ARTICLES OF ASSOCIATION

OF

Biosino Bio-Technology and Science Incorporation*

(approved by a special resolution passed at the Extraordinary General Meeting held on 20 November 2026)

(the Chinese version shall prevail in case of any discrepancies or inconsistencies between this English version and its Chinese translation)

* *For identification purpose only*

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ARTICLES OF ASSOCIATION
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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") and other relevant laws and regulations of the State.

The Guidelines for the Articles of Association of Listed Companies, Article 2, Article 19

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*

The Guidelines for the Articles of Association of Listed Companies, Article 4

* *For identification purpose only*

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	The Guidelines for the Articles of Association of Listed Companies, Article 5
Article 4	The legal representative of the Company shall be a director or a manager who executes the affairs of the Company on behalf of the Company and elected or replaced by the Board of Directors. If a director or a manager who serves as the legal representative resigns, he/she shall be deemed to have resigned as the legal representative at the same time. If the legal representative resigns, the Company should appoint a new legal representative within thirty days from the date of resignation.	The Guidelines for the Articles of Association of Listed companies, Article 8 Company Law, Article 10
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.	The Guidelines for the Articles of Association of Listed companies, Article 7, Article 9
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, other national laws, administrative regulations and related rules.	
Article 7	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 organization and activities, the rights and obligations between the Company and its shareholder and among the shareholders.	The Guidelines for the Articles of Association of Listed companies, Article 10

Article 8

The Articles of Association are binding on the Company and its shareholders, directors, 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.

The Guidelines for the Articles of Association of Listed companies, Article 10

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, managers and other senior management personnel of the Company pursuant to the Articles of Association.

Article 9

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.

Article 10

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 shareholders in exercising the above rights.

CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE OF BUSINESS

Article 11

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.

The Guidelines for the Articles of Association of Listed companies, Article 13

Article 12 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.

The Guidelines for the Articles of Association of Listed companies, Article 14

Article 13 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 according to applicable laws.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14 There must, at all times, be ordinary shares in the Company, which include "Domestic Shares" and "Foreign Shares". The Company may, according to its requirements, create different classes of shares in accordance with the laws.

Company Law, Article 114

Article 15 The shares issued by the Company shall each have a par value of RMB1.00. "RMB" as mentioned above means the legal currency of the PRC.

The Guidelines for the Articles of Association of Listed companies, Article 17

Article 16 The Company may issue shares to Domestic Investors and Foreign Investors according to laws. If the Company issues securities in the same overseas market, it shall file with the China Securities Regulatory Commission (hereinafter referred to as "CSRC") in accordance with the regulations.

Pilot Administrative Measures for the Overseas Securities Offering and Listing by Domestic Enterprises, Article 16

"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 17 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.

"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 18 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 Hong Kong Stock Exchange, the Domestic Shares can be converted into H Shares.

Article 19 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.

Upon the incorporation of the Company, the shareholding of each of the Sponsors was as follows:

Name of Sponsor	Number of shares held	Shareholding percentage	Form of contribution	Date of contribution
Institute of Biophysics, Chinese Academy of Sciences	34,308,576	49.0%	Net assets	9 April 2001
Beijing Enterprises High-Tech Development Co., Ltd. (北控高科技發展有限公司)	24,506,143	35.0%	Cash	6 April 2001
Zhejiang Huangyan Fine Chemicals Group Co., Ltd. (浙江黃岩精細化學品集團有限公司)	5,951,492	8.5%	Cash	9 April 2001
Shanghai Lianchuang Venture Capital Co., Ltd. (上海聯創創業投資有限公司)	3,500,878	5.0%	Cash	5 April 2001
Zhu Yigui	1,050,263	1.5%	Cash	9 April 2001
Fan Rong	700,176	1.0%	Cash	9 April 2001
Total	70,017,528	100%	/	/

Article 20

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.

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.

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 sponsors, 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 following the issue of H-shares, 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 2010 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 sponsor), 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 sponsor) and Fan Rong (as our sponsor) 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 (as our sponsor). 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.

Article 21 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.

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 22 The Company may, based on its operation and development needs, increase its capital by the following means in accordance with the provisions of the laws and regulations upon resolutions of the shareholders' general meeting:

The Guidelines for the Articles of Association of Listed Companies, Article 22

(1) public offering of shares;

(2) non-public offering of shares;

(3) distributing bonus shares to existing shareholders;

(4) converting provident fund into share capital increases;

(5) other means permitted by laws and administrative regulations.

Article 23 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.

Article 24 The Company or the Company's subsidiaries (including the Company's affiliated enterprises) shall not provide any financial assistance in the form of grants, advances, guarantees, compensation or loans to persons who purchase or propose to purchase the shares of the Company.

The Guidelines for the Articles of Association of Listed Companies, Article 21

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 25

According to the provisions of the Articles of Association, the Company may reduce its registered capital.

The Guidelines for the Articles of Association of Listed Companies, Article 23

Article 26

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

The Guidelines for the Articles of Association of Listed Companies, Article 177

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 or on the National Enterprise Credit Information Publicity System 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.

Company Law, Article 224

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

Article 27

The Company shall not acquire shares of the Company. However, except in one of the following circumstances:

The Guidelines for the Articles of Association of Listed Companies, Article 24, Article 25, Article 26

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

(2) merging with another company that holds shares in the Company;

(3) use of shares for employee stock ownership plan or equity incentive;

(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) use of shares for conversion of corporate bonds issued by the Company that are convertible into shares;

(6) necessary for the Company to preserve the value of the Company and the rights of its shareholders;

(7) 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 (2). If the Company acquires the shares of the Company due to the circumstances specified in subparagraphs (3), (5) and (6) of the preceding paragraph, it may, in accordance with the provisions of the Articles of Association or the authorisation of the shareholders' general meeting, resolve to do so at a meeting of the Board of Directors at which more than two-thirds of the directors are present.

After the Company acquires the shares of the Company in accordance with the provisions of paragraph (1) of this Article, the shares belonging to the circumstances of paragraph (1) shall be cancelled within ten days from the date of acquisition. The shares belonging to the circumstances of paragraphs (2) and (4) shall be transferred or cancelled within six months. The aggregate number of shares belonging to the circumstances of paragraphs (3), (5) and (6) held by the Company shall not exceed ten percent of the total number of issued shares of the Company and shall be transferred or cancelled within three years.

The total par value of the cancelled shares shall be written down from the registered capital of the Company.

