
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Changmao Biochemical Engineering Company Limited***, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to Changmao Biochemical Engineering Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this circular misleading.*



常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

- (1) PROPOSED A SHARE OFFERING
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF ARTICLES OF ASSOCIATION (APPLICABLE AFTER THE LISTING OF A SHARES)
- (3) OTHER RELEVANT PROPOSALS REGARDING THE PROPOSED A SHARE OFFERING
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING
- (5) NOTICE OF THE CLASS MEETING OF HOLDERS OF DOMESTIC SHARES AND FOREIGN SHARES
- (6) NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES

Notices convening the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares to be held at 9:30 a.m., 10:00 a.m. (or as soon as the EGM to be convened on the same date and at the same place at 9:30 a.m. shall conclude or adjourn), and 10:30 a.m. (or as soon as the class meeting of holders of Domestic Shares and Foreign Shares to be convened on the same date and at the same place at 10:00 a.m. shall conclude or adjourn) respectively, on Friday, 5 May 2023 at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong are set out on pages 260 to 269 of this circular.

Proxy forms for use at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares are enclosed and are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmbec.com.hk).

Whether or not you are able to attend the meetings, you are advised to complete the enclosed proxy form in accordance with the instructions printed thereon and return it, in the case of holders of Domestic Shares and Foreign Shares, to the principal place of business of the Company in Hong Kong at Room 54, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong, and, in the case of holders of H Shares, to the Company's H Share registrar, being Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable and in any event no later than 24 hours before the time appointed for the holding of the meetings.

Completion and return of the proxy form will not preclude you from attending and voting in person at the meetings or any adjourned meetings thereof should you so wish.

This circular will be published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.cmbec.com.hk.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the meanings as set out below:

“A Share(s)”	the ordinary shares with a par value of RMB0.10 to be issued by the Company and subscribed for in RMB under the Proposed A Share Offering, which will be listed on the Growth Enterprise Market of the Shenzhen Stock Exchange and traded in RMB
“Articles of Association”	the articles of association of the Company prevailing from time to time
“Board”	the board of Directors
“Company”	常茂生物化學工程股份有限公司 (Changmao Biochemical Engineering Company Limited)*, a joint stock limited company incorporated in the PRC with the H Shares currently listed on the Stock Exchange (stock code: 954)
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission and its local offices
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) with a par value of RMB0.10 each in the share capital of the Company which is(are) subscribed for in RMB by PRC citizens and/or entities
“EGM”	the extraordinary general meeting of the Company to be held at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong at 9:30 a.m. on Friday, 5 May 2023
“Foreign Share(s)”	ordinary share(s) with a par value of RMB0.10 each in the share capital of the Company which is(are) subscribed for in a currency other than RMB by non-PRC citizens and/or entities
“Group”	the Company and its subsidiaries

* For identification purpose only

DEFINITIONS

“H Share(s)”	ordinary share(s) with a par value of RMB0.10 each in the share capital of the Company which is(are) subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed A Share Offering” or “Offering”	the Company proposed to issue up to 180,000,000 A Shares (before the exercise of the over-allotment option) through initial public offering, which will be listed on the Growth Enterprise Market of the Shenzhen Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC
“Share(s)”	collectively, Domestic Share(s), Foreign Share(s) and H Share(s)
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

LETTER FROM THE BOARD



常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

Executive Directors:

Mr. Rui Xin Sheng (*Chairman*)

Mr. Pan Chun

Non-executive Directors:

Mr. Zeng Xian Biao

Mr. Yu Xiao Ping

Ms. Leng Yi Xin

Mr. Wang Jian Ping

Independent non-executive Directors:

Mr. Zhou Zhi Wei

Mr. Shu Rong Xin

Ms. Cheng Mun Wah

Head office and legal address:

No. 1228 Chang Jiang North Road

New North Zone

Changzhou City

Jiangsu Province, 213034

The PRC

Principal place of business

in Hong Kong:

Room 54, 5th Floor

New Henry House

10 Ice House Street

Central

Hong Kong

18 April 2023

To the Shareholders

Dear Sir/Madam

- (1) PROPOSED A SHARE OFFERING**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND PROPOSED ADOPTION OF ARTICLES OF ASSOCIATION
(APPLICABLE AFTER THE LISTING OF A SHARES)**
- (3) OTHER RELEVANT PROPOSALS REGARDING THE PROPOSED A
SHARE OFFERING**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**
- (5) NOTICE OF THE CLASS MEETING OF HOLDERS OF DOMESTIC SHARES
AND FOREIGN SHARES**
- (6) NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES**

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LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with details regarding (1) Proposed A Share Offering; (2) proposed amendments to the Articles of Association and proposed adoption of Articles of Association (applicable after the listing of A Shares); and (3) other relevant proposals regarding the Proposed A Share Offering; as well as the notices convening the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, so as to enable you to make an informed decision while voting for or against the resolutions to be proposed at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares. The details of (1) Proposed A Share Offering; (2) proposed amendments to the Articles of Association and proposed adoption of Articles of Association (applicable after the listing of A Shares); and (3) other relevant proposals regarding the Proposed A Share Offering are prepared and written in Chinese without a formal English version. As such, any English translation shall be for reference only. In the event of any inconsistency, the Chinese version shall prevail.

2. PROPOSAL ON THE PLAN FOR APPLICATION FOR THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE

The Board is pleased to announce that, according to the relevant requirements under the Company Law, the Securities Law, the Administrative Measures on the Registration of Initial Public Offerings of Stocks, the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange, relevant laws and regulations and the normative documents issued by CSRC and the Shenzhen Stock Exchange, the Company strictly reviewed the relevant qualifications and conditions in relation to the initial public offering and listing of ordinary shares denominated in RMB on the Growth Enterprise Market of Shenzhen Stock Exchange and comprehensively considered the actual operation conditions and future development strategies of the Company. Following the said review and consideration, the Company believed that it meets the relevant requirements in relation to the initial public offering and listing of ordinary shares denominated in RMB and proposed to apply for the initial public offering and listing of ordinary shares denominated in RMB (A Shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange, details of which are set out below:

1. Type of shares to be issued

Ordinary shares denominated in RMB (A Shares).

2. Par value of shares to be issued

RMB0.10 per share

3. Pricing method

The issue price shall be determined by the Board or its authorised person(s), as authorised by the Company in general meeting, and the lead underwriter through inquiry from inquiry targets and taking into account prevailing market conditions. If CSRC or the Shenzhen Stock Exchange publishes new regulations, such regulations should be followed.

LETTER FROM THE BOARD

According to the Special Provisions on the Issuance and Underwriting of Initial Public Offering of Securities on the Growth Enterprise Market (《創業板首次公開發行證券發行與承銷特別規定》), if the initial public offering of securities is conducted by way of inquiry (i.e. request for quotations), inquiries shall be made to professional institutional investors such as securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified overseas institutional investors and private equity fund managers (the “Offline Investors”). The Offline Investors shall register with the Securities Association of China and be subject to self-regulation by the Securities Association of China. The issuer and the lead underwriter may, subject to the relevant regulations of CSRC and the self-regulatory rules of the Shenzhen Stock Exchange and the Securities Association of China, negotiate and set specific conditions for the participation of Offline Investors in the inquiry and disclose them in the announcement of the Offering. The issue price shall, in any event, not be lower than the latest audited net asset value per Share prior to the proposed Offering. As at 31 December 2022, the Company’s audited consolidated net asset value per Share was approximately RMB1.47 (as prepared in accordance with the Hong Kong Financial Reporting Standards). Based on the results of the initial inquiry, the Board will fully consider, among other things, the following factors when determining the issue price: (i) the operational and financial conditions of the Group at that time; (ii) valuation of comparable companies; (iii) market situation of A shares at that time; (iv) share price of the Company’s H Shares at that time; and (v) requirements of applicable laws and regulations.

4. Offering method

The Offering will be conducted by a combination of placement to inquired targets through offline placing and offering to public investors through online subscription at market value, or such other means approved by CSRC or the Shenzhen Stock Exchange (including but not limited to placement of shares to investors permitted by laws and regulations, such as strategic investors, subsidiaries legally established by the sponsor or the securities company having actual control over the sponsor, special asset management plans established by the Company’s senior management and core employees). The final offering method shall be determined by the Board or its authorised person(s) in accordance with the authorisation of the general meeting and relevant regulations of CSRC and the Shenzhen Stock Exchange.

5. Offer size

The offer size under the Proposed A Share Offering will not exceed 180,000,000 A Shares, which represents approximately 33.98% of the existing issued shares of the Company and approximately 25.36% of the enlarged issued shares of the Company.

The number of A Shares to be issued under the proposed initial public offering (all of which are new shares issued by the Company) will not exceed 180,000,000 A Shares (before the exercise of the over-allotment option and subject to the review and registration with the securities and regulatory department) and will be not less than 15% of the total share capital of the Company after the Offering, and the lead underwriter is granted the over-allotment option of not exceeding 15% of the initial number of A Shares to be issued under the Proposed A Share Offering. If the Company has any ex-right event (such as bonus issue and conversion of capital reserve to share

LETTER FROM THE BOARD

capital) prior to the Proposed A Share Offering, the number of A Shares to be issued under the Proposed A Share Offering will be adjusted accordingly. The final number of new A Shares to be issued shall be determined, based on the aforementioned principles, through the negotiation between the Board, as authorised by the Company in extraordinary general meeting and class meetings, and the sponsor (lead underwriter) according to the pricing condition of the Offering and the number reviewed by the Shenzhen Stock Exchange and agreed to be registered with CSRC.

6. Target subscribers

Inquired targets who meet the requirements (professional institutional investors such as securities companies, funds management companies, trust companies, financial companies, insurance companies, qualified overseas investors and private equity funds managers), qualified Growth Enterprise Market investors who have opened securities accounts with the Shenzhen Stock Exchange and placement targets other than the inquired targets (except those who are prohibited by national laws and regulations from subscription), and any other targets otherwise provided by the regulatory departments such as CSRC and the Shenzhen Stock Exchange (except those who are prohibited by relevant laws and regulations from subscription).

7. Underwriting method

The Proposed A Share Offering will be underwritten by the lead underwriter who will take up the unsubscribed shares.

8. Listing venue

Growth Enterprise Market of the Shenzhen Stock Exchange

9. Time of Offering

The Company will conduct the Offering upon the review by the Shenzhen Stock Exchange and the consent to registration with CSRC. The specific date of Offering will be determined by the Board and its authorised person(s), as authorised by the EGM and class meetings, after review by the Shenzhen Stock Exchange and consent to registration with CSRC.

10. Offering expenses

The Offering-related expenses, such as the sponsor fees, underwriting fees, audit fees, legal fees, information disclosure fees and offering administrative fees shall be borne by the Company.

11. Conversion to a joint stock limited company with shares offered and listed both domestically and overseas

According to the Proposed A Share Offering combined with the actual situation that the Company has conducted the initial public offering and listing of H Shares on the Stock Exchange, the Company proposed to convert to a joint stock limited company with shares offered and listed both domestically and overseas.

LETTER FROM THE BOARD

12. Validity of resolution

The resolution in relation to the Proposed A Share Offering shall be effective for 12 months commencing from the date on which the same has been considered and approved at the EGM and class meetings.

The Company will seek for the Shareholders' approval at general meeting and separate class meetings again for the Proposed A Share Offering if the Company fails to complete the Offering within 12 months from the date of EGM and the class meetings.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively. The Proposed A Share Offering is subject to approvals from the Shenzhen Stock Exchange, CSRC and other relevant regulatory authorities.

3. **PROPOSAL ON THE AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSON(S) TO DEAL WITH MATTERS RELATED TO THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

To meet the work requirements of the Company's initial public offering and listing of ordinary shares denominated in RMB (A Shares) on the Growth Enterprise Market on the Shenzhen Stock Exchange, according to the relevant laws, regulations and normative documents, it is proposed that the Board and its authorised person(s) be authorised by the EGM and class meetings to deal with matters related to the Proposed A Share Offering, including but not limited to the following matters:

- i. for the purposes of the Proposed A Share Offering, if necessary, amend, sign and submit the prospectus and other listing application documents issued by the Company;
- ii. during the process of the Proposed A Share Offering, make necessary amendments to the Articles of Association (Draft) and its appendices (including but not limited to Rules of Procedures for General Meetings, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee);
- iii. under the condition of complying with relevant applicable laws, regulations and regulatory requirements, formulate, adjust and implement the specific plan for the Proposed A Share Offering, including but not limited to the time of offering and listing of shares, target subscribers, offer price (including the price range and final pricing), pricing method, offer size, offering method, strategic placement, over-allotment option, listing venue and other matters related to the Proposed A Share Offering; approving the payment of necessary listing fees;

LETTER FROM THE BOARD

- iv. handle the application matters related to the Proposed A Share Offering, including but not limited to procedures for application, approve, registration, enrollment, authorize, consent and registration with the relevant governmental authorities, securities regulatory departments, stock exchanges and securities registration and clearing institutions; draft, amend, approve, sign, submit, publish, implement and complete any application, report, declaration, undertaking, confirmation, agreement, contract or necessary documents in relation to the Proposed A Share Offering; and take all other necessary, appropriate and applicable actions in relation to the Proposed A Share Offering and commencement of the projects to be financed by the proceeds according to the opinion of the relevant governmental authorities, securities regulatory departments and the stock exchanges or actual conditions, for the purpose of completion of the Proposed A Share Offering;
- v. reply to the feedback from the relevant regulatory departments such as CSRC and Shenzhen Stock Exchange at full discretion;
- vi. during the validity of the Proposed A Share Offering, if there is any change to the stock offering policies, amend the offering plan according to the requirements under the new policy complying with relevant applicable laws, regulations and regulatory requirements and conditions and continue to handle matters related to the Proposed A Share Offering;
- vii. within the scope of approval at the EGM and class meetings, adjust the specific plans for the projects to be financed by the proceeds of the Proposed A Share Offering, including but not limited to the adjustment and final determination of the priority of the projects to be financed by the proceeds, the progress of project investment, the adjustment to the specific investment amount of each project and the signing of material agreements or contracts in the construction process of the investment projects;
- viii. confirm the designated account for the proceeds raised according to the needs prior to the Proposed A Share Offering;
- ix. provide relevant undertaking, declaration and confirmation according to the relevant requirements of the PRC laws and securities regulatory departments and stock exchanges, and the actual needs of the Proposed A Share Offering;
- x. engage and appoint the relevant professional parties for the Proposed A Share offering, determine their service fees and sign the engagement or appointment agreements;
- xi. formulate, review, revise, approve, sign, disclose, execute, suspend and terminate major contracts and other relevant legal documents related to the Proposed A Share Offering and the implementation of projects financed by the proceeds, including but not limited to prospectus letter, prospectus, report on use of previous proceeds or special assurance report, sponsor agreements, underwriting agreements, service agreements of professional parties, agreements on supervision of proceeds, offering announcement and other relevant documents;

