industries in other countries and the practice and legal requirements in the PRC.

CHAPTER 18 LABOUR MANAGEMENT

Article 173 The Company shall formulate its labour management, personnel management, wages and welfare system and social insurance system in accordance with the provisions of the PRC laws and administrative rules.

Article 174 In respect of all levels of management personnel, the Company shall adopt an appointment system and in respect of ordinary staff and workers, the Company shall adopt a contract system. The Company shall have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and, in accordance with administrative rules and the terms of contracts, dismiss management personnel and staff and workers.

Article 175 The Company shall have autonomy in determining the levels of wages and welfare benefits for various levels of its management personnel and staff and workers in accordance with its own economic results and to the extent permitted by the relevant administrative rules.

Article 176 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the relevant PRC local and central governmental administrative rules and shall implement the laws, administrative rules and the relevant requirements in respect of labour insurance for the retired and unemployed staff and labour protection.

CHAPTER 19 TRADE UNION ORGANIZATION

Article 177 The staff and workers of the Company shall be entitled to establish a trade union organization and carry out trade union activities in accordance with the Trade Union Law of PRC. The activities of the trade union organization shall be carried out beyond the normal working hours unless otherwise prescribed by the board of directors.

In each month, the Company shall allocate 2% of the total amount of actual wages paid to the staff and workers to the trade union fund. Such fund shall be used by the trade union in accordance with the “Measures for the Management of Trade Union Funds” formulated by the All-China Federation of Trade Unions.

CHAPTER 20 MERGER AND DIVISION OF THE COMPANY

Article 178 In the case of merger or division of the Company, the Board of Directors shall provide the proposal, and, upon approval in accordance with the procedures under the Articles of Association, deal with the relevant approval procedures pursuant to laws. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders’ shareholding at a fair price.

MP Article
149

The contents of the resolution of merger or division of the Company shall be made into special documents for shareholders’ inspection. Such special documents shall be sent by mail to holders of Overseas Listed Foreign Shares that are listed in Hong Kong.

Article 179 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

MP Article
150/ Listing
Rules
Appendix
3-7 (1)

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date on which the Company's merger resolution is passed, and shall publish an announcement in a newspaper within 30 days.

A creditor has the right within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

Article 180 Where there is a division of the Company, its assets shall be divided up accordingly.

MP Article
151/ Listing
Rules
Appendix
3-7 (1)

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date on which the Company's division resolution is passed, and shall publish an announcement in a newspaper within 30 days.

Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, provided that otherwise written agreements has been reached between the Company and the creditor upon the insolvency of debts.

Article 181 The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. MP Article
152

CHAPTER 21 DISSOLUTION AND LIQUIDATION

Article 182 The Company shall be dissolved and liquidated in accordance with the relevant laws, administrative regulations, provisions and procedures upon the occurrence of following circumstances: MP Article
153

- (1) the expiry of the term of business operation or the occurrence of other causes for dissolution prescribed by the Articles of Association;
- (2) a resolution regarding the dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) the Company is ordered to have its business licence revoked or be closed down or dissolved because of its violation of laws and administrative regulations.

Article 183 In the circumstance of subparagraph (1) of the preceding Article, the Articles of Association may be amended so that the Company can continue to exist. Any amendment to the Articles of Association shall be passed at least by two thirds of the voting shares of the shareholders attending the shareholders' general meeting. MP Article
154

A liquidation committee shall be set up within fifteen (15) days of the Company being dissolved pursuant to sub-paragraph (1), (2) of the preceding Article, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders' general meeting. If the Company fails to set up the liquidation committee within the time limit, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the People's Court will, according to related laws, organise shareholders, related authority and professionals to establish a liquidation committee so as to conduct the liquidation.

Where the Company is dissolved under sub-paragraph (5) of the preceding Article, the relevant authorities shall organise the shareholders, relevant organisations and related professional personnel to establish a liquidation committee to carry out the liquidation.

Article 184 Where the Board of Directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be capable to pay its debts in full within 12 months from the commencement of the liquidation.

MP Article
155

Upon the passing of the resolution by the shareholders in a general meeting in relation to the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

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

Article 185 The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper. The liquidation committee shall register the creditors' rights. MP Article 156/ Listing Rules Appendix 3-7 (1)

Article 186 During the liquidation period, the liquidation committee shall exercise the following duties and powers: MP Article 157

- (1) to categorise the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

Article 187 After categorising the Company's assets and preparing the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the relevant authority for confirmation. MP Article 158

After payment of the liquidation costs, the assets of the Company shall be used to settle the following in order of priority:

- (1) to pay accrued wages, social security insurance premiums and statutory compensations for employees of the Company;
- (2) to pay outstanding taxes;
- (3) to pay bank loans, corporate debentures and other debts and liabilities of the Company.