Upon the completion of the reduction of registered capital and change of registration, the Company shall make an announcement in accordance with the requirements of the overseas and Hong Kong Stock Exchange Listing Rules, where applicable.

If the Company acquires the shares of the Company due to the circumstances specified in subparagraphs (3), (5) and (6) of the first paragraph of this Article, it shall do so through a public centralised transaction.

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

CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 28

Share certificates of the Company shall be in registered form.

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:

(1) name of the Company;

(2) date of registration and establishment of the Company;

(3) class of share certificates, par value and the number of shares it represents;

(4) Code of share certificates;

(5) Other matters as required by the Company Law and the stock exchange on which the shares of the Company are listed.

Article 29

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

The Guidelines for the Articles of Association of Listed Companies, Article 39

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 on 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 30 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.

Article 31 The Company shall keep a register of shareholders which shall contain the following items:

(1) the name (title) and address (residence) of each shareholder;

(2) the class and quantity of shares held by each shareholder;

(3) the share certificate numbers of the shares held by each shareholder;

(4) the date on which each person was entered in the register as 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 32 The Company shall have a complete register of shareholders.

It shall comprise the following parts:

(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 33 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$2.5 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 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;

(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 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 34

Changes from shares transfer may not be entered in the register of shareholders within 20 days prior to the date of a shareholder' general meeting or within 5 days prior to the record date set for the purpose of distribution of dividends. However, if the regulator of the place where the Company's shares are listed provides otherwise for the change of the register of shareholders, it shall comply with its provisions.

Reference is made to the Company Law, Article 139

Article 35

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 or the convener(s) of the shareholders' general meeting 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.

The Guidelines for the Articles of Association of Listed Companies, Article 32

Article 36 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.

Article 37 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.

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 164 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.

Article 38 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.

CHAPTER 6 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 39

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.

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 40

The shareholders of ordinary shares of the Company shall enjoy the following rights:

The Guidelines for the Articles of Association of Listed Companies, Article 33

(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, bestow, or pledge the shares held by it 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:

Appendix A1 (hereafter refer to "App A1") to the GEM Listing Rules (hereafter refer to the "Listing Rules") of The Stock Exchange of Hong Kong Limited, Article 20

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. minutes of shareholders' meetings, resolutions of board meetings and financial accounting report.

(6) shareholders who meet the requirements may inspect the Company's accounting books and vouchers; Company Law, Articles 57 and 110

(7) 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;

(8) 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 disclosed his interests to the Company.

If a shareholder requests access to the relevant information or information mentioned in the preceding Article, he/she shall provide the Company with written documents proving the type of shares held by him/her and the number of shares held by him/her, and the Company shall provide them upon the request of the shareholder after verifying his/her identity.

Where shareholders request for inspection and duplication of the relevant information of the Company, they shall do so in accordance with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

Article 41

The shareholders of ordinary shares of the Company shall assume the following obligations:

The Guidelines for the Articles of Association of Listed Companies, Article 38

(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) no withdrawal of shares, except as prescribed by rules and regulations;

(4) no abuse of the rights as a shareholder to cause injury to the interests of the Company or other shareholders; no abuse of the independent legal entity of the Company and the limited liability of the shareholders to cause injury to the interests of the Company's creditors;

(5) 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.

Where the abuse of the rights as a shareholder by a shareholder of the Company causes losses to the Company and other shareholders, such shareholder shall undertake joint liability for the debts of the Company. In the event of any material damage caused to the interest of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts.

Article 42

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.

(1) to exempt the responsibilities of a Director to act honestly in the best interests of the Company;

(2) to approve the expropriation by a Director (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;

(3) to approve the expropriation by a Director (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 43

The controlling shareholder and the de facto controller of the Company may not use their relationship to prejudice the Company's interests and shall be liable for damages to the Company caused by the violation of this provision.

The Guidelines for the Articles of Association of Listed Companies, Article 40

The controlling shareholder, the de facto controller, directors and senior management personnel of the Company shall have the duty to act in good faith towards the Company and public shareholders of the Company. The controlling shareholder shall strictly exercise its rights as a contributor in accordance with the laws and shall not take advantage of profit distribution, asset restructuring, external investment, capital appropriation and loan guarantee to the detriment of the legal interests of the Company and public shareholders. Nor shall it take the advantage of its controlling position to the detriment of the Company and public shareholders.

Company Law, Article 22

Article 44

A controlling shareholder is a shareholder whose shares account for more than fifty percent of the total share capital of the Company; a shareholder who holds less than fifty percent of the shares, but whose voting rights based on the shares he/she holds are sufficient to exercise significant influence on the resolution of the shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 193

Article 45

If any resolution of a shareholders' general meeting or board meeting of the Company runs against the laws and administrative regulations, shareholder(s) shall have the right to request the People's Court to invalidate the said resolution.

The Guidelines for the Articles of Association of Listed Companies, Article 35

If the convening procedure and voting method of a shareholders' general meeting or board meeting runs against the laws and administrative regulations or the Articles of Association or if the content of any resolution runs against the Articles of Association, the shareholder(s) shall have the right to request the People's Court to revoke the said procedure, method or resolution within sixty days from the date of the resolution being passed. However, this shall not apply if the convening procedure or voting method of a shareholders' general meeting or board meeting has only minor defects that do not have a material impact on the resolution.

Company Law, Article 26

Article 46

Where any director or senior management member, other than a member of the Audit Committee, violates laws and administrative regulations or the Articles of Association in performing their duties to the Company, thereby causing losses to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for a period of 180 consecutive days or more may request the Audit Committee in writing to initiate a lawsuit in the People's Court. Where member of the Audit Committee violates laws and administrative regulations or the Articles of Association in performing his/her duties to the Company, thereby causing losses to the Company, the shareholder(s) may request the Board of Directors in writing to initiate a lawsuit in the People's Court.

Company Law, Article 188

The Guidelines for the Articles of Association of Listed Companies, Article 36

If the Audit Committee or the Board of Directors refuses to lodge a lawsuit after receipt of the aforesaid written request, or if it fails to initiate a lawsuit within thirty days after receipt of the said request, or if, an emergency occurs which would cause irretrievable damage to the interests of the Company a lawsuit is not lodged immediately, the aforementioned shareholder(s) prescribed in the preceding paragraph may lodge a lawsuit in the People's Court directly in their own name for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing losses to the Company, the shareholders prescribed in paragraph 1 of this Article may initiate a lawsuit in the People's Court pursuant to the preceding two paragraphs.