LETTER FROM THE BOARD

- xii. after the completion of the Proposed A Share Offering by the Company, in relation to the matters related to the Proposed A Share Offering, supplement or amend the provisions of “Registered Capital” and “Share Capital Structure” in the Articles of Association (Draft) and its appendices according to the relevant laws, regulations and normative documents or the requirements of relevant governmental and regulatory authorities and the actual conditions of the Proposed A Share Offering; and handle the registration and filing for the industrial and commercial changes of the registered capital and articles of association of the Company; handle the listing of A Shares on the stock exchange and matters related to lock-up of shares;
- xiii. after the completion of the Proposed A Share Offering, handle the matters related to shareholding registration and clearance with China Securities Depository and Clearing Corporation Limited according to the undertakings of the respective shareholders, including but not limited to shareholding entrustment registration and circulation lock-up;
- xiv. according to the requirements of the relevant laws and regulations and regulatory departments, analyse, research and demonstrate the impact of the Proposed A Share Offering on the immediate financial indicators of the Company and the shareholders’ return etc., amend, improve and implement the relevant remedial measures and policies according to the opinion of the regulatory departments combined with the market environment; and handle other related matters at full discretion;
- xv. submit to the stock exchange the application for termination of the Company’s Proposed A Share offering and withdraw the materials related to the Proposed A Share Offering according to the requirements of the relevant laws and regulations and regulatory departments and in light of the actual situation of the Company;
- xvi. under the condition of complying with the relevant applicable laws and regulations and the requirements of the regulatory authorities, authorise the Board to handle other matters not listed above but in the opinion of the Board, related to the Proposed A Share Offering; authorise the Board, when handling matters related to the Proposed A Share Offering, to further authorise other Director(s) or relevant persons(s) to individually or collectively handle matters related to the Proposed A Share Offering;
- xvii. the validity period of this authorisation shall be effective within 12 months commencing from the date on which the same has been considered and approved at the EGM and class meetings.

The Company will seek for the Shareholders’ approval at general meeting and separate class meetings again for the above proposal if the Company fails to complete the Offering within 12 months from the date of EGM and the class meetings.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

LETTER FROM THE BOARD

4. PROPOSAL ON THE PROJECTS TO BE FINANCED BY THE PROCEEDS OF THE INITIAL PUBLIC OFFERING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) AND THEIR FEASIBILITY

The Company intends to apply for the initial public offering and listing of ordinary shares denominated in RMB (A Shares) and the amount of proceeds will be determined according to market and price inquiry conditions. The use and feasibility analysis of the proceeds are as follows:

Use of Proceeds Plans

I. Investment projects to be financed by the proceeds of initial public offering of shares

According to the development strategies of the Company, the proceeds, after deducting the offering expenses, will be invested in the following projects according to the priority:

No.	Project name	Expected total investment amount as at the Latest Practicable Date (RMB'000)	Proposed amount to be financed by the proceeds (RMB'000)
1	Maleic anhydride industry chain phase II project	361,180	340,000
2	Annual production of 20,000 tons of biodegradable materials PBS material project	100,000	100,000
3	Research and development office building project	65,000	60,000
4	Phenylalanine co-production technical transformation project	50,000	50,000
5	Top up working capital	200,000	200,000
Total		776,180	750,000

Note: The differences between the expected total investment amount and proposed amount to be financed by the proceeds in the above table will be financed by funds raised by the Company. The proposed total amount of proceeds was determined after taking into account the percentage of A Shares to the enlarged issued shares of the Company and the expected market capitalisation of the Company after the Offering with reference to the profit for the year ended 31 December 2022 attributable to the Shareholders and the price-to-earnings ratio of comparable companies in the industry.

Within the scope of each of the investment projects to be financed by proceeds, the Board may make appropriate adjustments to the priority and investment amount based on the principle of overall planning and according to the progress, capital requirements and other actual conditions. Any re-allocation of intended use of proceeds from the Proposed A Share Offering between the projects shall be subject to the approval of the shareholders of the Company, and announcement will be made by the Company in this regard.

LETTER FROM THE BOARD

If the timing of proceeds in place is inconsistent with the progress requirements of the investment projects, the Company will first invest with self-raised funds according to the actual situation of the investment projects. When the proceeds are in place, the Company shall replace the self-raised funds initially invested with the proceeds, and the remaining balances shall be used for subsequent construction of the investment projects according to the relevant regulations on the use of proceeds. If the actual proceeds (after deducting the offering expenses) are insufficient to meet the investment needs of the above projects, the shortfall will be financed by the Company with self-raised funds. If the proceeds from the Proposed A Share Offering after deducting the offering expenses exceed the total investment amount, they may be used to top up the Company's working capital related to its main business in accordance with the regulations of CSRC and Shenzhen Stock Exchange.

II. Filing status of investment projects to be financed by proceeds

As at the Latest Practicable Date, the investment projects of the Group to be financed by proceeds have been filed with or approved by the relevant authorities. Among them, the top-up of working capital does not involve the approval or filing procedures of the relevant authorities. The details are as follows:

No.	Project name	Project filing no.	Environmental assessment approval status
1	Maleic anhydride industry chain phase II project	Dachang Jing Kai Bei {2022} No. 5 and No. 77 (大長經開經備{2022} 5號、77號)	to be obtained
2	Annual production of 20,000 tons of biodegradable materials PBS material project	Dachang Jing Kai Bei {2023} No. 1 (大長經開經備{2023} 1號)	to be obtained
3	Research and development office building project	Chang Xin Xing Shen Bei {2022} No. 554 (常新行審備{2022} 554號)	Chang Xin Xing Shen Huan Biao {2021} No. 205 (常新行審環表{2021} 205號)
4	Annual production of 2,700 tons of L-phenylalanine combined production of 1,000 tons of biological protein feed and 200 tons of D-alanine technical transformation project	Guanyun Gongxin Bei {2022} No. 85 (灌雲工信備{2022} 85號)	to be obtained

LETTER FROM THE BOARD

Details of investment projects to be financed by proceeds

1. Maleic Anhydride Industry Chain Phase II Project

(1) Project overview

The Company intends to use RMB340.0 million of the proceeds to carry out the construction of the “Maleic Anhydride Industry Chain Phase II Project”. By purchasing advanced production equipment, expanding production lines, introducing professional talents, and strengthening personnel skills training, the product structure will be further improved on the basis of the completed “Maleic Anhydride Industry Chain Phase I Project”, and the industry chain will be extended vertically. Quality control will be strengthened in the process to improve product quality and production efficiency.

This project is located in Dalian Changxingdao Fine Chemical Industrial Park. Relying on the Maleic Anhydride Industry Chain Phase I Project of Changmao (Dalian) New Materials Company Limited, a subsidiary of the Group, the second phase project will be newly built on the southeast side of the reserved land for the first phase. The Group has obtained the approval for the right to use state-owned construction land (Dazhengdichangzi [2021] No. 104 (大政地長字〔2021〕104號)) and the planning permit for construction. The land use is industrial land.

(2) Estimated project investment

The total investment amount of this project is mainly used for construction expenditures, equipment purchases, installation, other construction expenditures, interest during the construction period and basic working capital.

The project construction period of this project includes the stages of basic construction design, detailed construction design, equipment and material purchases, civil construction, installation, and trail running. The construction period is 15 months in total.

2. Annual production of 20,000 tons of biodegradable materials PBS material project

(1) Project overview

The Company intends to use RMB100.0 million of the proceeds to carry out the construction of the “biodegradable material PBS material project”. Based on the “Maleic Anhydride Industry Chain Phase II Project”, the Company will build a PBS production workshop, purchase production equipment and consumables, and add new technical personnel to establish a biodegradable material PBS material production line to enrich the Group’s product line and tap new profit growth point. It will also enhance the Group’s comprehensive competitiveness, while meeting the market demand for high-performance materials, and enhance resource reuse and help protecting the environmental.

LETTER FROM THE BOARD

This project is located in Dalian Changxingdao Fine Chemical Industry Park. It is a further expansion of the production lines relying on the Maleic Anhydride Industry Chain Phase II Project of Changmao (Dalian) New Materials Company Limited. The Group has obtained the approval of the state-owned construction land use right and the construction land planning permit. The land use is industrial land.

(2) *Estimated project investment*

The total investment amount of this project is RMB100.0 million, which is mainly used for construction expenditures, equipment purchases, equipment installation expenditures, other engineering construction expenditures and reserve expenditures.

The project construction period of this project includes the stages of project preparation, decoration construction, civil construction and decoration, equipment purchases, installation and trail running, personnel recruitment and training, project development, etc. The total project construction period is 13 months.

3. Research and development office building project

(1) *Project overview*

The Company intends to use RMB60.0 million of the proceeds to carry out the construction of the “Research and development office building project”. By building a research and development centre, purchasing research and development test equipment and consumables, and adding new research and development personnel, it will help improve the Group’s research and development environment, enhance the Group’s innovation ability, and enhance the Group’s core competitiveness.

The construction site of this project is located at No. 1228, Changjiang North Road, New North Zone, Changzhou City. It is planned to use the idle area of the existing research and development centre for the construction of this project. The total construction area is 5,550 m². The Company has obtained the land use right for the project land.

(2) *Estimated project investment*

The total investment amount of this project is RMB65.0 million, which is mainly used for construction expenditures, equipment purchases and installation.

The project construction period of this project includes the stages of project preparation, decoration construction, civil construction and decoration, equipment purchases, installation and trail running, personnel recruitment and training, project development, etc. The project construction period is 15 months in total.

LETTER FROM THE BOARD

4. Annual production of 2,700 tons of L-phenylalanine combined production of 1,000 tons of biological protein feed and 200 tons of D-alanine technical transformation project

(1) Project overview

The Company plans to use RMB50.0 million of the proceeds to carry out the construction of the “Annual production of 2,700 tons of L-phenylalanine combined production of 1,000 tons of biological protein feed and 200 tons of D-alanine technical transformation project”. Through the purchase of production equipment and consumables, an annual production line of 2,700 tons of L-phenylalanine, 1,000 tons of biological protein feed and 200 tons of D-alanine was established to optimise the Group’s product structure and enhance the Group’s core competitiveness.

This project is located in the Chemical Industry Park where its subsidiary, Changmao Biochemical Lianyungang Company Limited situated. It is a further expansion of the production lines relying on the new projects of Changmao Biochemical Lianyungang Company Limited. The Group has obtained the approval of the state-owned construction land use right and the construction land planning permit. The land use is industrial land.

(2) Estimated project investment

The total investment amount of this project is RMB50.0 million, which is mainly used for construction expenditures, equipment and software purchases, equipment installation, other expenditures of engineering construction and reserve expenditures.

The project construction period of this project includes the stages of project preparation, equipment purchases, installation and trial running, personnel recruitment and training, project development, etc. The project construction period is 13 months in total.

5. Topping-up working capital

As the industry in which the Group operates is developing rapidly, the Group needs to keep abreast of the industry’s cutting-edge technology research trends and develop extended products and corresponding technologies to consolidate its position. With the implementation of the R&D office building construction project, the Group needs to continuously invest in R&D capital, which has put forward higher requirements on the Group capital reserve. From 2020 to 2022, the Group’s operating scale increased at a significant rate and is expected to continue to grow at a fast pace in the coming years. With the growth of the Group’s revenue and the expansion of its business scale, the scale of the Group’s accounts receivable, inventory and other assets will also show a rising trend, which will rapidly increase the demand for the Group’s working capital. With the continuous expansion of business scale, the Group’s demand for working capital will continue to rise, and if the Group’s fails to replenish its working capital in a timely manner, it will have a negative impact on the Group’s business.

LETTER FROM THE BOARD

While meeting the funding needs of the above-mentioned projects, RMB200.0 million out of the proceeds from this Offering will be used to top-up working capital to meet the needs of the Company's rapid business development for working capital. It is expected that such working capital will be utilised within 12 months and will be used for activities related to the Group's operations including, but not limited to, raw materials procurement, equipment purchase and employee payroll.

Through this replenishment of working capital, the Group's financial strength will be significantly enhanced. With the increase in main business working capital, the Group's operating scale will be further expanded, laying a solid foundation for the Group's future market share expansion and development.

It is expected that each investment project to be financed by the proceeds could create good economic and social benefits and is feasible. The Company will formulate the special management policy for proceeds raised, the proceeds raised will be deposited into the account designated by the Board and used for specific purposes.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

5. PROPOSAL ON THE PLAN FOR STABILISATION OF THE PRICE OF A SHARES FOR THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE

In order to protect the interest of the shareholders, enhance investors confidence and maintain the healthy and stable share price of the Company's A Shares after the initial public offering and listing on the Growth Enterprise Market of the Shenzhen Stock Exchange, the Company has formulated the Plan for Stabilisation of the Price of A Shares of Changmao Biochemical Engineering Company Limited for the Three Years after the Initial Public Offering and Listing on the Growth Enterprise Market of Shenzhen Stock Exchange, the details of which are set out in Appendix I to this circular.