The remaining assets of the Company after payment has been made under the previous provision shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business during the process of liquidation.

Article 188 Upon completion of the categorisation of the Company's assets and preparation a balance sheet and an inventory of assets in connection with the liquidation of the Company, if the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court in accordance with laws for a declaration of insolvency.

MP Article
159

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

Article 189 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the general meeting or relevant authorities for confirmation.

MP Article
160/ Listing
Rules
Appendix
3-7 (1)

The liquidation committee shall, within thirty (30) days after the confirmation of the shareholders' general meeting or the competent authority, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for the cancellation of registration of the Company, and make a public announcement relating to the termination of the Company. Such public announcement shall be published in a newspaper.

CHAPTER 22 PROCEDURES FOR AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

Article 190 The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association. MP Article 161

Article 191 the following procedures shall be followed when amending the Company's Articles of Association:

- (1) the Board of Directors shall adopt a resolution thereon in accordance with the Articles of Associations and prepare a proposal for amendment of the Articles;
- (2) the foregoing proposal shall be furnished to the shareholders and a shareholders' meeting shall be convened for voting on it;
- (3) the amendments presented to the shareholders' meeting shall be adopted through a special resolution.

Article 192 Where the amendments to the Articles of Association involve anything set out in the Mandatory Provisions, the amendments shall be effective upon the approval of the State Council authorised approving authorities and the China Securities Regulatory Commission. MP Article 162

Article 193 If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law. MP Article 162

CHAPTER 23 NOTICE

Article 194 Unless as otherwise provided by the Articles of Association, all the notices, materials or written statements issued by the Company to holders of Overseas Listed Foreign Shares shall be delivered by messenger or by pre-paid mails to the registered address of each holder of such shares. Listing Rules Appendix 3-7 (3)

Article 195 When served by mail, the notice shall be put into an envelope on which the address is clearly written with prepaid postage. The notice shall be deemed as sent when the same is deposited into a mail box, and shall be deemed as served 48 hours after it has been sent.

CHAPTER 24 RESOLUTION OF DISPUTES

Article 196 The Company shall abide by the following principles for dispute resolution:

MP Article
163/
Comments
on the
Amendments
to Articles of
Association
Article 11

- (1) Whenever any disputes or claims arise between: holders of the Overseas Listed Foreign Shares and the Company; holders of the Overseas Listed Foreign Shares and the Company's Directors, Supervisors, Manager or other senior management personnel; or holders of the Overseas Listed Foreign Shares and holders of Domestic Shares, in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the Company Law and other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim referred to in the preceding paragraph is referred to arbitration, the entire dispute or claim must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company or the Company's shareholders, Directors, Supervisors, Manager or other senior management personnel, comply with the decisions made in the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

- (3) If any disputes or claims of rights are settled by means of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The judgement of an arbitral body shall be final and conclusive and binding on all parties.

CHAPTER 25 SUPPLEMENTARY

Article 197 The Articles of Association shall be adopted by a special resolution at the Company's general meeting. The Articles of Association were adopted at the general meeting of the Company held on 25 May 2023 and formally came into effect.

Article 198 The expressions of "above", "below" shall include the figures mentioned whilst the expressions of "short of", "without" shall not include the figures mentioned.

Article 199 The Articles of Association's unsettled matters shall be resolved by submitting them to the shareholders' general meeting by the Board of Directors.

Article 200 The Articles of Association are written in Chinese. The Chinese version passed at the last Shareholders' General Meeting shall prevail.

Article 201 The right to interpret the Articles of Association vests with the Board of Directors of the Company, and the right to revise the Articles of Association vests with shareholders' General Meeting. The right of revision may be authorised to the Board of Directors by the General Meeting.

Article 202 In the Articles of Association, the term "accounting firm" shall have the same meaning as "auditor" and the terms "manager" and "assistant manager" shall refer to the "general manager" and "assistant general manager" of the Company, respectively.

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Article 203 The “Mandatory Provisions”, “Comments on the Amendments to Articles of Association” and the “Listing Rules” in the marginal notes to the relevant provisions of the Articles shall mean that such provisions were made in accordance with the relevant requirements of Mandatory Provisions for the Articles of Association of Companies Listing Overseas issued by the State Council Securities Committee and the State Commission for Restructuring the Economic System on 27 August 1994, Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong issued by the Overseas Listing Department of the CSRC and the Production System Department of State Commission for Restructuring the Economic System on 3 April 1995 and the GEM Listing Rules as amended from time to time.

Biosino Bio-Technology and Science Incorporation
Legal Representative

Wu Lebin

* *For identification purpose only*