Article 47

If any director or senior management member damages shareholders' interests by violating laws, administrative regulations or the Articles of Association, the shareholders may lodge a lawsuit in the People's Court.

The Guidelines for the Articles of Association of Listed Companies, Article 37

CHAPTER 7 SHAREHOLDERS' GENERAL MEETINGS

Article 48

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

The Guidelines for the Articles of Association of Listed Companies, Article 41

Article 49

The shareholders' general meeting shall exercise the following functions and powers:

Company Law, Articles 59 and 152

The Guidelines for the Articles of Association of Listed Companies, Article 41

(1) to elect and replace directors, who are not employees' representatives, and to determine the emoluments of directors;

(2) to consider and approve reports of the Board of Directors;

(3) to consider and approve the Company's profit distribution proposals and loss recovery proposals;

(4) to resolve on the increase or reduction of the Company's registered capital;

(5) to resolve on merger, division, dissolution, and liquidation or change of company type of the Company;

(6) to resolve on the issuance of debentures by the Company;

(7) to resolve on the appointment, removal or non-renewal of the services of an accounting firm for the Company;

(8) to amend the Articles of Association;

(9) to consider and approve the change in the use of proceeds from fund raising;

(10) to consider share incentive plans and employee stock ownership plan;

(11) to consider the acquisitions or disposals of substantial assets of the Company within a year the amount of which exceeds 30% of the latest audited total assets of the Company;

(12) to consider and approve matters of guarantee that are subject to resolution by the shareholders' general meeting as stipulated in these Articles;

(13) 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.

Where the Company may delegate the Board of Directors to issues, upon approval by way of a special resolution at a general meeting, either separately or concurrently once every twelve months, domestic shares and overseas listed shares, to the extent that the number of the shares to be issued does not exceed twenty percent of the total number of the issued shares of their respective class.

The Company may also, upon approval by way of a special resolution at a general meeting, delegate authority to the Board of Directors to decide, within a period of three years, on the issuance of shares not exceeding fifty percent of the issued shares. However, capital contributions made in the form of non-monetary assets shall require a resolution at a general meeting.

Where the Board of Directors decides to issue shares in accordance with the provisions of paragraphs (3) and (4) of this Article, resulting in a change in the registered capital of the Company or in the number of issued shares, amendments to the matters recorded in the Articles of Association shall not be subject to a vote at a general meeting.

Article 50

Unless the Company is in a crisis or other special circumstances, the Company shall not enter into any contract with any person other than a Director, 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 approval of shareholders by a special resolution in a general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 81

Article 51

The following external guarantees shall be subject to consideration and approval by shareholders at a shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 42

(1) any guarantee as provided after the total amount of external guarantees provided by the Company and controlled subsidiaries exceed 50% of the latest audited net assets;

(2) any guarantee provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;

(3) any guarantee provided by the Company that exceeds 30% of the Company's latest audited total assets within one year;

(4) any guarantee provided in favour of a party with an asset to liability ratio exceeding 70%;

(5) any single guarantee the amount of which exceeds 10% of the Latest audited net assets;

(6) any guarantee provided in favour of shareholders, the de facto controller or its connected parties.

Article 52

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.

App A1 to the Listing Rules, Article 14(1)

The Guidelines for the Articles of Association of Listed Companies, Article 44

Company Law, Article 121

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 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 Audit Committee proposes to call for such a meeting;

(5) other circumstances stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 53

The Company shall engage lawyers to attend the shareholders' general meeting and advise on the following issues:

The Guidelines for the Articles of Association of Listed Companies, Article 46

(1) whether or not the convening of the shareholders' general meeting and its procedures are in compliance with the laws, administrative regulations and the Articles of Association;

(2) whether or not the qualifications of attendees and the convenor are lawful and valid;

(3) whether or not the voting procedures and the voting results of the meeting are lawful and valid;

(4) legal opinions on other matters as requested by the Company.

Article 54

Independent shareholders are entitled to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days upon receipt of such proposal. In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board of Directors. In the event that the Board of Directors does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given in writing.

The Guidelines for the Articles of Association of Listed Companies, Article 47

Article 55

The Audit Committee shall be entitled to propose to the Board of Directors the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days upon receipt of such proposal.

The Guidelines for the Articles of Association of Listed Companies, Article 48

Company Law, Article 121

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board of Directors. Any change to the original proposal made in the notice requires approval of the Audit Committee.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days upon receipt of the said proposal, the Board of Directors shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting, in which case the Audit Committee may convene and preside over the meeting on its own.

Article 56

Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose the Board of Directors the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days upon receipt of such proposal.

The Guidelines for the Articles of Association of Listed Companies, Article 49

App A1 to the Listing Rules, Article 14(5)

In the event that the Board of Directors agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board of Directors. Any change to the original proposal made in the notice requires approval of the shareholders concerned.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days upon receipt of the said proposal, shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Audit Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the Audit Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the said proposal. Any changes to the original request made in the notice shall require approval of the shareholders concerned.

Failure of the Audit Committee to issue the notice of the shareholders' general meeting within the prescribe time Limit shall be deemed as failure of the Audit Committee to convene and preside over a shareholders' general meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for ninety consecutive days or more may convene and preside over the meeting on their own.

Article 57

Where the Audit Committee or shareholders decide(s) to convene an extraordinary general meeting by itself/themselves, it/they shall send out a written notice to the Board of Directors.

The Guidelines for the Articles of Association of Listed Companies, Article 50

The shareholding of the convening shareholder(s) shall not be lower than 10% prior to the announcement of the resolutions of the shareholders' general meeting.

Article 58

The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to shareholders' general meetings convened by the Audit Committee or shareholders at its/their own discretion. The Board of Directors shall provide the register of shareholders as of the date of shareholding confirmation.

The Guidelines for the Articles of Association of Listed Companies, Article 51, Article 52

Expenses arising from shareholders' general meetings convened by the Audit Committee or shareholders shall be borne by the Company.

Article 59

A written notice of an annual general meeting shall be given by way of announcement to each shareholder 21 days (excluding the date of meeting and the date of sending a notice, the same below) prior to the date of the general meeting and a notice in writing shall be given by way of announcement 15 days prior to the meeting for an extraordinary general meeting, the notice should include matters to be considered at the meeting, the date and place of the meeting to be held to the shareholder as recorded in the register of shareholders.