After the proposal is considered and approved at the EGM, it will be implemented for three years commencing from the date when the Offering is approved by the Shenzhen Stock Exchange and the decision to approve registration and listing is made by CSRC.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

LETTER FROM THE BOARD

6. PROPOSAL ON THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER DIVIDEND PLAN FOR THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE

In order to increase the transparency and operability of the Company's future dividend distribution decisions as well as further improving the Company's profit distribution policy, establish a sound, scientific, sustainable and stable dividend mechanism, enhance the transparency of profit distribution, protect the legitimate rights and interests of investors and facilitate the supervision of shareholders of the operational distribution by the Company, the Company has formulated the Profit Distribution Policy and Shareholder Dividend Plan for the Three Years After the Initial Public Offering and Listing of Ordinary Shares Denominated in RMB (A Shares) of Changmao Biochemical Engineering Company Limited on the Growth Enterprise Market of Shenzhen Stock Exchange in accordance with the Notice on Further Implementing Cash Dividend Policy of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Regulatory Guideline No. 3 on Listed Companies – Cash Dividends of Listed Companies (《上市公司監管指引第3號 — 上市公司現金分紅》) issued by CSRC and Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines No. 2 – Standardised Operation of Growth Enterprise Market Listed Companies (《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》), full text of which is set out in Appendix II to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

7. PROPOSAL ON THE REMEDIAL MEASURES REGARDING THE DILUTION OF IMMEDIATE RETURNS DUE TO INITIAL PUBLIC OFFERING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES)

In order to further implement the requirements under the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Minority Investors in the Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the Guidance on Matters Related to Dilution of Immediate Returns as a Result of Initial Offering, Refinancing and Major Asset Restructuring (《關於首發及再融資、重大資產重組及攤薄即期回報有關事項的指導意見》) published by CSRC and relevant regulations, the Company has conducted analysis on the impact on the dilution of immediate returns due to the initial public offering of ordinary shares denominated in RMB (A Shares) and prepared the Remedial Measures of Changmao Biochemical Engineering Company Limited Regarding the Dilution of Immediate Returns Due to Initial Public Offering of A Shares, the details of which are set out in Appendix III to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

LETTER FROM THE BOARD

8. PROPOSAL ON THE RELEVANT UNDERTAKINGS AND RESTRICTIVE MEASURES OF THE COMPANY FOR THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE

In light of the proposed application by the Company for initial public offering and listing of ordinary shares denominated in RMB (A Shares) on the Growth Enterprise Market of Shenzhen Stock Exchange, according to the relevant regulations of CSRC and the Shenzhen Stock Exchange, the Company agreed to issue a series of undertakings and restrictive measures for the Proposed A Share Offering, full text of which is set out in Appendix IV to this circular.

When the Company actually signs and fulfills such undertakings, if there are other regulations or rules on the listing of company stocks in the stock exchange where it is listed, as well as normative documents and applicable laws and regulations, the provisions of those regulations will apply. It is also proposed to authorize the Board to modify, supplement, adjust, and improve the contents of the undertakings in accordance with changes in applicable laws, regulations, normative documents, relevant policies, and opinions and requirements of domestic and foreign regulatory authorities, and to submit them to the shareholders' meeting for consideration.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

9. PROPOSAL ON THE UNDERTAKING OF THE DIRECTORS, SENIOR MANAGEMENT AND THE CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY FOR THE EARNEST PERFORMANCE OF THE REMEDIAL MEASURES REGARDING THE DILUTION OF IMMEDIATE RETURNS DUE TO INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE

According to the relevant requirements under the Certain Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》), the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Minority Investors in the Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the Guidance on Matters Related to Dilution of Immediate Returns as a Result of Initial Offering, Refinancing and Major Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) published by the State Council and CSRC, the Company has conducted analysis on the impact on the dilution of immediate returns due to the initial public offering of ordinary shares denominated in RMB (A Shares) and proposed concrete remedial measures. The Directors, senior management and controlling shareholders and actual controllers of the Company have given undertakings for the earnest performance of the remedial measures of the Company regarding dilution of immediate returns due to initial public offering of A Shares, the details of which are set out in Appendix V to this circular.

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The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

10. PROPOSAL ON THE ARRANGEMENT WITH REGARD TO THE RETAINED PROFITS ROLLED FORWARD PRIOR TO THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE

If the proposal of the Company for the initial public offering of the ordinary shares denominated in RMB (A shares) and listing on the Growth Enterprise Market of the Shenzhen Stock Exchange is approved by the Shenzhen Stock Exchange and a decision of consent to registration is made by the CSRC, the retained profits rolled forward prior to the initial public offering of ordinary shares denominated in RMB (A shares) of the Company shall be shared among the new and existing shareholders in proportion to their shareholdings after the Offering.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, respectively.

11. PROPOSAL ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE ARTICLES OF ASSOCIATION (APPLICABLE AFTER THE LISTING OF A SHARES)

In order to meet the needs of the Company after the Proposed A Share Offering, it is proposed to amend the Articles of Association and adopt the Articles of Association (applicable after the listing of A Shares) in accordance with the relevant requirements under the Company Law, Guidance on Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》) and Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines No. 2 – Standardised Operation of Growth Enterprise Market Listed Companies (Shen Zheng Shang [2022] No.14) (《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》([深證上[2022]14號])) in substitution for, and to the exclusion of, the existing Articles of Association in their entirety with effect from the date of the listing of A Shares. Details of the proposed amendments to the Articles of Association are set out in Appendix VI to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM.

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12. PROPOSAL ON ADOPTION OF THE RULES OF PROCEDURE FOR THE GENERAL MEETING

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (《Shen Zheng Shang〔2022〕No.14》)(《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》(《深證上〔2022〕14號》)) and other relevant regulations and in combination with the proposed adoption of Articles of Association (applicable after the listing of A Shares), the Company proposed to adopt the Rules of Procedures for the General Meeting of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) with effect from the date of listing of A shares, details of which are set out in Appendix VII to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM.

13. PROPOSAL ON ADOPTION OF THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (《Shen Zheng Shang〔2022〕No.14》)(《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》(《深證上〔2022〕14號》)) and other relevant regulations and in combination with the proposed adoption of the Articles of Association (applicable after the listing of A shares), the Company proposed to adopt the Rules of Procedures for the Board of Directors of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) with effect from the date of listing of A shares, details of which are set out in Appendix VIII to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM.

14. PROPOSAL ON ADOPTION OF THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies(《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange –

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Standardized Operation of Companies Listed on the Growth Enterprise Market (〔Shen Zheng Shang〔2022〕No.14〕)(《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》(〔深證上〔2022〕14號〕)) and other relevant regulations and in combination with the proposed adoption of the Articles of Association (applicable after the listing of A shares), the Company proposed to adopt the Rules of Procedures for the Supervisory Committee of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) with effect from the date of listing of A shares, details of which are set out in Appendix IX to this circular.

The above proposal will be submitted by way of special resolution for consideration and approval at the EGM.

15. PROPOSAL ON THE FORMULATION OF THE MANAGEMENT POLICY FOR PROCEEDS RAISED

According to the requirement under the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (〔Shen Zheng Shang〔2022〕No.14〕)(《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》(〔深證上〔2022〕14號〕)) and other laws, regulations and normative documents, the Company has formulated the Management Policy for Proceeds Raised of Changmao Biochemical Engineering Company Limited (applicable after A Share Listing) which shall be effective on the date of listing of A Shares, the details of which are set out in Appendix X to this circular.

The above proposal will be submitted by way of ordinary resolution for consideration and approval at the EGM.

16. PROPOSAL ON THE FORMULATION OF THE MANAGEMENT POLICY FOR RELATED PARTY TRANSACTIONS

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (〔Shen Zheng Shang〔2022〕No.14〕)(《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》(〔深證上〔2022〕14號〕)) and other relevant regulations and in combination with the proposed adoption of Articles of Association (applicable after the listing of A shares), the Company has formulated the Management Policy for Related Party Transactions of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) in substitution for, and to the exclusion of, the existing Management Policy for Related Party Transactions of Changmao Biochemical Engineering Company Limited in its entirety with effect from the date of the listing of A Shares, details of which are set out in Appendix XI to this circular.

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The above proposal will be submitted by way of ordinary resolution for consideration and approval at the EGM.

17. PROPOSAL ON THE FORMULATION OF THE MANAGEMENT POLICY FOR EXTERNAL INVESTMENTS

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (《Shen Zheng Shang〔2022〕No.14》) (《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》(《深證上〔2022〕14號》)) and other relevant regulations and in combination with the proposed adoption of the Articles of Association (applicable after the listing of A shares), the Company has formulated the Management Policy for External Investments of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) which shall be effective on the date of listing of A Shares, the details of which are set out in Appendix XII to this circular.

The above proposal will be submitted by way of ordinary resolution for consideration and approval at the EGM.

18. PROPOSAL ON THE FORMULATION OF THE MANAGEMENT POLICY FOR EXTERNAL GUARANTEES

In order to adapt to the needs of the Company after the listing, in accordance with the relevant regulations including the Company Law, Guidance for Articles of Association of Listed Companies (《上市公司章程指引》), the Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange (Revised in 2023) (《深圳證券交易所創業板股票上市規則(2023年修訂)》), Guidance for Self-disciplinary Supervision of Listed Companies No. 2 of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Growth Enterprise Market (《Shen Zheng Shang〔2022〕No.14》) (《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》(《深證上〔2022〕14號》)) and other relevant regulations and in combination with the preparation of Articles of Association (applicable after the listing of A shares), the Company has formulated the Management Policy for External Guarantees of Changmao Biochemical Engineering Company Limited (applicable after the listing of A shares) which shall be effective on the date of listing of A Shares, the details of which are set out in Appendix XIII to this circular.

The above proposal will be submitted by way of ordinary resolution for consideration and approval at the EGM.

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19. IMPACT OF OFFERING ON SHAREHOLDING STRUCTURE OF THE COMPANY

For information and illustration purposes only, assuming that all 180,000,000 A Shares under the Offering are issued (before the exercise of the over-allotment option) and the issued share capital of the Company remains unchanged before completion of the Offering, the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Offering are as follows:

	As at the Latest Practicable Date		Immediately after completion of the Offering	
	Number of Shares	Approximate percentage of the issued Shares (%)	Number of Shares	Approximate percentage of the issued Shares (%)
Domestic Shares ⁽¹⁾				
– Domestic Shares/A Shares converted from Domestic Shares and to be held by non-public persons ⁽²⁾	2,500,000	0.47	2,500,000	0.35
– A Shares converted from Foreign Shares and to be held by non-public persons ⁽³⁾	–	–	331,000,000	46.64
– A Shares converted from Foreign Shares and to be held by public	–	–	12,500,000	1.76
– Newly issued A Shares under the Proposed A Share Offering ⁽⁴⁾	–	–	180,000,000	25.36
Subtotal	<u>2,500,000</u>	<u>0.47</u>	<u>526,000,000</u>	<u>74.11</u>
Foreign Shares ⁽¹⁾				
Foreign Shares held by non-public persons ⁽³⁾	331,000,000	62.49	–	–
Foreign Shares held by public	<u>12,500,000</u>	<u>2.36</u>	<u>–</u>	<u>–</u>
Subtotal	<u>343,500,000</u>	<u>64.85</u>	<u>–</u>	<u>–</u>
H Shares				
H Shares held by non-public persons ⁽⁵⁾	6,440,000	1.22	6,440,000	0.91
H Shares held by public	<u>177,260,000</u>	<u>33.46</u>	<u>177,260,000</u>	<u>24.98</u>
Subtotal	<u>183,700,000</u>	<u>34.68</u>	<u>183,700,000</u>	<u>25.89</u>
Total	<u><u>529,700,000</u></u>	<u><u>100.00</u></u>	<u><u>709,700,000</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The Domestic Shares and Foreign Shares in issue will be converted into A Shares immediately following the completion of Offering.

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- (2) As at the Latest Practicable Date, Mr. Rui Xin Sheng (“Mr. Rui”) and Ms. Leng Yi Xin (“Ms. Leng”), are the registered holders and beneficial owners of 70% and 30%, respectively, of the registered capital of Changzhou Xinsheng Biochemical Technology Development Company Limited* (常州新生生化科技開發有限公司), which is the registered holder and beneficial owner of 2,500,000 Domestic Shares.
- (3) Mr. Rui is the registered holder and beneficial owner of 96,500 Class “A” shares in Hong Kong Xinsheng Pioneer Investment Company Limited (“HK Xinsheng”). Ms. Leng is the registered holder and beneficial owner of 73,500 Class “A” shares and 53,000 Class “B” shares in HK Xinsheng. Mr. Pan Chun (“Mr. Pan”) is the registered holder and beneficial owner of 2,000 Class “B” shares in HK Xinsheng. Mr. Zeng Xian Biao (“Mr. Zeng”) is the registered holder and beneficial owner of 2,000 Class “B” shares in HK Xinsheng. Mr. Zhang Jun Peng (“Mr. Zhang”), a supervisor of the Company, is the registered holder and beneficial owner of 800 Class “B” shares in HK Xinsheng. HK Xinsheng is the registered holder and beneficial owner of 135,000,000 Foreign Shares. Mr. Pan is the registered holder and beneficial owner of 200,000 shares in Hong Kong Bio-chemical Advanced Technology Investment Company Limited (“HK Bio”). Mr. Zeng is the registered holder and beneficial owner of 380,000 shares in HK Bio. Ms. Zhou Rui Juan, a supervisor of the Company, is the registered holder and beneficial owner of 220,000 shares in HK Bio. Mr. Zhang is the registered holder and beneficial owner of 120,000 shares in HK Bio. HK Bio is the registered holder and beneficial owner of 67,500,000 Foreign Shares. Mr. Yu Xiao Ping and his spouse (who is not a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Kehai Venture Capital (Hong Kong) Limited (“Kehai Venture”) is the registered holder and beneficial owner of 62,500,000 Foreign Shares.
- (4) The A Shares are expected to be held by non-core connected persons of the Company and will be counted as part of the public float.
- (5) As at the Latest Practicable Date, Mr. Rui is the beneficial owner of 3,768,000 H Shares and Ms. Leng is the beneficial owner of 52,000 H Shares. Mr. Yu Xiao Ping’s spouse, Ms. Lam Mau, is the beneficial owner of 2,620,000 H shares.

As at the Latest Practicable Date, based on the information available to the Company and to the knowledge of the Directors, the Company’s public float complies with the requirements of Rule 8.08 of the Listing Rules. Assuming that all 180,000,000 A Shares under the Proposed A Share Offering are issued upon approval and that all are issued to non-core connected persons of the Company, the percentage of the H Shares held by the public in the total number of the issued Shares after the Offering is expected to be approximately 24.98%, and the percentage of the Shares (total of A Shares and H Shares) held by the public in the total number of the issued Shares after the Offering is expected to be approximately 52.10%. As such, the Company’s public float will be able to comply with the requirements of Rule 8.08 of the Listing Rules immediately upon completion of the Proposed A Share Offering. The Company will closely monitor its public float to ensure its compliance, at all times, with the relevant public float requirements. The Company will review its A Share and H Share registers from time to time for the purpose of monitoring its position for full compliance of the public float requirements.