The Guidelines for the Articles of Association of Listed Companies, Article 55

App A1 to the Listing Rules, Article 14(2)

App A1 to the Listing Rules, Article 14(6)

A shareholders' general meeting may be convened by a combination of physical and online meetings, with the physical location for convening a shareholders' general meeting being either the domicile of the Company or a location specified in the notice of the shareholders' general meeting. In the case of a physical shareholders' general meeting, a venue shall be arranged at the physical location. On the premise of ensuring that a shareholders' general meeting is held legally and effectively, and subject to the provisions of laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed, the Company may also offer online, video, telephone or other means to facilitate the participation of shareholders in shareholders' general meetings. Shareholders who participate in shareholders' general meetings through the aforementioned means shall be deemed to be present.

The time and place of a meeting shall be convenient for shareholders to attend. After the notice of a shareholders' general meeting has been issued, the location of the physical shareholders' general meeting shall not be changed without justifiable reasons. Where a change is necessary, the convener shall make an announcement at least two business days prior to the date of the physical meeting and explain the reasons therefor.

Article 60

The Guidelines for the Articles of Association of Listed Companies, Article 53, Article 54

Company Law, Article 115

The content of the proposal shall fall within the terms of reference of the shareholders' general meeting, have clear topics and specific resolutions, and be in compliance with the relevant provisions of laws, administrative regulations and these Articles.

When the Company holds a shareholders' general meeting, the Board of Directors, the Audit Committee and shareholders who individually or collectively hold more than 1% (including 1%) of the total number of voting shares of the Company shall have the right to submit new proposals in writing to the Company.

Shareholder(s) individually or jointly holding more than 1% of the Company's shares may submit a provisional motion in writing to the Board of Directors ten days before the shareholders' general meeting is convened. A provisional motion shall have clear topic(s) and specific resolution(s). The Board of Directors shall include in the agenda of that meeting those matters in the proposal that fall within the responsibility of the shareholders' general meeting. However, this shall not apply if the provisional motion violates the provisions of laws, administrative regulations or the Articles of Association or does not fall within the responsibility of the shareholders' general meeting.

Except for circumstances stipulated in the preceding paragraph, upon the announcement of the notice of shareholders' general meeting, the convener shall not amend the motions set out in the notice of shareholders' general meeting or insert new motions.

Proposals that are not specified in the notice of the shareholders' general meeting or do not comply with the provisions of these Articles shall not be voted on and resolved at the shareholders' general meeting.

Article 61

A notice of the shareholders' general meeting shall include the following contents:

The Guidelines for the Articles of Association of Listed Companies, Article 56

(1) the time, place and duration of the meeting;

(2) the matters and motions raised for consideration at the meeting;

(3) a clear statement to state that: all shareholders are entitled to attend the shareholders' general meeting and entrust a proxy in writing to attend the meeting and vote, and that such proxy need not be a shareholder of the Company;

(4) the date of registration of equity entitlements for shareholders entitled to attend the shareholders' general meeting;

(5) the name and phone number of the permanent contact person for the meeting;

(6) the time and procedures of voting via the internet or by other means.

Article 62 The notice of general meeting shall be sent to the shareholders (with or without voting right in the general meeting) by a notice in the manner provided for in the Articles of Association or in such other manner as may be permitted by the stock exchange on which the shares of the Company are listed.

Article 63 When notice of a shareholders' general meeting is published, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the motions stated in the notice shall not be cancelled. In the event that the shareholders' general meeting was postponed or cancelled, the convener shall make an announcement at least two business days prior to the original date of the shareholders' general meeting and expatiate on the reasons.

The Guidelines for the Articles of Association of Listed Companies, Article 58

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.

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:

The Guidelines for the Articles of Association of Listed Companies, Article 60

App A1 to the Listing Rules, Article 18

(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.

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 authorization 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.

The Guidelines for the Articles of Association of Listed Companies, Article 64

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.

App A1 to the Listing Rules, Article 18

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.

App A1 to the Listing Rules, Article 19

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 whether the proxy may vote as he thinks fit.

The Guidelines for the Articles of Association of Listed Companies, Article 63

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.

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 appointer, 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

When the Company convenes a shareholders' general meeting, all directors and the secretary to the Board of Directors shall attend the meeting while managers and other senior management members shall attend the meeting as non-voting attendees.

The directors and senior executives shall give explanations and make responses to the inquiries and suggestions made by shareholders at the shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 67, Article 71

Article 72

In the annual general meeting, the Board of Directors shall report to the shareholders' general meeting on their respective work over the past year. Each independent director shall also report their duties accordingly.

The Guidelines for the Articles of Association of Listed Companies, Article 70

Article 73

Prior to voting, the chairperson of the shareholders' general meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be as stated in the registration of the meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 72

The Company shall provide the means for electronic voting, provided that one vote may be cast only once, whether on the spot, online or by other means. In the event that one vote is cast more than once, only the first vote shall be valid.

App A1 to the Listing Rules, Article 14(6)

Article 74

Resolutions of a shareholders' general meeting can be ordinary resolutions or special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by an affirmative vote of a majority 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).

The shares of the Company held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 76, Article 79, Article 89

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, objection or abstention to every matter to be voted on., except for the securities registration and settlement institutions which, being the nominal holders of shares under Stock Connect between the Mainland and Hong Kong, shall make declarations according to the intentions of the beneficial holders. 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.

App A1 to the Listing Rules, Article 14(3)

App A1 to the Listing Rules, Article 14(4)

For voter(s) whose voting slips are left blank, incorrectly completed, illegible or without vote casting, such voter(s) shall be deemed to have waived his voting rights, and the votes in respect of the number of shares held by him shall be counted as "abstain".

Article 75

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.

The Guidelines for the Articles of Association of Listed Companies, Article 79

Article 76

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.

Article 77

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

The Guidelines for the Articles of Association of Listed Companies, Article 77

Company Law, Article 59

(1) work reports of the Board of Directors;

(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, 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); and

(5) 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:

The Guidelines for the Articles of Association of Listed Companies, Article 78

(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, spin-off, merger, dissolution and liquidation of the Company, change of corporate form and major acquisitions and disposals;

App A1 to the Listing Rules, Article 21

(4) amendments to the Articles of Association;

(5) share incentive scheme;

(6) purchase, disposal of material assets or provision of guarantee within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;

(7) other matters required by the laws, administrative regulations and the Articles of Association 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.

Article 80 The list of candidates for directors shall be submitted by way of a motion to the shareholders' general meeting for voting.

The Guidelines for the Articles of Association of Listed Companies, Article 82

In the course of the election of directors, the accumulative voting mechanism may be implemented in accordance with the Articles of Association or the resolution of the shareholders' general meeting.

Under the accumulative voting mechanism referred to in the preceding paragraph, each share carrying voting right is entitled to such number of votes equivalent to the number of director candidates, and a shareholder may concentrate his voting rights. The Board of Directors shall make an announcement to the shareholders concerning the biographies and general information of the candidates for directors.

Article 81 Save and except for the cumulative voting system, all resolutions shall be voted item by item at a shareholders' general meeting, and shall be voted in chronological order according to the time of proposal when various proposals are put forward concerning the same issue. Except under special circumstances such as force majeure which lead to the suspension or inability to pass resolutions at a shareholders' general meeting, proposals shall not be set aside or rejected from voting at a shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 83

Article 82 No amendment shall be made on the proposals during the consideration at a shareholders' general meeting. Any such amendments to a proposal shall be deemed as a new proposal and shall not be voted at the current shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 84

Article 83 Any resolution adopted by a shareholders' general meeting shall comply with relevant provisions of PRC laws, administrative regulations and the Articles of Association.

Article 84 A shareholders' general meeting shall be chaired by the Chairman. In the event that the chairman is unable to or fails to perform his duties, the vice-chairman (if there are two or more vice-chairmen, the one jointly elected by the majority of the directors shall chair the meeting) shall chair the meeting. In the event that the vice-chairman is also unable to or fails to perform his duties, a director jointly elected by the majority of the directors shall chair the meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 68

Company Law, Article 114

A shareholders' general meeting convened by the Audit Committee on its own shall be chaired by the chairman of the Audit Committee. In the event that the chairman is unable to or fails to perform his duties, a member of the Audit Committee jointly elected by the majority of the members of the Audit Committee shall chair the meeting.

A shareholders' general meeting convened by shareholders on their own shall be chaired by a representative elected by the convenor.

During a shareholders' general meeting, in the event that the chairman of the meeting violates the rules of procedure so that the shareholders' general meeting cannot proceed, a person may be elected as the chairman of the meeting thereat to proceed with the meeting with the consent of the shareholders with a majority of the voting rights present at the meeting.

Article 85 Voting at the shareholders' general meeting shall record the names of the voters.

The Guidelines for the Articles of Association of Listed Companies, Article 86

Article 86

Two shareholders' representatives shall be elected to participate in counting and scrutinizing ballots before a shareholders' general meeting puts a proposal to vote. Where a shareholder has a connected relationship to matters to be considered, relevant shareholders and their proxies must not participate in counting and scrutinizing ballots.

The Guidelines for the Articles of Association of Listed Companies, Article 87, Article 88

When a proposal is voted upon at a shareholders' general meeting, lawyers and shareholders' representatives shall be responsible for counting and scrutinizing ballots and announce the voting results on the spot, which will be recorded in the minutes of the meeting.

The shareholders who cast votes online or by other means, whether in person or by proxy, shall have the right to check their voting results through the relevant voting system.

A physical shareholders' general meeting shall not end earlier than the one convened online or by other means, and the chairperson of the meeting shall announce the details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, network service provider and other relevant parties involved in the on-the-spot voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.

Article 87

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.

The Guidelines for the Articles of Association of Listed Companies, Article 90

Article 88

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

The Guidelines for the Articles of Association of Listed Companies, Article 73

Minutes of shareholders' general meetings shall be recorded by the board secretary.

The minutes shall contain the following items:

(i) the date, place and agenda of the meeting, and the name of the convener;

(ii) the name of the chairperson of the meeting, and the names of directors, managers and other senior executives of the Company present or in attendance at the meeting;

(iii) the number of shareholders and proxies attending the meeting, the total number of their voting shares and their respective proportions to the total number of shares of the Company;

(iv) the proceeding of examination of each motion, summary of the points discussed and results of voting;

(v) questions and proposals put forward by shareholders and the answers or explanation thereof;

(vi) names of lawyers and vote-counters and scrutineers;

(vii) such other matters as shall be recorded in the minutes of meetings pursuant to the Articles of Association.

Article 89

The convener shall ensure that the contents of the minutes of meetings are authentic, accurate and complete. Directors, the board secretary, the convener or his/her representative and the chairperson of meeting present at the shareholders' general meeting shall sign on the minutes of the meeting. Minutes of meetings shall be kept together with the attendance list for shareholders and authorization letters given for proxies, and valid information concerning exercise of voting rights via the internet or by other means. The period of maintaining such records shall be ten years.

The Guidelines for the Articles of Association of Listed Companies, Article 74

Article 90

The rights of class Shareholders to be changed or abolished by the Company shall be passed by a special resolution of class Shareholders at a separate general meeting before proceeding when the Company's share capital is divided into different classes of shares.

App A1 to the Listing Rules, Article 15

CHAPTER 8 BOARD OF DIRECTORS

Article 91

The Company shall have a Board of Directors. The Board of Directors shall consist of at least seven directors and there shall be one (1) Chairman and one (1) Vice-chairman.

Rule 5.05 of the Listing Rules

The Rules for Independent Directors of Listed Companies, Article 4

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 one-third 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 92

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.

App A1 to the Listing Rules, Article 4(2), 4(3)

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 Director's term, but without prejudice to any claim for damages which such Director may have under any contract.

In the event that the term of a Director falls upon expiry whereas the new member of the Board is not re-elected in time, the existing Director shall continue to perform his duties in accordance with laws, administrative regulations, rules of regulatory authorities and the provisions of the Articles of Association until the re-elected Director assumes office.

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:

(1) independent of shareholders of the Company;

(2) not in office within the Company;

(3) one of the independent non-executive directors shall possess appropriate professional qualifications and expertise in accounting or financial management in compliance with the Listing Rules; and

(4) other laws and regulations, regulatory documents and other conditions stipulated in this Article.

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.

Directors other than external directors and independent non-executive directors may hold office of other senior management of the Company. However, the total number of directors serving the office of manager or other senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company.

Directors are not required to hold shares in the Company.

Article 93

A director will be deemed to have failed to perform his duties if he fails to attend Board meetings in person twice consecutively and does not appoint other directors to attend on his behalf. The Board of Directors shall make recommendations to shareholders' general meetings to replace such director.

The Guidelines for the Articles of Association of Listed Companies, Article 99

Article 94

Directors may request to resign prior to the expiry of their term of office. The resigning director shall submit a written resignation to the Board of Directors.