As at the Latest Practicable Date, the Company has not entered into or intends to enter into any agreements with any of its connected persons in connection with the subscription of A Shares. In addition, no connected person(s) of the Company has indicated its intention to participate in the Proposed A Share Offering.

As it is expected that the Proposed A Share Offering will not involve any connected persons of the Company and that all subscribers will be independent third parties of the Company, the Proposed A Share Offering does not constitute a connected transaction to the Company and is not required to seek independent shareholders’ approval under Chapter 14A of the Listing Rules. However, in the case that any connected persons of the Company indicates its intention to participate in the Proposed A Share

LETTER FROM THE BOARD

Offering or the Company has intention to enter into any agreement with any of its connected persons in connection with the subscription of A Shares, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to announcement, circular and seeking approval from its independent shareholders. After obtaining the Shenzhen Stock Exchange's approval, the Company will apply to CSRC for registration and the A Shares shall be issued within 12 months after obtaining CSRC's consent to registration. If the Proposed A Share Offering finally does involve any connected persons of the Company, the Company will only proceed with the Proposed A Share Offering after obtaining the approval of the independent shareholders in respect of the connected transaction(s).

20. REASONS FOR AND PURPOSES OF THE PROPOSED A SHARE OFFERING

The Board considers that the Proposed A Share Offering will enable the Company to access the PRC capital market by way of equity financing and improve its capital structure. The Board considers that the Proposed A Share Offering will enhance the corporate image of the Company, better facilitate the Company's capital expenditure needs, broaden the Company's fund raising channels, improve the Company's capital structure, and further strengthen the financial position of the Group and provide working capital to the Group.

The Board considers that the Proposed A Share Offering is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthening the sustainable development of the Company.

21. EQUITY FINANCING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the Latest Practicable Date, the Company has not conducted any equity financing activities or issued any equity securities.

22. EGM, THE CLASS MEETING OF HOLDERS OF DOMESTIC SHARES AND FOREIGN SHARES AND THE CLASS MEETING OF HOLDERS OF H SHARES

The EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares will be convened for the purpose of considering and, if thought fit, passing the resolutions in respect of the matters set out in the notices of the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares.

Notices convening the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares to be held at 9:30 a.m., 10:00 a.m. (or as soon as the EGM to be convened on the same date and at the same place at 9:30 a.m. shall conclude or adjourn), and 10:30 a.m. (or as soon as the class meeting of holders of Domestic Shares and Foreign Shares to be convened on the same date and at the same place at 10:00 a.m. shall conclude or adjourn) respectively, on Friday, 5 May 2023 at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong are set out on pages 260 to 269 of this circular.

Proxy forms for use at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares are enclosed and are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmbec.com.hk).

LETTER FROM THE BOARD

Whether or not you are able to attend the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, you are advised to complete the enclosed proxy form in accordance with the instructions printed thereon and return it, in the case of holders of Domestic Shares and Foreign Shares, to the principal place of business of the Company in Hong Kong at Room 54, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong, and, in the case of holders of H Shares, to the Company's H Share registrar, being Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable and in any event no later than 24 hours before the time appointed for the holding of the meetings.

Completion and return of the proxy form will not preclude you from attending and voting in person at the meetings or any adjourned meetings thereof should you so wish.

23. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

24. CLOSURE OF REGISTER OF MEMBERS

Holders of H Shares are advised that the register of members of the Company will close from 3 May 2023 to 5 May 2023 (both days inclusive), during which time no transfer of H Shares will be effected and registered. Shareholders whose names appear on the register of members of the Company at the close of business on 2 May 2023 are entitled to attend the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares. In order to qualify for attendance at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's share registrar and transfer office for H Shares, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 2 May 2023.

25. RECOMMENDATIONS

The Directors consider that the resolutions to be proposed at the EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of all the resolutions set out in the notices of EGM, the class meeting of holders of Domestic Shares and Foreign Shares and the class meeting of holders of H Shares.

By order of the Board
Changmao Biochemical Engineering Company Limited*
Rui Xin Sheng
Chairman

* For identification purpose only

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

**PLAN FOR STABILISATION OF THE PRICE OF A SHARES OF CHANGMAO BIOCHEMICAL
ENGINEERING COMPANY LIMITED FOR THE THREE YEARS AFTER THE INITIAL
PUBLIC OFFERING AND LISTING ON THE GROWTH ENTERPRISE MARKET
OF SHENZHEN STOCK EXCHANGE**

In order to safeguard the interests of the vast shareholders, strengthen investor confidence, and maintain the healthy and stable stock price of Changmao Biochemical Engineering Company Limited (hereinafter referred to as “Company”), when certain special circumstances arises after the initial offering and listing of the Company’s A Shares, the Company has specially formulated the following measures to stabilise the price of the A Shares.

1. PRINCIPLE FOR SHARE PRICE STABILISATION OF THE COMPANY

The Company will strive to maintain its normal operation and sustainable development, so as to deliver reasonable returns to all shareholders. In order to take into account the immediate benefits and long-term benefits of all shareholders, and to promote the healthy development of the Company and market stability, and if the share price of the Company triggers the specific conditions for initiating A Share price stabilisation measures, the Company and relevant parties will initiate relevant price stabilisation measures according to the relevant regulations of the Securities Law of the People’s Republic of China and the regulatory documents promulgated by the China Securities Regulatory Commission as well as the actual situations of the Company, to earnestly protect the legal interests of the investors, in particular, the minority investors.

2. SPECIFIC CONDITIONS FOR INITIATING PRICE STABILISATION MEASURES

Within three years from the date of listing of the A Shares, if the closing price of the Company’s A shares was lower than the latest audited net assets per share for 20 consecutive trading days, the specific conditions for starting the share price stabilisation measures have been met. The Company and the relevant parties shall initiate price stabilisation measures. The 20th trading day is called “Price Stabilisation Measure Trigger Period”. If the Company disclosed the latest audited net assets in the 20 trading date period, the 20 trading day period shall be counted from date which the Company disclosing the latest audited net assets. The same mechanism apply below.

Where the closing price of the A Shares is higher than the audited net asset value per share of the Company at the end of the latest period for 5 consecutive trading days before announcement of price stabilisation measures by the Company or relevant parties or upon implementation of price stabilisation measures by the Company or relevant parties, the implementation of price stabilisation measures shall be terminated.

The aforesaid mentioned “net assets per share” refers audited total equity attributable to the ordinary shareholders of the Company in the latest consolidated financial statements of the Company divided by the total number of shares of the Company at the period end date (i.e. year-end, 6-month period-end and quarter-end) of the consolidated financial statements. If the Company’s net assets or total number of shares have changed due to profit distribution, capital provident funds transfer, issuance of shares, and dividends declaration after the period end date with the Price Stabilisation Measure Trigger Period, the aforesaid net assets per share shall be adjusted correspondently.

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

3. SPECIFIC MEASURES OF PRICE STABILISATION PLAN

While complying with the applicable laws, regulations, and nominative documents, the Company, the Company's controlling shareholder, actual controller, director of the Company (except for independent non -executive directors) and senior management personnel shall take the following measures to stabilise the Company's stock price:

(1) Repurchase Shares by the Company

1. Starting the procedure for repurchase shares

Within 10 trading days from the date of meeting the specific conditions of starting the price stabilisation measures, the Company formulates the A Share repurchase plan and submits it to the board of Directors for consideration. The share repurchase plan should include the price range, quantity range, and the period of repurchase. The board of Directors shall comprehensively consider factors such as the actual situation of the Company's business development, the industry of the Company, cash flow status of the Company, the social capital costs and the external financing environment, and decide whether to repurchase the Company's shares. Independent non -executive directors shall give independent opinions on the Company's share repurchase plan, and the board of supervisors shall review and give opinion to the Company's share repurchase plan.

If the articles of association of Changmao Biochemical Engineering Company Limited which is effective at that time provided that the Company's shareholders' meeting authorised the Company's to repurchase shares, the Company's share repurchase plan can be implemented if more than two -thirds of the board of directors attending the board meeting approve the repurchase plan. The Company's share repurchase plan will be announced and implemented after obtaining approval by more than half of the independent non-executive directors and more than half of the board of supervisors, and more than two -thirds of directors attending the board meeting. If the prevailing articles of association of Changmao Biochemistry Engineering Company Limited does not allow the Company's shareholders' meeting to authorise the board of directors to implement the share repurchase, the Company's share repurchase plan required the approval by more than half of the independent non-executive directors and more than half of the board of supervisors. After reviewing and approved by the board of directors, the share repurchase plan shall be announced and submitted to the shareholders' general meeting for consideration and approval.

The Company's share repurchase plan shall meet the provisions of effective laws and regulations and the regulations of the China Securities Regulatory Commission and securities regulatory authorities. The Company shall perform specific procedures for the share repurchase in accordance with such regulations, and disclose information in a timely manner.

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

2. *Other conditions for repurchase shares*

When meeting the specific conditions of share price stabilisation measures stipulated in this plan, and meeting the following conditions, the Company is obliged to start the share repurchasing procedures to stabilise the price of the Company's A Shares:

- (1) The Company's A Shares have been listed for one year, and the Company's share repurchase will not cause its equity distribution not meeting the conditions for A Share listing;
- (2) The share repurchase complies with the relevant provisions of relevant laws, regulations, nominative documents and regulation of stock exchanges.

If the Company repurchase its shares within the implementation period stipulated in this plan will lead to violation of any of the previous conditions, the Company is not obliged to start the procedures for share repurchase within the implementation period stipulated in this plan.

3. *Method of share repurchase*

The method of share repurchase shall be in a way which is permitted by the securities trading system of the stock exchange, including but not limited to the centralised bidding transaction method, the offer method, and other methods recognised by the China Securities Regulatory Commission.

4. *The price of share repurchase*

The repurchase price shall not be higher than the Company's latest audited net assets per share.

5. *The total amount of repurchase shares*

In order to stabilise the price of A Shares, the price of repurchase of A shares shall, in addition to meeting the requirements of relevant laws and regulations, also meet the following requirements: (1) In principle, the total amount used by the Company for share repurchase in each time shall not less than 5% of the Company's net profit attributable to the Company's ordinary shareholders in last year; (2) The total amount used by the Company for repurchases shall not exceed 2% of the share capital as at the last year end; (3) The total amount used by the Company to repurchase shares shall not exceed the total amount of funds raised by the Company's initial public offering of A Shares. The Company's shall not continue to implement the share price stabilisation measures in that year if the above requirements are exceeded.

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

6. *Termination of the share repurchase measures*

The repurchase period shall be within 3 months from the date of implementation of the share repurchase. During the repurchase period, when the closing price of the Company's A Shares is higher than the Company's latest audited net assets per share for 5 consecutive trading days, or the Company's continued repurchase of shares will cause the Company not meeting the legal listing conditions of A Shares, the Company may terminate the share repurchase. The Company will not make share repurchase if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

7. *Treatment of repurchasing shares*

The repurchased shares will be canceled, thereby reducing the Company's registered capital.

(2) *Increasing shareholdings by the controlling shareholder and actual controller*

1. *Starting the procedure for repurchase shares*

(1) *The Company is not able to implement a share repurchase plan*

In case that the conditions for starting the share price stabilisation measures is triggered, if the Company cannot implement the share repurchase or the share repurchase is not approved by the Company's board of Directors or shareholders' meeting, the controlling shareholder and actual controller of the Company has to submit a shareholding increasing plan to the board of directors and shareholders' meeting within 10 trading days from the date that starting the share price stabilisation measures is triggered or the date of that the board of directors and shareholders' meeting determined not to implement a share repurchase plan and it shall be announced by the Company.

(2) *The Company has implemented a share repurchase plan*

Although the Company has implemented a share repurchase plan, the closing price of the Company's A Share is not higher than the Company's latest audited net assets per share for 5 consecutive trading days, the controlling shareholder and actual controller of the Company has to submit a shareholding increasing plan to the board of directors and shareholders' meeting within 10 trading days from the termination or completion date of implementation of the share price stabilisation measures and it shall be announced by the Company.

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

2. *Plan for shareholding increase*

Unless the following situations appear, the Company's controlling shareholder and actual controller shall increase shareholdings in accordance with the price range, quantity range, and completion period within 3 months from the date of the Company's announcement on the shareholding increase plan.

- (1) The timing to shareholding increase does not comply with relevant laws and regulations, nominative documents and regulatory rules of the stock exchange;
- (2) Continuous increase of shareholdings will cause the Company's equity distribution not meeting the conditions for A share listing;
- (3) Continuous increase of shareholdings will trigger the obligation of general offer by controlling shareholder and the actual controller, and the controlling shareholder and the actual controller has no plan to make a general offer;
- (4) Increase of shareholdings does not comply with relevant laws, regulations, normative documents and other relevant regulations of the stock exchange.

The Company's controlling shareholder and actual controller can directly increase their shareholdings, or they can do it through their concert parties.

3. *Method of shareholding increase*

Shareholding shall be increased by ways permitted by securities regulatory agencies, securities exchanges, and other authorities, including but not limited to concentrated bidding transactions and large transaction methods.

4. *Price of shareholding increase*

The price of shareholding increase shall not higher than the Company's audited net assets per share at the most recent year end.

5. *Total amount of shareholding increase*

The total amount used by the controlling shareholders and the actual controller each time to increase their holdings shall not less than 20% of cash dividend received (after tax) recently or for last year (whichever is the higher). The total amount of shareholding increase to stabilise the stock price in a single financial year shall not exceed 50% of cash dividends received (after tax) recently or for last year (whichever is the higher).

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

6. *Termination of the shareholding increase*

During the process when the controlling shareholder and the actual controller's implementation of their shareholding plan, when the closing price of the Company's A Shares is higher than the Company's latest audited net assets per share for 5 consecutive trading days, or the Company's continued repurchase of shares will cause the Company not meeting the legal listing conditions of A Shares, the controlling shareholder and the actual controller may terminate the shareholding increase plan.

(3) Shareholding increase by Director and senior management

1. *Starting the procedure for shareholding increase*

Although the Company's controlling shareholder and actual controller has implemented an increase shareholdings plan, the closing price of the Company's A Share is not higher than the Company's latest audited net assets per share for 5 consecutive trading days, the director and senior management of the Company have to submit a shareholding increasing plan to the board of directors and shareholders' meeting within 10 trading days from the termination or completion date of implementation of the shareholding increase plan by the controlling shareholder and actual controller and it shall be announced by the Company.