The Guidelines for the Articles of Association of Listed Companies, Article 100

If any director resigns such that the membership of the Board of Directors falls short of the number of directors required, such director shall continue to fulfill his/her duties as director pursuant to laws, regulations and these articles of association until a new director is elected.

Save as provided in the preceding paragraph, the resignation of a director shall be effective when his/her resignation is served to the board of directors.

Article 95

When a director's resignation becomes effective or his or her term of office expires, he or she shall duly carry out all handover procedures with the Board of Directors, his or her fiduciary obligations to the Company and shareholders shall not necessarily terminate by the time his or her term of office ends, and shall remain effective within a reasonable period as specified in the Articles of Association.

The Guidelines for the Articles of Association of Listed Companies, Article 101

Article 96

No director shall act on behalf of the Company or the Board of Directors in his personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his personal capacity, but may be reasonably deemed to be acting on behalf of the Company or the Board of Directors by a third party, such director shall state his stance and capacity in advance.

The Guidelines for the Articles of Association of Listed Companies, Article 102

Article 97

Independent directors shall have the duty to act in good faith and conduct due diligence for the benefit of the Company and all its shareholders. An independent director shall perform his duties independently and not be affected by the Company's substantial shareholders or other entities or individuals that are interested in the Company in accordance with the requirements of relevant laws and regulations and this Article, to protect the interests of the Company as a whole, especially protecting the legal interests of minority shareholders.

The Rules for Independent Directors of Listed Companies, Article 5

Article 98

The Board of Directors or shareholder or shareholders holding 1% of more of the issued share capital of the Company may nominate candidates for independent directors and be elected at the general meeting.

The Rules for Independent Directors of Listed Companies, Article 12

Article 99

Independent directors shall have the same term of office as other directors of the Company. The term of office of an independent director is renewable upon re-election when it expires, but no independent director shall serve more than six years.

The Rules for Independent Directors of Listed Companies, Article 15

Article 100

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

The Guidelines for the Articles of Association of Listed Companies, Article 107

Company Law, Articles 67, 121 and 136

(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, and investing and financing proposal;

(4) to decide on 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 proposals for the increase or reduction of the Company's registered capital, the issuance of the Company's debentures or other securities and listing;

(7) to formulate 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) subject to the scope of authorization of the shareholders' general meeting, to decide on matters including the Company's overseas investment, purchase and disposal of assets, charging of assets, matters in relation to external guarantee, commissioned wealth management, connected transactions, and external donations;

(9) to decide on the Company's internal management structure;

(10) to appoint or dismiss the manager of the Company according to nominations of the Chairman, 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;

(11) to set up the basic management system of the Company, including the financial management and human resources management systems;

(12) to formulate proposals for any amendment of the Company's Articles of Association;

(13) manage the issues relating to information disclosure;

(14) propose the appointment or replacement of the accounting firm responsible for the auditing of the Company at the shareholders' general meeting;

(15) listen to the work report of the general manager and evaluate the work;

(16) to exercise such other authorities as conferred by the laws and regulations and under the Articles of Association.

Article 101 The Chairman of the Board of Directors shall exercise the following functions and powers:

The Guidelines for the Articles of Association of Listed Companies, Article 112, Article 113

Company Law, Article 122

(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 exercise other functions and powers granted by the Board of Directors.

The vice chairman of the Company shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman (if there are two or more than two vice chairmen, such duties shall be performed by the vice chairman jointly elected by the majority of the directors). If the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by the majority of the directors to perform such duties.

Article 102

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 shall be notified in writing about the meeting 10 days beforehand. 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 and by the Audit Committee. 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.

The Guidelines for the Articles of Association of Listed Companies, Article 115

The Board shall notify all directors in writing or by telephone three days prior to the convening of the provisional Board meetings. In case of emergency, the aforementioned time limit for notification may be waived.

Article 103

Notice of meeting of the Board of Directors shall contain:

(1) date and place of the meeting;

(2) duration of the meeting;

(3) reasons for and discussion topics of the meeting;

(4) date of issuance of the notice.

The Guidelines for the Articles of Association of Listed Companies, Article 117

Article 104

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 102, 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-second of the attending Directors or more than 2 independent 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 105

A Board meeting shall be held only if more than half of the Directors are present.

The Guidelines for the Articles of Association of Listed Companies, Article 118

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

Article 106

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.

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 107

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. Directors attending a meeting and the person recording the minutes shall sign the minutes of that meeting. The minutes of the Board meeting shall include the following details:

The Guidelines for the Articles of Association of Listed Companies, Article 123

Company Law, Article 125

(i) the convening date, place and the convener's name of the meeting;

(ii) names of attending directors and directors appointed as proxies to attend the meeting on the other's behalf;

(iii) agenda of the meeting;

(iv) highlights of directors' speeches; and

(v) the voting method and result of each proposal (the numbers for, against and abstain votes shall be specifically indicated).

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 of Board meetings shall be kept at the residence of the Company in the PRC for a period of 10 years and a complete copy of the minutes shall be promptly sent to each Director.

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, the Articles of Association or a resolution at a shareholders' general meeting, 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 108

Where any of the directors has any connected relationship with the enterprise involved in the matter to be decided at the meeting of the Board of Directors, he shall be abstained from voting on the relevant resolution, nor may he vote on behalf of any other director, and the numbers of votes held by them shall not be included in the total numbers of valid votes. A resolution of the Board of Directors shall be passed by more than half of the unconnected directors; the resolution of the Board meeting shall fully disclose the voting results of the non- connected Directors. If the number of unconnected directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' general meeting of the Company for consideration and discussion.

The Guidelines for the Articles of Association of Listed Companies, Article 119

CHAPTER 9 SECRETARY OF THE BOARD OF DIRECTORS

Article 109

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.

The Guidelines for the Articles of Association of Listed Companies, Article 133

Article 110

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.

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 111

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.

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 112

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 10 MANAGER OF THE COMPANY

Article 113

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

The Guidelines for the Articles of Association of Listed Companies, Article 124, Article 127

The manager is elected for a term of three years and may serve consecutive terms if re-elected upon the expiration of his term.

Article 114

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

The Guidelines for the Articles of Association of Listed Companies, Article 128

(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 115 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.

Article 116 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 117 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.

Article 118 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.

Article 119 Any person who takes an administrative role other than a director in the controlling shareholders of the Company shall not serve as a senior executive of the Company.