The Directors and senior managers in this plan include not only those who are Directors and senior managers when the Company's A shares is listed, they also include new Directors and senior managers of the Company who are appointed within three years after the Company's A share is listed. For Directors and senior managers who are hired by the Company, they shall perform their obligations in writing before obtaining nominations.

2. *Plan for shareholding increase by the director and senior management*

Unless the following situations appear, the director and senior management of the Company shall increase shareholdings in accordance with the price range, quantity range, and completion period within 3 months from the date of the Company's announcement on the shareholding increase plan.

- (1) The timing to shareholding increase does not comply with relevant laws and regulations, nominative documents and regulatory rules of the stock exchange;
- (2) Continuous increase of shareholdings will cause the Company's equity distribution not meeting the conditions for A share listing;
- (3) Continuous increase of shareholdings will trigger the obligation of general offer by director and senior management of the Company, and director and senior management of the Company has no plan to make a general offer;

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

- (4) Increase of shareholdings does not comply with relevant laws, regulations, normative documents and other relevant regulations of the stock exchange.

The director and senior management of the Company can directly increase their shareholding, or they can do it through their concert parties.

3. *Method of shareholding increase*

Shareholding shall be increased by ways permitted by securities regulatory agencies, securities exchanges, and other authorities, including but not limited to concentrated bidding transactions and large transaction methods.

4. *Price of shareholding increase*

The price of shareholding increase shall not higher than the Company's audited net assets per share at the most recent year end.

5. *Total amount of shareholding increase*

The total amount used by the director and senior management of the Company each time to increase their holdings shall not less than 20% of each of their remuneration (after tax) from the Company in last year. The total amount of shareholding increase to stabilise the stock price in a single financial year shall not exceed 50% of each of their remuneration (after tax) from the Company in last year.

6. *Termination of the shareholding increase*

During the process when the director and senior management of the Company's implementation of their shareholding plan, when the closing price of the Company's A Shares is higher than the Company's latest audited net assets per share for 5 consecutive trading days, or the Company's continued repurchase of shares will cause the Company not meeting the legal listing conditions of A Shares, the director and senior management of the Company may terminate the shareholding increase plan.

4. RESTART OF SHARE PRICE STABILISATION MEASURES

After taking the aforesaid measures to stabilise the price of A Shares and after its completion, if the closing price of the Company's A shares is lower than the Company's latest audited net assets per share for 20 consecutive trading days, the Company, the controlling shareholder and the actual controllers, the Directors and senior managers should re-determine to start a new round of stock price stabilisation measures in accordance with the provisions of this plan within 10 trading days from the date of the occurrence of the above situation.

**APPENDIX I PLAN FOR STABILISATION OF PRICE OF A SHARES FOR THE THREE YEARS
AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES ON
THE GROWTH ENTERPRISE MARKET OF THE SHENZHEN STOCK EXCHANGE**

5. CONSTRAINT MEASURES FOR SHARE PRICE STABILISATION PLAN

1. Restraining measures on the Company

If the Company fails to formulate a share repurchase plan in time and submit it to the board of directors for consideration, or the board of directors rejects the share repurchase without justified and sufficient reasons, if the specific conditions for initiating share price stabilisation measures stipulated in this plan and other conditions for the Company's share repurchase are met. the Company and the directors who voted against the share repurchase plan shall explain the situation and reasons on the designated information disclosure media. The Company should continue to fulfill its obligation to formulate a share repurchase plan as soon as possible, and the directors of the Company should urge the Company to fulfill the aforementioned obligations.

2. Restraining measures for controlling shareholders and actual controllers, directors and senior managers

If the controlling shareholder and actual controller fail to perform the obligation to increase shareholdings in accordance with the provisions of this plan, the Company has the right to withhold dividends which equals to the total amount that should be borne by the controlling shareholder and actual controller for fulfilling the obligation of shareholding increase from that year onwards. The controlling shareholder and actual controller shall give up their rights on those dividend, which will be used by the Company to repurchase shares or for other purposes.

If the directors and senior managers fail to fulfill their shareholding increase obligations in accordance with the provisions of this plan, the Company has the right to withhold their after-tax remuneration with the total amount equals that the directors and senior managers should bear for fulfilling the shareholding increase obligations from that year onwards. A director or senior executive shall give up their rights on those remunerations, which will be used by the Company to repurchase shares or for other purposes.

6. AMENDMENT AND EFFECTIVE OF THE PLAN

1. This plan is required to be approved as a special resolution int the Extraordinary General Meeting and Class Meeting; the same applies for any amendments.
2. This plan will be effective from the date of listing of the Company's A Share and will be valid for 3 years.

**APPENDIX II THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER
DIVIDEND PLAN FOR THE THREE YEARS AFTER
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

**THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER DIVIDEND PLAN FOR THE
THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY
SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET
OF SHENZHEN STOCK EXCHANGE**

In order to increase the transparency and operability of the future dividend distribution decision of Changmao Biochemical Engineering Company Limited (hereinafter referred to as the “Company”) and facilitate shareholders to supervise the Company’s profit distribution, this plan is formulated.

Article 1 Principles for the formulation of this plan

The Company shall actively implement a continuous and stable dividend distribution policy. The Company’s dividend distribution should emphasis on the reasonable return on investment for investors and take into account the sustainable development of the Company. The Company’s board of directors should abide by relevant laws, regulations and the Articles of Association, and should listen to the opinions of all parties when formulating a profit distribution plan, especially a cash dividend plan, especially the opinions of independent non-executive Directors and minority shareholders. The Company shall endeavor principle of cash dividends while ensuring the normal operation and business development of the Company.

Article 2 Factors considered in formulating this plan

The Company shall focus on long-term and sustainable development, on the basis of comprehensive analysis of the actual situation of the Company’s business development, social capital costs, external financing environment and other factors, and fully listen to the requirements and wishes of independent non-executive directors, supervisors and minority shareholders. Based on the Company’s current and future profit scale, cash flow status, development stage, capital investment for projects, bank credit and debt financing environment, etc., the Company shall establish a sustainable, stable, scientific and positive return plan and mechanism for investors, so as to make systematic arrangements for profit distribution to ensure the continuity and stability of the profit distribution policy.

Article 3 Decision-making and supervision procedures of the profit distribution plan

1. Formulation of profit distribution plan

The Company’s board of directors should formulate a reasonable profit distribution plan based on the Company’s profitability, capital needs, and shareholder return planning, and submit it to the general meeting of shareholders for consideration after consideration and approval by the board of Directors. Independent non-executive Directors and the board of supervisors should review the profit distribution plan to be submitted to the general meeting for consideration and issue a written opinion. When the board of Directors considers the profit distribution plan, it must obtain the approval from more than half of all Directors, and more than half of the independent non-executive directors of the Company who clearly express an independent opinion. When the board of supervisors considers the profit distribution plan, approval from more than half of all supervisors shall be obtained. When the general meeting of shareholders considers the profit distribution plan, it must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Before the general meeting considers a profit distribution plan, the Company shall proactively communicate with shareholders, especially minority shareholders, through various channels such as telephone, fax, email or investor communication platforms, fully listen to the opinions and appeals of minority shareholders, and respond to the concerns of minority shareholders in a timely manner. When the Company submits the profit distribution plan to the general meeting for consideration, it shall provide investors with convenient conditions for online voting. The Company's board of directors, independent non-executive directors, and shareholders who meet the relevant requirements may solicit the voting rights of shareholders from the Company's public shareholders before the shareholders' meeting to review the profit distribution plan. Among them, the independent non-executive directors exercise the above-mentioned powers shall obtain the consent from more than half of all independent non-executive directors.

When the Company formulates a cash dividend plan, the board of Directors should carefully study and demonstrate the timing, conditions and minimum ratio of the Company's cash dividends, the conditions for adjustments and the requirements for decision-making procedures, etc. is appropriate, and independent non-executive Directors should clearly express their opinions. Independent non-executive Directors can solicit opinions from minority shareholders, propose dividend proposals, and submit them directly to the board of Directors for consideration. The board of supervisors supervises the implementation of the cash dividend policy and shareholder return planning by the board of Directors, as well as the implementation of corresponding decision-making procedures and information disclosure.

The Company shall strictly implement the cash dividend policy stipulated by relevant laws, regulations, normative documents and the Company's articles of association, as well as the cash dividend plan considered and approved by the general meetings.

2. Adjustment of established profit distribution policy

In the event of force majeure events such as wars and natural disasters, or changes in the Company's external business environment that have or are about to have a major impact on the Company's production and operation, or the Company's own operating conditions undergo significant changes, the Company may adjust the established profits distribution policy after careful consideration.

When the Company makes adjustments to the established profit distribution policy (especially the cash dividend policy), it should demonstrate in detail the necessity and feasibility of adjusting the profit distribution policy, fully listen to the opinions of independent non-executive Directors, and actively communicate with shareholders, especially minority shareholders, through various channels. The adjusted profit distribution policy shall comply with relevant laws and regulations, and shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting after consideration and approval by the board of directors.

**APPENDIX II THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER
DIVIDEND PLAN FOR THE THREE YEARS AFTER
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

If the Company is unable to determine the profit distribution plan in a year in accordance with the established cash dividend policy or the minimum cash dividend ratio under special circumstances permitted by relevant laws, regulations, regulatory documents or stipulated in the Company's articles of association, it shall disclose the specific reasons in the annual report and the independent non-executive shall express a clear opinion, The Company's profit distribution plan for the year should be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting.

Article 4 The Company's specific shareholder return plan for three years after the listing of the Company's A Shares

In the year of the Company's initial public offering and listing of RMB ordinary shares (A Share) and the subsequent three-year period (hereinafter referred to as "Three Years after Listing"), the specific shareholder return plan is as follows:

1. Form and interval of profit distribution

The Company shall distribute dividends in the form of cash, shares or a combination of cash and shares, but the profit distribution method of cash dividends is preferred. If the conditions for cash dividends are met, cash dividends shall be used for profit distribution.

Upon fulfilling the conditions for profit distribution, the Company shall conduct profit distribution once a year. After consideration and decision by the board of directors and the general meeting, the Company can carry out interim profit distribution.

2. Specific conditions for cash dividends

To distribute cash dividends, the Company must meet the following conditions:

- (1) The distributable profit of the Company in the year (that is, the remaining after-tax profit after the Company has made up losses and withdrawn the provident fund) has a positive value;
- (2) The auditors issue a standard unqualified audit report on the Company's annual financial statements;
- (3) The Company has no special circumstances such as major investment plans or major cash expenditures in the next twelve months. Major investment plans or major cash expenditures refer to the accumulated amount of the Company's planned external investment, asset acquisition or equipment purchase within the next 12 months reaching or exceeding 30% of the Company's latest audited total assets.

**APPENDIX II THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER
DIVIDEND PLAN FOR THE THREE YEARS AFTER
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

3. Conditions for script dividends

According to the actual situation of the Company's sustainable development, when the board of directors believes that the distribution of profits in the form of script dividends is in the overall interests of all shareholders, the Company can use the method of script dividends for profit distribution. The conditions for the Company to distribute script dividends are as follows:

- (1) The Company is operating in good condition;
- (2) Due to real and reasonable factors such as the Company's growth potential, incompatibility between the scale of equity capital and the scale of operations, major investment plans or major cash expenditures, distribution of dividends in the form of script dividends is beneficial to the overall interests of the Company and shareholders;
- (3) It dose not violate the Company's cash dividend policy.

4. Shareholder return plan for Three Years after Listing

When distributing profits in the period where after comprehensively considering factors such as the characteristics of the Company's industry, development stage, its own business model, profitability, major capital expenditure arrangements, and expected listing time, if the Company is still in the growth stage and have major capital expenditure arrangements Three Years after Listing, the profits distributed in cash each year shall not be less than 20% of the profits made and which is distributable in the year, and the proportion of cash dividends in each profit distribution shall be at least 20%.

Article 5 Medium and long-term plan for shareholder dividend return

1. The formulation cycle of shareholder dividend return plan

The Company shall re-examine the shareholders' dividend return plan at least once every three years. Upon complying with the Articles of Association, according to the opinions of independent non-executive Directors, the board of supervisors and minority shareholders, the Company's board of directors shall combine specific operating data and fully consider the Company's profit scale, cash flow status, development stage and capital needs, make appropriate and necessary revisions to the Company's ongoing profit distribution policy, and determine the dividend return plan for shareholders during that period.

**APPENDIX II THE PROFIT DISTRIBUTION POLICY AND SHAREHOLDER
DIVIDEND PLAN FOR THE THREE YEARS AFTER
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

2. Differentiated cash dividend policy

Upon ensuring the normal business development, the Company shall endeavor on cash dividends and multiple ways of profit distribution. The board of directors of the Company shall comprehensively consider factors such as the characteristics of the Company's industry, development stage^(Note), its own business model, profitability, and whether there are major capital expenditure arrangements^(Note), and propose differentiated cash dividend policies according to the following situations:

- (1) If the Company is at a mature development stage and there is no major capital expenditure arrangement, when making profit distribution, the proportion of cash dividends should account for a minimum of 80% of the profit distribution;
- (2) If the Company is at a mature development stage and there are major capital expenditure arrangements, when making profit distribution, the proportion of cash dividends should account for a minimum of 40% of the profit distribution;
- (3) If the Company is at a growth development stage and there are major capital expenditure arrangements, when making profit distribution, the proportion of cash dividends should account for a minimum of 20% of the profit distribution.
- (4) If the Company's development stage is not easy to distinguish and there are major capital expenditure arrangements, it can be handled in accordance with the provisions (3) above.
- (5) The proportion of cash dividends in profit distribution is cash dividends divided by the sum of cash dividends and stock dividends.

Article 6 Effectiveness and others

This plan shall be reviewed and approved by the board of Directors and the general meeting of shareholders, and will automatically take effect after the listing of the Company's A shares.

If the dividend return plan is inconsistent with the relevant laws and regulations or the relevant requirements of the China Securities Regulatory Commission, the stock exchange and other regulatory agencies, the Company shall promptly revise the dividend return plan in accordance with the relevant laws and regulations or the requirements of the regulatory agency, and submit it to the board of Directors and general meeting for consideration.