The Guidelines for the Articles of Association of Listed Companies, Article 126

The senior executives only receive remuneration in the Company, not paid by the controlling shareholders on their behalf.

CHAPTER 11 SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

Article 120

The Board of Directors of the Company shall establish an audit committee (the "Audit Committee") to exercise the functions and powers of the supervisory committee as stipulated in the Company Law.

Company Law Article 121

Article 121

The members of the Audit Committee shall be appointed by the Board of Directors and shall consist of not less than three directors, all of whom shall be non-executive directors and the majority of whom shall be independent non-executive directors. The chairman of the Audit Committee shall be an independent non-executive director. At least one member of the Audit Committee shall have appropriate accounting or related financial management expertise as required under Rule 5.05(2) of the Listing Rules and meet the criteria of the Listing Rules.

Article 122

The Audit Committee shall assist the Board of Directors in fulfilling its responsibilities relating to the Company's accounting, auditing, financial reporting, internal controls and compliance with relevant laws and regulations and fiduciary duties, including (but not limited to) assisting the Board of Directors in overseeing (a) the completeness of the Company's financial reports, (b) the Company's compliance with the requirements of laws and regulations, (c) the qualifications and independence of the Company's independent auditors, and (d) the performance of the responsibilities of the independent auditors and the internal audit department of the Company.

Company Law Article 137

The Board of Directors shall obtain the approval of the majority of all members of the Audit Committee prior to resolving the following matters:

(1) the engagement and dismissal of the accounting firm that undertakes the auditing activities of the Company;

(2) the appointment and dismissal of the financial officer;

(3) the disclosure of financial accounting reports;

(4) other matters prescribed by the securities regulatory authorities under the State Council.

Article 123 In addition to the Audit Committee, the Board of Directors of the Company shall establish a nomination committee and a remuneration committee to perform their duties in accordance with these Articles of Association and the authorisations granted by the Board of Directors. Proposals from these special committees shall be submitted to the Board of Directors for consideration and decision. The Board of Directors shall be responsible for formulating the working procedures of these special committees.

Company Law Article 136

CHAPTER 12 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL OF THE COMPANY

Article 124 A person may not serve as a Director, manager or other senior management personnel of the Company if any of the following circumstances apply:

Company Law, Article 178

The Guidelines for the Articles of Association of Listed Companies, Article 95

(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, 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, or a person who has been given a suspended sentence and not more than two (2) years have lapsed since the expiration date of the probation period;

(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 or the date of being ordered to close is less than three (3) years;

(5) a person who has been listed by the People's Court as a dishonest judgment debtor due to a relatively large amount of debts which have become due and outstanding.

Article 125 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, 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:

(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 126 Each of the Company's Directors, 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.

Article 127 Each of the Company's Directors, 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:

(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, manager or other senior management personnel of the Company.

Article 128 A Director, manager or other senior management person of the Company may not direct the following persons or organisations ("connected persons") to do what such a Director, manager or other senior management person may not do:

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

(2) the trustee of a Director, manager or other senior management person of the Company or any person referred in sub-paragraph (1) of this Article hereof;

(3) the partner of a Director, manager or other senior management person of the Company or any person referred in sub-paragraphs (1), (2) of this Article hereof;

(4) the company over which a Director, manager or other senior management person of the Company, alone or jointly with any person referred to in sub-paragraphs (1), (2), (3) hereof or any other Director, manager or other senior management person of the Company, has actual control;

(5) the directors, 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 129 The duty of a Director, 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, General Manager and the senior management personnel on one hand and the Company on the other hand was terminated.

Article 130 Where a Director, 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.

Unless the interested Director, 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, manager or other 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, 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 131 Where a Director, 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.

Article 132 The Company shall not pay taxes for or on behalf of a Director, manager and other senior management personnel in any manner.

Article 133 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, manager and other senior management personnel of the Company or its holding company or any of their respective associates.

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, 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, manager and other senior management personnel or his associates in the ordinary course of its business on normal commercial terms.

Article 134 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.

Article 135 A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 133 (1) shall not be enforceable against the Company, save in respect of the following circumstances:

(1) the guarantee was provided in connection with a loan which was made to an associate of a Director, 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 136 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.

Article 137 In addition to any rights and remedies provided by laws and administrative regulations, where a Director, manager and other senior management personnel of the Company breaches the duties which he owes to the Company, the Company has a right:

(1) to demand such a Director, 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, 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, manager and other senior management personnel representing the Company has breached his duties owed to the Company);

(3) to demand such a Director, 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, 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, manager and other senior management personnel on money that should have been paid to the Company.

Article 138 The Company shall make written contract with a Director 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 or senior management personnel of the Company;

(2) emoluments in respect of his acting as a director 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 against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the preceding contract.

CHAPTER 13 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION

Article 139 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.

Article 140 The accounting year of the Company shall coincide with the calendar year which is from 1 January to 31 December on the Gregorian calendar.

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 141 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.

Article 142 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.

The Company shall send to each holder of Overseas Listed Foreign Shares by a notice in the manner provided for in the Articles of Association or in such other manner as may be permitted by the stock exchange on which the shares of the Company are listed 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 143 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.

Article 144 Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with PRC enterprise accounting standards and regulations.

Article 145 The Company shall publish two financial reports every accounting year. That is, the interim reports shall be published within three (3) months of the end of the first six (6) months of the accounting year and the annual report shall be published within four (4) months of the end of the accounting year.

Rule 18.03 and Rule 18.53 of the Listing Rules

Article 146 The Company shall not keep accounts other than those required by law.

The Guidelines for the Articles of Association of Listed Companies, Article 152

Article 147 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.

The Guidelines for the Articles of Association of Listed Companies, Article 153

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 148 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 149 Capital common reserve fund includes the following items:

(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 150 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 registered capital of the Company.

Company Law, Article 214

In order to compensate the losses of the Company with the common reserve fund, the discretionary common reserve fund and the statutory common reserve fund shall be utilised first; where the losses remain uncompensated, the capital common reserve fund may be used in accordance with applicable regulations.

When the statutory common reserve fund is converted into an increase in the registered 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 151 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.

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 152 The Company may distribute dividends in the following forms:

(1) cash;

(2) shares.

Article 153 After the profit distribution proposal is approved at the shareholders' general meeting of the Company, the Board of Directors of the Company shall complete the distribution of the dividends (or shares) within two months after convening the shareholders' general meeting.

The Guidelines for the Articles of Association of Listed Companies, Article 155

Article 154 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 155 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 156 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 157 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 158 (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.