Note:

There are no specific requirements under relevant laws and regulations as to the benchmark of "mature development stage" or "major capital expenditure" and the board of Directors shall make reasonable judgment in light of the Company's actual conditions. The board of Directors will take into account various indicators such as the growth rates of revenue from principal business, fixed assets, profit from principal business and net profit to determine the development stage of the Company. In determining major capital expenditure, the board of Directors will consider factors such as the relevant expenditure as a percentage to the total asset or net asset of the Company. As at the Latest Practicable Date, there are no major capital expenditure arrangements other than those expected to be incurred for the projects to be financed by the proceeds.

**APPENDIX III REMEDIAL MEASURES REGARDING THE DILUTION
OF IMMEDIATE RETURNS DUE TO INITIAL
PUBLIC OFFERING AND LISTING OF A SHARES**

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

**REMEDIAL MEASURES REGARDING THE DILUTION OF IMMEDIATE RETURNS
DUE TO INITIAL PUBLIC OFFERING OF A SHARES**

Remedial measures for the dilution of immediate returns after the issuance of A share of Changmao Biochemical Engineering Company Limited are as follows:

After the issuance and listing of the Company's A Share (hereinafter referred to as the "Issuance") is completed, the Company's share capital and net assets will increase significantly. However, in view of the implementation cycle of the investment projects which will be funded by the proceeds from the initial offering of A Shares, the indicators of the Company such as earnings per share, return on net assets may decline and investors will face the risk that the Company's immediate return will be diluted after the Issuance. In order to reduce the impact of the dilution of the Company's immediate return due to the Issuance, the Company will continue to promote a number of improvement measures to improve the Company's daily operating efficiency, reduce operating costs, and improve the Company's operating performance. The specific measures are as follows:

1. Measures to compensate for the diluted immediate return

In order to reduce the impact of the dilution of the immediate return of the Issuance, the Company intends to increase sales revenue and increase investment by insisting on technological research and development and product innovation, strengthening the establishment of marketing system, improving the efficiency of operation and management, strengthening the management of proceeds from the Issuance, and strengthening the investor return mechanism, increase future earnings and enhance shareholder returns, to compensate for the dilution of immediate returns by the Issuance.

(1) Strengthen the management of proceeds from the Issuance, and accelerating the progress investment projects that will be financed by the proceeds from the Issuance

After the proceeds from the Issuance are in place, the Company will invest in the second phase of the maleic anhydride industry chain project including the project of co-production of biodegradable material PBS project and the technical transformation of phenylalanine with an annual output of 20,000 ton, the R&D office building project, supplementary operating cash flows. The Company will actively promote the construction of fundraising and investment projects, and strive to accelerating the progress investment projects that will be financed by the proceeds from the Issuance. With the gradual completion of the construction and projects put into production, the Company's profitability and operating performance will improve and reduce the dilution impact of the Issuance on immediate returns.

**APPENDIX III REMEDIAL MEASURES REGARDING THE DILUTION
OF IMMEDIATE RETURNS DUE TO INITIAL
PUBLIC OFFERING AND LISTING OF A SHARES**

(2) Strengthen internal control and talent development, and comprehensively improve operation and management efficiency

The Company has established a scientific internal organisation, operation process, and a management decision-making system that meets the modern enterprise system and the requirements of A-share listed companies, forming a management mechanism with clear property rights, clear rights and responsibilities, mutual checks and balances, and efficient operation. In daily operations, the Company will focus on strengthening internal cost and expense control, and comprehensively improve production and operation efficiency and reduce operating costs while ensuring high-quality products for customers.

The Company focus on training and promoting new technical talents and business backbones, introduces high-end technical talents and management talents, establishes a service and support system for high-level talents to play a role, and lays a solid and reliable foundation for the Company's development and growth. In addition, the Company will continue to improve the salary and incentive mechanism, introduce outstanding talents in the market, and maximize the enthusiasm of employees to maximize their creativity and potential motivation. Through the above measures, the Company will comprehensively improve the efficiency of operation and management, and promote long-term stable and healthy development.

(3) Improve the level of technology research and development and improve the Company's sustainable profitability

Since its establishment, the Company has been focusing on the research and development and production of high-end sour food additives, and has always maintained a relatively high level of investment in in terms of human capital and funds. It has formed a complete independent intellectual property protection system. The Company has achieved rapid development in recent years.

After the proceeds from the Issuance are in place, the Company will continue to increase investment in technology research and development and the introduction of high-end research and development talents, continue to enhance the Company's core competitiveness, increase the Company's performance, and effectively prevent and resolve possible business risks.

**APPENDIX III REMEDIAL MEASURES REGARDING THE DILUTION
OF IMMEDIATE RETURNS DUE TO INITIAL
PUBLIC OFFERING AND LISTING OF A SHARES**

- (4) Continuously improve and enhance the level of corporate governance, and provide governance structure and system that guarantees the Company's sustainable and stable development***

The Company will strictly follow the requirements of laws, regulations and normative documents such as the “Company Law”(公司法), “Securities Law”(證券法), “Guidelines for the Articles of Association of Listed Companies”(上市公司章程指引), and continuously improve the corporate governance structure to ensure that shareholders can fully exercise their rights and that the board of Directors shall follow the Company's articles of association to exercise powers and make scientific decisions, while independent non-executive Directors can independently perform their duties, protect the legitimate rights and interests of the Company and its investors, especially minority investors, and provide scientific and effective governance structure and system that guarantees the Company's sustainable and stable development.

- (5) Improve the profit distribution mechanism and strengthen the investment return mechanism***

In order to establish a continuous, stable and scientific feedback mechanism for investors and actively return investors, the Company has refined the provisions on the profit distribution policy in the “Articles of Association (Draft)” according to the relevant regulations and regulatory requirements of the China Securities Regulatory Commission. It has formulated a “Profits distribution policy and dividend return plan for the three years after the issuance and listing of A Shares on the Growth Enterprise Market of the Shenzhen Stock Exchange of Changmao Biochemical Engineering Company Limited. After the completion of the Issuance, the Company will implement the profit distribution policy, and actively repay the Company's shareholders if the profit distribution conditions are met, reduce the dilution of the Company's immediate return due to the Issuance, and ensure that the interests of the Company's shareholders, especially ensure the interest of minority shareholders, are protected.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED**THE RELEVANT UNDERTAKINGS AND RESTRICTIVE MEASURES OF THE COMPANY FOR THE INITIAL PUBLIC OFFERING AND LISTING OF ORDINARY SHARES DENOMINATED IN RMB (A SHARES) ON THE GROWTH ENTERPRISE MARKET OF SHENZHEN STOCK EXCHANGE**

Changmao Biochemical Engineering Company Limited (hereinafter referred to as the “Company”) intends to initial public offer the RMB ordinary shares (A Shares) and list them on the Growth Enterprise Market of the Shenzhen Stock Exchange (hereinafter referred to as the “Issuance”). In accordance with the Opinions of the China Securities Regulatory Commission on Further Promoting the Reform of the New Issue System (《中國證監會關於進一步推進新股發行體制改革的意見》), the Implementation Measures for Fraudulent Issuance of Listed Stocks to Order Repurchase (for Trial Implementation) (《欺詐發行上市股票責令回購實施辦法(試行)》), the Guidelines for the Application of Regulatory Rules – Issuance Class No. 4 (《監管規則適用指引 — 發行類第4號》), the Guidelines for Self-regulation of Listed Companies on the Shenzhen Stock Exchange No. 7 – Transactions and Related Transactions (Revised 2023) (《深圳證券交易所上市公司自律監管指引第7號 — 交易與關聯交易(2023年修訂)》) and the Guidelines for the Application of Regulatory Rules - Disclosure of Information on Shareholders of Enterprises Applying for Initial Public Offering (《監管規則適用指引 — 關於申請首發上市企業股東資訊披露》), the statements and undertakings on the relevant matters are as follows:

1. Regarding the authenticity, accuracy and completeness of the application documents and legal liability for compensation

The prospectus and other application documents submitted by the Company to the China Securities Regulatory Commission, Shenzhen Stock Exchange and other securities regulatory authorities for the Issuance are true, accurate and complete, and there are no false records, misleading statements or major omissions. There is no situation where the Company does not meet the requirements for issuance and listing of A Shares and obtains issuance registration by fraudulent means.

If investors suffer losses in securities transactions due to false records, misleading statements or major omissions in the prospectus issued by the Company in the Issuance, the Company will make compensation to the investors after the China Securities Regulatory Commission and other competent departments make a final determination of the illegal facts. The specific compensation standard, scope of compensation subject, compensation amount and other details are subject to the final compensation plan when the above situation actually occurs.

2. Undertakings on the absence of fraudulent issuance and listing and legally assuming responsibility for share repurchase

The Company guarantees that there will be no fraudulent issuance in the Issuance. If the Company uses fraudulent means to obtain the registration of the A Share issuance and A Shares have been issued and listed, the Company will start the share repurchase procedures within 5 working days after the confirmation of China Securities Regulatory Commission and other competent departments, and repurchase all the shares issued under the Issuance.

3. Undertakings on share repurchase and share repurchase measures

If the prospectus for the Issuance is determined by the China Securities Regulatory Commission or other competent departments to contain false records, misleading statements or major omissions, which have a significant and substantial impact on judging whether the Company meets the issuance conditions stipulated by law, the Company will repurchase all the new shares issued this time in accordance with the law. The specific repurchase plan is as follows:

1. An announcement shall be made on the day when the relevant illegal facts are confirmed by the regulatory department;
2. Initiate the repurchase decision process within 5 trading days from the date of relevant illegal facts confirmed by the regulatory department;
 - (1) The Company will convene the board of directors and make a resolution to pass the specific plan for share repurchase, and at the same time issue a notice of the relevant general meeting and make an announcement. The resolution on the repurchase of share shall approved by more than half of t the directors of the Company. The directors of the Company undertake to vote in favor of such relevant resolution on the repurchase of shares;
 - (2) The resolution on the repurchase of share shall approved by more than two-thirds of the voting rights held by shareholders who present at the general meeting;
3. Number of repurchases: all new A shares issued in the initial public offering;
4. Repurchase price: not lower than the issue price at the time of the initial public offering of A shares (if any ex-dividend or ex-rights activities such as distribution of dividends and capital increase occur, the above issue price will also be adjusted accordingly).

If the prospectus issued by the Company in the Issuance has false records, misleading statements or major omissions, causing investors to suffer losses in securities transactions, investors will be compensated for their losses according to law. After such illegal facts are confirmed by the regulatory authorities or competent institutions, the Company will follow the principles of simplifying procedures, actively negotiating, paying compensation in advance, and effectively protecting the interests of investors, especially small and medium-sized investors, choosing to reconcile with investors according to the measurable economic losses directly suffered by investors., mediating with investors through a third party, and establish an investor compensation fund to actively compensate investors for their direct economic losses.

4. The undertakings to stabilise the stock price after the initial public offering of A shares

The Company will strictly comply with and implement the “Policy for stabilisation of the price of a shares of the Company for the three years after the listing of the a shares on the growth enterprise market board of the shenzhen stock exchange by the Company” approved by the Company’s extraordinary general meeting, including but not limited to obligation to stabilise price of the Company’s A Shares according to the aforesaid plan, and accept the restraining measures when failing to fulfill the obligation to stabilise the price of A Shares.

5. Undertakings on regulating and reducing related party transactions

- 1 The Company shall strictly comply with the “Articles of Association”, “Rules and procedures for shareholders’ meeting”, “Rules and procedures for Board meetings”, “Administrative Measures for Related Transactions” and other laws and regulations, normative documents and the Company’s internal rules and regulations on related transactions;
2. The Company shall strictly implement fair decision-making procedures such as related party transaction decision-making and abstain voting, and disclosure information in a timely and detailed manner;
3. The Company shall ensure the fairness of the price of related party transactions and the compliance of approval procedures, and protect the interests of shareholders to the greatest extent;
4. The Company shall minimize related transactions with related parties, and ensure the transactions are in accordance with market principles with fair prices and operations when carrying out necessary and unavoidable related transactions;
5. Fully utilise the role of independent non-executive directors in actual work, ensure the fairness of related transaction prices, the legality and compliance of approval procedures, and protect the interests of Company shareholders (especially minority shareholders) to the greatest extent.

6. Undertakings on Disclosure of Shareholders’ Information

1. In the history of the Company, there are no situations such as entrusted shareholding, and there are no shareholding disputes or potential disputes.
2. There are no applicable laws and regulations prohibiting a person/entity to hold shares of the Company directly or indirectly among the shareholders of the Company.

3. As at 31 December 2022, there is no professional party in the Issuance or its person in charge, senior management, or handling personnel directly or indirectly holding shares in the Company.
4. There is no situation where the Company's shares are used to transfer improper benefits.
5. The above undertakings do not apply to new shareholders who acquire the Company's shares through transactions by call auctions and continuous auctions during the listing and trading of the Company's shares on the Stock Exchange of Hong Kong.

7. Undertakings on restraining measures for non-fulfillment of undertakings

The Company guarantees that it will strictly fulfill the undertakings disclosed in the prospectus of the Issuance, and at the same time puts forward the restraining measures for failing to fulfill the undertakings as follows:

1. If the Company fails to fulfill the undertakings disclosed in the prospectus, the Company will promptly explain the specific reasons for failure to fulfill the undertakings to the public at the general meeting and the information disclosure media designated by the relevant securities regulatory agencies;
2. If investors suffer losses in securities transactions due to the Company's failure to fulfill relevant undertakings, the Company will compensate investors for losses in accordance with laws and regulations;
3. If specific restraining measures have been included in the relevant undertakings, the Company's restraining measures in such undertakings shall be followed.

For undertakings in relation to the remedial measures for the dilution of immediate returns after the issuance of a share issue, please refer to the "Remedial measures for the dilution of immediate returns after the issuance of a share issue of Changmao Biochemical Engineering Company Limited" in the appendix and for the undertakings in relation to the profits distribution policy and dividend return plan for the three years after the issuance and listing of a shares, please refer to the "Profits distribution policy and dividend return plan for the three years after the issuance and listing of a shares on the Growth Enterprise Market Of The Shenzhen Stock of Changmao Biochemical Engineering Company Limited" in the appendix.

APPENDIX V RELEVANT UNDERTAKING OF THE DIRECTORS, SENIOR MANAGEMENT AND THE CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY FOR THE EARNEST PERFORMANCE OF THE REMEDIAL MEASURES REGARDING THE DILUTION OF THE IMMEDIATE RETURNS DUE TO INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

RELEVANT UNDERTAKING OF THE DIRECTORS, SENIOR MANAGEMENT AND THE CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY FOR THE EARNEST PERFORMANCE OF THE REMEDIAL MEASURES REGARDING THE DILUTION OF THE IMMEDIATE RETURNS DUE TO INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

According to requirements of the “Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market”, “Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Minority Investors in the Capital Market” and “Guiding Opinions on Matters Concerning Diluted Immediate Returns due to Initial Public Offerings, Refinancing, and Major Asset Restructuring” issued by the State Council, the China Securities Regulatory Commission and other relevant departments, the Company analysed the impact on the Company’s main financial indicators due to the initial offering of RMB ordinary shares (A shares), the directors, senior managers, controlling shareholders, and actual controllers of the Company have made undertakings as follows to ensure that the Company’s remedial measures can be effectively implemented:

1. Undertakings of controlling shareholders and actual controllers

The Company’s controlling shareholders and actual controllers have issued the following undertakings to the Company’s effective implementation of the Company’s remedial measures:

- (1) Do not interfere with the Company’s operation and management activities beyond its authority, and do not encroach on the Company’s interests;
- (2) Earnestly perform the relevant remedial measures formulated by the Company and this undertakings. If this undertakings is violated or being refused to perform this undertakings and cause losses to the Company or shareholders, it is agreed to bear corresponding legal responsibilities in accordance with laws, regulations and relevant regulations of securities regulatory agencies;
- (3) This undertakings is legally effective after it is issued. I will strictly fulfill the terms in this undertakings. I voluntarily accept the supervision of regulatory agencies, the public, etc. If I violate the above undertakings, I will bear corresponding responsibilities according to law;
- (4) From the date of issuance of this undertakings to the completion of the Company’s the issuance of A Shares, if the China Securities Regulatory Commission makes other new regulatory regulations on filling return measures and undertakings, and the above undertakings cannot meet the requirements of the China Securities Regulatory Commission, I promise that a supplementary undertakings will be issued in accordance with the latest regulations of the China Securities Regulatory Commission at that time.

APPENDIX V RELEVANT UNDERTAKING OF THE DIRECTORS, SENIOR MANAGEMENT AND THE CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY FOR THE EARNEST PERFORMANCE OF THE REMEDIAL MEASURES REGARDING THE DILUTION OF THE IMMEDIATE RETURNS DUE TO INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

2. Undertakings of Directors and Senior Management

The Company's directors and senior managers have issued the following undertakings to the Company's fulfillment of the Company's compensation and return measures:

- (1) Not to transfer benefits to other entities or individuals without compensation or under unfair conditions, nor to use other methods to damage the interests of the Company;
- (2) Restraining my job-related consumption behavior;
- (3) Do not use the Company's assets to engage in investment and consumption activities that have nothing to do with the performance of my duties;
- (4) The remuneration system formulated by the board of directors or the nomination, remuneration and appraisal committee is linked to the implementation of the Company's remedial measures;
- (5) If the Company subsequently launches an equity incentive policy, the conditions for exercising the Company's equity incentives to be announced will be linked to the implementation of the Company's remedial measures;
- (6) This undertakings shall have legal effect after it is issued. I will strictly perform all the terms in this undertakings. I voluntarily accept the supervision of regulatory agencies, the public, etc. If I violate the above undertakings, I will bear corresponding responsibilities according to law;
- (7) From the date of issuance of this undertakings to the completion of the Company's the issuance of A Shares, if the China Securities Regulatory Commission makes other new regulatory regulations on filling return measures and undertakings, and the above undertakings cannot meet the requirements of the China Securities Regulatory Commission, I promise that a supplementary undertakings will be issued in accordance with the latest regulations of the China Securities Regulatory Commission at that time.

常茂生物化學工程股份有限公司
**CHANGMAO BIOCHEMICAL ENGINEERING
COMPANY LIMITED***

(a joint stock limited company incorporated in the People's Republic of China)

Articles of Association

(DRAFT)

(March 2023)

(In case of discrepancy, the Chinese version of the Articles of Association shall prevail the English one.)

* For identification purpose

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ARTICLES OF ASSOCIATION OF Changmao Biochemical Engineering Company Limited*

CHAPTER 1: GENERAL PROVISIONS

Article 1. These Articles of Association are hereby compiled under Companies Law of the People’s Republic of China (the “Companies Law”), Securities Law of the People’s Republic of China (the “Securities Law”), Special Provisions of the State Council on Outbound Offering and Listing of Companies Limited by Shares (the “Special Provisions”), Reply of the State Council on Adjustment of Provisions Applicable to Notice Period of Outbound Listed Companies to Convene General Meeting and Other Matters (G. H. [2019] No. 97), Rules Governing the Listing of Stocks on The Stock Exchange of Hong Kong Ltd. (including relevant attachments, the “SEHK Listing Rules”), Rules Governing the Listing of Stock on Shenzhen Stock Exchange GEM (2023 Revision) (the “GEM Listing Rules”), Guidelines for Articles of Association of Listed Companies (2023 Revision) (the “Guidelines for Articles of Association”) and relevant laws and administrative rules of the People’s Republic of China (the “PRC”) to protect legal interests of Changmao Biochemical Engineering Company Limited (the “Company”), its shareholders and creditors, and to standardize organization and activities of the Company.

~~Changmao Biochemical Engineering Company Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法 or the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (國務院關於股份有限公司境外募集股份及上市的特別規定 or the “Special Regulations”), the Interim Regulations on Several Issues Regarding the Establishment of Foreign Invested Joint Stock Limited Companies (關於設立外商投資股份有限公司若干問題的暫行規定), The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses (到境外上市公司章程必備條款 or the “Mandatory Provisions”), the Reply of the State Council on the Adjustment to the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆 or the “Reply on the Adjustment to the Notice Period”), Guidelines for the Articles of Association of Listed Companies (Amended in 2019)(上市公司章程指引 (2019年修訂) or the “Guidelines for the Articles of Association”), and other relevant laws and regulations of the People’s Republic of China (the “PRC”).~~

Article 2. The Company is a joint stock limited company promoted and integrally from Changzhou Changmao Biochemical Engineering Company Limited under the Companies Law and other relevant regulations, and is an independent legal entity.

The Company was approved by the document 外經貿資二函(2001)458號 (Wai Jing Mao Zi Er Han [2001] No. 458) “About the approval of the conversion of Changmao Biochemical Engineering Company Limited to a foreign investment stock company” (關於常州常茂生物化學工程有限公司轉制為外商投資股份公司的批復) issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China and has been issued the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC (中華人民共和國外商投資企業批准證書). The Company was set up by the promotion method and was set up and registered in the Jiangsu Administration for Industry and Commerce under the authorization of the State Administration for Industry and Commerce on 18 June 2001. The registration number of the business license of the Company at the time of establishment is: 320000400000567.

The promoters of the Company are:

- 1- Changzhou Shuguang Chemical Factory,
Corporate representative: Zeng Xianbiao
Address: No. 503, Sanbao Road, Changzhou, Jiangsu
- 2- Hong Kong Xinsheng Pioneer Investment Company Limited,
Corporate representative: Rui Xinsheng
Address: Unit 4109, 41/F, Jardine House, 1 Connaught Place, Hong Kong
- 3- Hong Kong Bio-chemical Advanced Technology Investment Company Limited,
Corporate representative: Jiang Junjie
Address: Unit 4109, 41/F, Jardine House, 1 Connaught Place, Hong Kong
- 4- JOMO Limited,
Corporate representative: Yu Xiaoping
Address: 1005, Wing On Plaza, No. 62, Mody Road, Tsim Sha Tsui East
- 5- Shanghai Technology and Investment Company Limited,
Corporate representative: Liu Zhenyuan
Address: No. 451, Shangehuan Road, Pudong, Shanghai
- 6- Shanghai Bolian Technology and Investment Company Limited,
Corporate representative: Xiong Keli
Address: No. 868, Changping Road, Jiangan, Shanghai

7. Prosper Ideal Limited,
Corporate representative: Huang Shaokai
Address: ~~25/F, New World Plaza, 16-18 Queen Road, Central, Hong Kong~~

8. Changzhou Xinsheng Biochemical Technology Development Company Limited
Corporate representative: Rui Xinsheng
Address: ~~Jiangbian Chemical Zone, New district, Changzhou, Jiangsu~~

It registered at Changzhou Administration for Industry and Commerce of Jiangsu and has acquired its business license of uniform social creditability code: 91320000608117928G.

Article 3. The Company, upon approval of China Securities Regulatory Commission (the “CSRC”), initially issued 18,370,000 overseas listed foreign shares on February 26, 2002, and was listed on the GEM of The Stock Exchange of Hong Kong Ltd. (the “SEHK”) on June 28, 2002. The Company, upon approval of the SEHK, delisted its H-shares from the SEHK GEM and was listed on the SEHK’s main board on June 19, 2013. The trading of the H-shares of the Company starts officially at the SEHK on June 28, 2013, and the stock code is 00954.HK.

Upon approval on registration from the CSRC, the Company initiated its initial public offering at [•••] ordinary shares (A-shares) on [DDMMYYYY] , and was listed on the GEM of Shenzhen Stock Exchange (the “SZSE”) on [DDMMYYYY] .

~~Article 24.~~ The Company’s registered Chinese name: 常茂生物化學工程股份有限公司
The Company’s registered English name: Changmao Biochemical Engineering Company Limited

~~Article 35.~~ Company address: No.1228 Chang Jiang Bai Road, New North Zone, Changzhou City,
Jiangsu Province

Zip Code: 213034
Telephone: 0519 – 85776801
Facsimile: 0519 – 85776803

~~Article 46.~~ The registered capital of the Company is RMB [•••] .

In case of any change of the total amount of registered capital caused by increase or reduction of the registered capital of the Company, general meeting shall be held to amend the Articles of Association and register with the industry and commerce for the change of the registered capital.

~~The Company’s legal representative is the Chairman of the board of directors of the Company.~~

Article ~~57~~. The Company is a permanent company limited by shares.

Article ~~68~~. The chairman of the board of directors is legal representative of the Company.

~~The Articles of Association shall be effective after the passing of a special resolution in a general meeting, upon the approval of the industry and commerce administrative departments in the People's Republic of China and after the registration at relevant administrative authority. The Articles of Association shall be a legally binding document governing the constitution and actions of the Company, the rights and obligations between the Company and its shareholders and among the shareholders, from its effective date.~~

Article ~~79~~. These Articles of Association will be legally binding documents from the date the same takes effect to standardize organization and activities of the Company, rights and obligations relation between the Company and the shareholders, and between the shareholders, the same shall be legally binding for the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management, all of whom may, according to the Company's Articles of Association, assert rights in respect of the affairs of the Company.

~~The Company's Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management personnel;~~

A shareholder may take action against the Company pursuant to the Company's Articles of Association, and vice versa. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, general manager, deputy general manager and other senior officers of the Company pursuant to the Company's Articles of Association.

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

Article ~~8~~10. The Company may invest in other limited liability companies or joint stock limited companies. The liabilities of the Company thereto is limited to the amount invested in those companies.

Unless otherwise provided by the laws and administrative regulations, the Company may not assume joint and several liabilities for the debt of the invested enterprises as an investor.

Article ~~9~~11. The Company is an independent enterprise legal person; all actions of the Company shall be compliant with the laws and regulations of the foreign shares listing place in China or abroad, and shall protect the lawful rights and interests of shareholders as well.

All capitals of the Company divided into shares of equal face value, shareholders shall bear the responsibility to the Company by their shares, and the Company shall be responsible for its debts by all assets.

Article ~~10~~12. Subject to compliance with PRC laws and regulations, the Company shall have the right to financing and raise funds, including (but not limited to) issuing company bonds, and have the right to charge or pledge part or all of the ownership or use rights of its assets or other rights under laws and administrative rules of the PRC. However, the Company shall not infringe or abolish the rights of any class of shareholders upon exercising the above rights.

Article 13. The Company shall establish the CPC organization, carry out CPC events and provide necessary conditions for the events of the CPC organization according to the Constitution of the CPC.

CHAPTER 2: OBJECTIVES AND SCOPE OF BUSINESS

Article ~~11~~14. The Company's objectives are: set up and perfect management system and operating mechanism that meet the needs of market economy, depending on scientific and technological progress and management innovation, safeguard the interests of all shareholders, maximize the company's economic and social benefits.

Article ~~12~~15. The principal business scope of the Company is: Licensed activities: Production of food; production of food additives; production of health food; production of pharmaceuticals; production of feed additives; production of feeds; production of new chemical substances; sales of food; hazardous chemicals business; import and export of pharmaceuticals; import of new chemical substances. (Activities are subject to approval in accordance with the law, only business activities after being approved by the relevant departments can be carried out. The specific business activities are subject to the approval documents or licenses from the relevant departments). General activities: Manufacturing of basic chemical raw materials (excluding the manufacturing of hazardous chemicals and other licensed chemicals); manufacturing of synthetic materials

(excluding hazardous chemicals); manufacturing of new building materials (excluding hazardous chemicals); manufacturing of special chemical products (excluding hazardous chemicals); production of chemical products (excluding licensed chemical products); sales of food additives; sales of health food (pre-packaged); sales of feed additives; sales of feed raw materials; sales of chemical products (excluding licensed chemical products); sales of special chemical products (excluding hazardous chemicals); industrial enzyme preparation research and development; biological feed research and development; biochemical product technology research and development; new material technology research and development; natural scientific research and experimental development; new material technology promotion services; technology promotion services; import and export of goods; import and export of food; import and export of technologies; import and export agency. (Except for the activities that subject to approval in accordance with the law, the business activities shall be carried out autonomously according to the law with the business license).

Article 1316. The Company may, based on the change in market conditions and business needs in domestic and overseas and its development ability and upon obtaining approval by resolution(s) in general meeting and approval of the relevant governmental authorities, the Company may adjust its business activities or investment orientation or method. The Company may, based on the change in market conditions and business needs in domestic and overseas and its development ability and upon obtaining approval by resolution(s) in general meeting and approval of the relevant governmental authorities, the Company may adjust its scope of business or investment orientation or method.