CHAPTER 14 APPOINTMENT OF ACCOUNTING FIRM

Article 159 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.

Article 160 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.

Article 161 The accounting firm appointed by the Company shall be entitled the following rights:

(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 162 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.

App A1 to the Listing Rules, Article 17

Article 163 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.

Article 164 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.

App A1 to the Listing Rules, Article 17

Article 165 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.

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.

CHAPTER 15 INSURANCE

Article 166 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 16 LABOUR MANAGEMENT

Article 167 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 168 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 169 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 170 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 17 TRADE UNION ORGANIZATION

Article 171 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 18 MERGER, DIVISION AND CAPITAL REDUCTION OF THE COMPANY

Article 172

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.

Article 173

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

Company Law, Article 219

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 or on the National Enterprise Credit Information Publicity System within 30 days.

The Guidelines for the Articles of Association of Listed Companies, Article 172, Article 173

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.

In the event of a merger between the Company and a company in which it holds more than 90% of the shares, the merged company shall not be subject to a resolution at a shareholders' general meeting. However, other shareholders shall be notified and shall have the right to request the Company to acquire their equity or shares at a reasonable price.

Where the merger consideration does not exceed 10% of the Company's net assets, a resolution at a shareholders' general meeting may be waived.

For mergers conducted pursuant to the preceding two paragraphs without a resolution at a shareholders' general meeting, a resolution of the Board of Directors shall be required.

Article 174

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

The Guidelines for the Articles of Association of Listed Companies, Article 175, Article 176

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 or on the National Enterprise Credit Information Publicity System 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 175

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

Company Law, Article 224

The Company shall notify its creditors within ten days of, and make an announcement in the newspapers or on the National Enterprise Credit Information Publicity System within thirty days, of the date of the Company's resolution at a shareholders' general meeting for reduction of registered capital. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within forty-five days of the date of the announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Guidelines for the Articles of Association of Listed Companies, Article 177

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

Article 176

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.

The Guidelines for the Articles of Association of Listed Companies, Article 178

Article 177

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for change registration with the company registration authority in accordance with the laws.

The Guidelines for the Articles of Association of Listed Companies, Article 178

CHAPTER 19 DISSOLUTION AND LIQUIDATION

Article 178

The Company shall be dissolved under one of the following circumstances:

The Guidelines for the Articles of Association of Listed Companies, Article 179

(1) the expiry of the term of business operation as prescribed by the Articles 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) where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding 10% or more of votes of all shareholders of the Company may file an application to the People's Court to dissolve the Company;

(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 179

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.

Company Law, Article 232, 233

The Guidelines for the Articles of Association of Listed Companies, Article 180, Article 181

Where the Company is dissolved by virtue of the reasons set out in item (1), (2), (4), (5) of Article 178 of the Articles of Association, the Company shall establish a liquidation committee within 15 days commencing from the date on which the events being the grounds for dissolution has occurred to start the liquidation process. The members of the liquidation committee shall be composed of persons selected by directors or decided at shareholders' general meeting. If no liquidation committee has been established to conduct liquidation within the time limit, the creditors may request the People's Court to designate the relevant personnel to form a liquidation committee to conduct liquidation.

Article 180

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 or on the National Enterprise Credit Information Publicity System.

The Guidelines for the Articles of Association of Listed Companies, Article 183

A creditor shall, within 30 days of receipt of the notice, or in the case of failure to receive the notice, within 45 days of the date of the announcement, claim its rights to the liquidation committee.

In claiming its rights, the creditor shall explain the relevant issues on the creditor's rights, and provide evidential materials in respect thereof.

The liquidation committee shall register the creditors' rights. In the course of claiming of creditors' rights, the liquidation committee shall not make any repayment to creditors.

Article 181

During the liquidation period, the liquidation committee shall exercise the following duties and powers:

The Guidelines for the Articles of Association of Listed Companies, Article 182

(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 182

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 People's Court for confirmation.

The Guidelines for the Articles of Association of Listed Companies, Article 184

Company Law, Article 236

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 183

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 bankruptcy liquidation.

The Guidelines for the Articles of Association of Listed Companies, Article 185

Company Law Article 237

After the People's Court accepts a bankruptcy petition, the liquidation committee shall transfer all matters arising from the liquidation to the bankruptcy administrator appointed by the People's Court.

Article 184

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report and submitted to the general meeting or the People's Court for confirmation.

The Guidelines for the Articles of Association of Listed Companies, Article 186

Company Law, Article 239

The liquidation committee shall submit the documents referred to in the preceding paragraph to the companies registration authority and apply for the cancellation of registration of the Company.

CHAPTER 20 PROCEDURES FOR AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

Article 185

In any of the following circumstances, the Company shall amend the Articles of Association:

The Guidelines for the Articles of Association of Listed Companies, Article 189

(i) the Articles of Association are contradictory to any provision of the amended version of the Company Law or relevant laws or administrative regulations;

(ii) there is a change to the condition of the Company, which is inconsistent with any matter recorded in the Articles of Association;

(iii) the shareholders' general meeting adopts a resolution to amend the Articles of Association.

Article 186 The following procedures shall be followed when amending the Company's Articles of Association:

App A1 to the Listing Rules, Article 16

(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 187 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.

The Guidelines for the Articles of Association of Listed Companies, Article 190

CHAPTER 21 NOTICE AND ANNOUNCEMENT

Article 188 Notices of the Company shall be given in any of the following forms:

(1) by hand;

(2) by mail;

(3) by way of announcement; or

(4) by any other forms as may be permitted by the stock exchange on which it is listed.

Any notice of the Company given by way of announcement shall be deemed to be received by all relevant persons once the announcement is made.

Article 189 Unless as otherwise provided for in the Articles of Association, notices, materials or other written documents issued by the Company shall be delivered electronically.

Holders of Overseas Listed Foreign Shares may also elect in writing to receive printed copies of the aforesaid documents by post.

CHAPTER 22 SUPPLEMENTARY

Article 190 The expressions of "above", "below" shall include the figures mentioned whilst the expressions of "short of", "without" shall not include the figures mentioned.

Article 191 The Articles of Association's unsettled matters shall be resolved by submitting them to the shareholders' general meeting by the Board of Directors.

Article 192 The Articles of Association are written in Chinese. The Chinese version passed at the last Shareholders' General Meeting shall prevail.

Article 193 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 194 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.

Biosino Bio-Technology and Science Incorporation
Legal Representative: Chen Peng