CHAPTER 3: SHARES AND REGISTERED CAPITAL

SECTION 1 ISSUE OF SHARES

Article 1417. The shares of the Company are issued in shares. There must, at all times, be ordinary shares in the Company. Subject to relevant laws and rules, the Company may, according to its requirements, create different classes of shares. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

Article 18. The shares of the Company shall be issued in an open, just and fair way, and each share of the same class shall be attached with the same rights.

The shares issued by the Company at the same time shall be attached with the same conditions and at the same price each; any entity or individual shall pay the same price for each share subscribed by it/him/her.

Article ~~15~~19. The shares issued by the Company shall be nominated in Renminbi. The par value of each share is RMB0.10.

“Renminbi” referred to in the previous paragraph means the lawful currency of the PRC.

Article ~~16~~20. Subject to the approval on registration of the CSRC and/or examination and consent of Shenzhen Stock Exchange, the Company may issue shares to Domestic Investors and Foreign Investors. ~~Subject to the approval of the securities authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.~~

“Foreign Investors” referred to in the previous paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic Investors” mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC.

Article ~~17~~21. Shares which the Company issues to Domestic Investors for subscription in Renminbi is referred to as “Domestic Shares”. Domestic Shares, which are listed in inbound stock exchange, are called “Inbound Listed Domestic Shares”. Domestic Shares, which are listed in inbound stock exchange, with a par value denominated in Renminbi, for subscription and trading in Renminbi, are called “A-shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies are referred to as “Foreign Shares”. Foreign Shares, which are listed in inbound stock exchange, are called “Inbound Listed Foreign Shares”. Hereinto, the Overseas Listed Foreign Shares, which are listed in Stock Exchange of Hong Kong Limited, with a par value indicated in Renminbi, for subscription and trading in Renminbi, are called “H-shares”.

Unless otherwise required in this Articles of Association, the applicable laws and regulations or the relevant regulations of the securities regulatory authorities of the locality where shares of the Company are listed, shareholders of Domestic Shares, Foreign Shares and Overseas Listed Foreign Shares are holders of ordinary shares sharing the same obligations and rights.

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

~~Shares which the Company has issued but are not listed on any domestic or overseas stock exchange are referred to as “Non-Listed Shares”. Domestic Shares and Foreign Shares that are not listed on any domestic or overseas stock exchange belong to Non-Listed Shares.~~

~~Subject to the approval from the securities authority of the State Council, Non-Listed Shares may be listed and traded in an overseas stock exchange. The listing and trading of Non-Listed Shares on an overseas stock exchange should also comply with the regulatory procedures, rules and requirements of the relevant overseas stock exchange.~~

~~The listing and trading of Non-Listed Shares on an overseas stock exchange shall not require any approval from shareholders at the general meeting or the relevant class meeting. Non-Listed Shares, when listed on an overseas stock exchange, shall be as the same class of shares as the original Overseas Listed Foreign Shares with the same obligations and rights.~~

Article 1822. The Company is a company limited by shares incorporated after integral change by converting audited net assets into shares from Changzhou Changmao Biochemical Engineering Company Limited on June 16, 2001, and the total number of the shares at promotion was 50,000,000, the promoters have subscribed all the shares issued by the Company, and their shareholdings are proportional to those in Changzhou Changmao Biochemical Engineering Company Limited respectively.

Shuguang Chemical Factory, as one of the promoters, holds 15,400,000 shares, accounting for 30.80% of the total share capital; Hong Kong Xinsheng Pioneer Investment Company Limited, as one of the promoters, holds 13,500,000 shares, accounting for 27.00% of the total share capital; Hong Kong Bio-chemical Advanced Technology Investment Company Limited, as one of the promoters, holds 6,750,000 shares, accounting for 13.50% of the total share capital; Jomo Limited, as one of the promoters, holds 6,600,000 shares, accounting for 13.20% of the total share capital; Shanghai Technology and Investment Company Limited, as one of the promoters, holds 5,000,000 shares, accounting for 10.00% of the total share capital; Shanghai Bolian Technology and Investment Company Limited, as one of the promoters, holds 1,250,000 shares, accounting for 2.50% of the total share capital; Prosper Ideal Limited, as one of the promoters, holds 1,250,000 shares, accounting for 2.50% of the total share capital; and Changzhou Xinsheng Biochemical Technology Development Company Limited, as one of the promoters, holds 250,000 shares, accounting for 0.50% of the total share capital. ~~Upon approval of the State Council authorized approving authorities, the total number of ordinary shares permitted to be issued by the Company shall be 683,700,000 shares (upon the full exercise of the over-allotment option, same as below). The Company shall upon its establishment issue 500,000,000 shares to the Promoters, which were fully subscribed by the Promoters. Ordinary shares subscribed by the Promoters consist of 219,000,000 Domestic Shares, representing 32.03 per cent. of the total number of ordinary shares permitted to be issued by the Company; and 281,000,000 foreign shares, representing 41.10 per cent of the total number of ordinary shares permitted to be issued by the Company.~~

Article 1923. The first issued ordinary shares after the establishment of the Company were Foreign Shares listing abroad which amount to 183,700,000 shares; after the issuance, ordinary shares are 683,700,000 shares, among them, the promoters hold 500,000,000 shares, 73.13% of the total amount of ordinary shares that the company can issue; the shareholders of overseas listed Foreign Shares hold 183,700,000 shares, 26.87% of the total amount of ordinary shares that the company can issue. Upon approval by special resolution of the General Meeting, and upon approval of the CSRC and SEHK, the initial public offering of the Company issued up to 183,700,000 overseas listed foreign shares (H-shares) and the Company was listed on the SEHK's GEM, the par value per share is RMB0.10 and all are ordinary shares.

Upon completion of the issue of the aforesaid overseas listed foreign shares (H-shares), the capital structure of the Company is as follows: 683,700,000 ordinary shares, including 219,000,000 domestic shares, accounting for 32.03% of the total ordinary shares issued by the Company, of such domestic shares, Shuguang Chemical Factory, as one of the promoters, holds 154,000,000 shares, Shanghai Technology and Investment Company Limited holds 50,000,000 shares, Shanghai Bolian Technology and Investment Company Limited holds 12,500,000 shares, Changzhou Xinsheng Biochemical Technology Development Company Limited holds 2,500,000 shares; 464,700,000 overseas listed foreign shares, accounting for 67.97% of the total ordinary shares issued by the Company, of such foreign shares, Hong Kong Xinsheng Pioneer Investment Company Limited, as one of the promoters, holds 135,000,000 shares, Hong Kong Bio-chemical Advanced Technology Investment Company Limited holds 67,500,000 shares, JOMO Limited holds 66,000,000 shares, Prosper Ideal Limited holds 12,500,000 shares, and there are 183,700,000 new H-shares issued.

Shanghai Bolian Technology and Investment Company Limited (being one of the promoters) transferred 12,500,000 shares in the Company held by it to Shanghai Technology Investment Company Limited (being one of the promoters) after completion of the allotment of the Overseas Listed Foreign Shares described in the preceding paragraph.

The Company repurchased the 154,000,000 shares held by Changzhou Shuguang Chemical Factory (being one of the promoters) after completion of the aforesaid share transfer. The number of the shares of the Company shall be 529,700,000 shares and the registered capital of the Company shall be RMB52,970,000 after completion of the aforesaid share repurchase.

After completion of the aforesaid share repurchase, Shanghai Technology Investment Company Limited, being one of the promoters, sold the 62,500,000 shares held by it to Kehai Venture Capital (Hong Kong) Limited, a company incorporated in Hong Kong.

After completion of such share transfer, Prosper Ideal Limited, as one of the promoters, was absorbed by Haitong International Finance Company Limited, and Haitong International Finance Company Limited, as a continuing company, shall inherit all the rights, liabilities and obligations of Prosper Ideal Limited before the merger, become a shareholder of the Company and hold 12,500,000 shares of the Company.

After completion of such consolidation by merger, the total number of the ordinary shares of the Company shall comprise 2,500,000 Domestic Shares, 343,500,000 Foreign Shares and 183,700,000 Overseas Listed Foreign Shares, representing approximately 0.47%, 64.85% and 34.68% respectively of the issuable ordinary shares of the Company. The Company's capital structure is set out below:

<u>Shareholder's name</u>	<u>No. of shares held ('000)</u>	<u>Shareholding percentage (%)</u>	<u>Class of Shares</u>
<u>Hong Kong Xinsheng Pioneer Investment Company Limited</u>	<u>13,500</u>	<u>25.49</u>	<u>Non-Listed Shares</u>
<u>Hong Kong Bio-chemical Advanced Technology Investment Company Limited</u>	<u>6,750</u>	<u>12.74</u>	<u>Non-Listed Shares</u>
<u>JOMO Limited</u>	<u>6,600</u>	<u>12.46</u>	<u>Non-Listed Shares</u>
<u>Kehai Venture Capital (Hong Kong) Limited</u>	<u>6,250</u>	<u>11.80</u>	<u>Non-Listed Shares</u>
<u>HAITONG INTERNATIONAL FINANCE COMPANY LIMITED</u>	<u>1,250</u>	<u>2.36</u>	<u>Non-Listed Shares</u>
<u>Changzhou Xinsheng Biochemical Technology Development Company Limited</u>	<u>250</u>	<u>0.47</u>	<u>Non-Listed Shares</u>
<u>Holders of Overseas Listed Foreign Shares listed and traded in Hong Kong</u>	<u>18,370</u>	<u>34.68</u>	<u>Overseas Listed Foreign Shares</u>
Total	52,970	100.00	-

Shareholder's name	No. of shares held (‘000)	Shareholding percentage (%)	Class of Shares
Changzhou Xinsheng Biochemical Technology Development Company Limited	2,500	0.47	Non-Listed Shares
Hong Kong Xinsheng Pioneer Investment Company Limited	135,000	25.49	Non-Listed Shares
Hong Kong Bio-chemical Advanced Technology Investment Company Limited	67,500	12.74	Non-Listed Shares
JOMO Limited	66,000	12.46	Non-Listed Shares
Kehai Venture Capital (Hong Kong) Limited	62,500	11.80	Non-Listed Shares
Prosper Ideal Limited	12,500	2.36	Non-Listed Shares
Holder of Overseas Listed Foreign Shares listed and traded in Hong Kong	183,700	34.68	Overseas Listed Foreign Shares
Total	<u>529,700</u>	<u>100</u>	

~~Article 20. The Company's board of directors may exercise arrangement for the issuance of Overseas Listed Foreign Shares and Domestic Shares respectively after obtaining approval from the securities authority of the State Council.~~

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

~~Article 21. Fund raising from the issuance of shares includes Overseas Listed Foreign Shares and Domestic Shares shall be done at once time respectively within the total number of shares stated in the share issuance proposal. If the fund cannot be raised in one time due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in several batches.~~

~~Article 22. Shanghai Bolian Technology and Investment Company Limited (being one of the promoters) transferred 12,500,000 shares in the Company held by it to Shanghai Technology Investment Company Limited (being one of the promoters) after completion of the allotment of the Overseas Listed Foreign Shares as described in Article 18 above.~~

~~The Company repurchased the 154,000,000 shares held by Changzhou Shuguang Chemical Factory (being one of the promoters) after completion of the aforesaid share transfer. The number of issued shares of the Company shall be 529,700,000 shares and the registered capital of the Company shall be RMB52,970,000 after completion of the aforesaid share repurchase.~~

~~After completion of the aforesaid share repurchase, Shanghai Technology Investment Company Limited, being one of the promoters, entered into an agreement to sell the 62,500,000 shares held by it to Kehai Venture Capital (Hong Kong) Limited, a company incorporated in Hong Kong. After completion of such share sale, the total number of ordinary shares of the Company shall comprise 2,500,000 Domestic Shares, 343,500,000 foreign shares and 183,700,000 Overseas Listed Foreign Shares, representing approximately 0.47%, 64.85% and 34.68% respectively of the issued ordinary shares of the Company. The Company's capital structure is set out below:~~

Upon examination and consent of the HKSE and registration at the CSRC, the initial public offering provided [•••] inbound listed domestic shares, such domestic shares and the ones previously issued by the Company were listed at the SZSE on [DDMMYYYY]. Upon completion of such issue, the capital structure of the Company is as follows: [•••] ordinary shares, including [•••] inbound listed domestic shares (A-shares), accounting for [•••] % of the total ordinary shares issued by the Company; [•••] overseas listed foreign shares (H-shares), accounting for [•••] % of the total ordinary shares issued by the Company.

~~Article 23. The Company may, based on its operating and development needs, approve the increase its capital pursuant to the Company's Articles of Association.~~

~~The Company may increase its capital in the following ways:~~

~~(1) by offering new shares for subscription by unspecified investors;~~

~~(2) by issuing new shares to its existing shareholders;~~

~~(3) by allotting bonus shares to its existing shareholders;~~

~~(4) by any other means which is permitted by law and administrative regulation.~~

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

Article 24. The domestic shares issued by the Company are deposited at qualified depository agency. The H-shares of the Company are mainly deposited at the central depository office subordinated to Hong Kong Securities Clearing Company Limited, or held by the shareholders in their own names. Except as provided for by other provisions of laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed, shares of the Company may be freely transferred without any right of lien.

Article 25. The Board of Directors can make separate arrangement and implementation program for the issue of the overseas listed foreign shares and domestic shares, if the issue has been approved by the CSRC.

The Company can implement the aforesaid programs separately within 15 months upon approval of the CSRC, unless otherwise required by the CSRC.

Article 26. Where the Company issues the overseas listed foreign shares and domestic shares separately up to the total planned number, there should only be one offering; in case of special circumstance, issue by installments is acceptable upon approval of the CSRC.

Article 27. Except as provided for by other provisions of laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where the Shares of the Company are listed, shares of the Company may be freely transferred without any right of lien.

Article 285. Subject to the compliance of the Article 2831, 4648 and 47-49 of the Articles of Association, and other applicable regulations, once the shares of the Company being transferred, the name of the transferee shall be regarded as the holder of the shares and be registered in the register of shareholders.

Article 2629. All the issuance or transfer of Overseas Listed Foreign Shares shall be registered in the register of Overseas Listed Foreign Shareholders that kept in the listed place according to the Article 4446(2) of the Company's articles of association.

Article 2730. Any holder of listed Foreign Shares may transfer all or part of shares by any typical form in listing place or any other written transfer document permitted by the Board of directors, or the standard transfer form specified by the stock exchange in which the shares of the Company are listed. Transfer documents shall be signed by hand or in printing by the transferor and transferee.

All transfer documents shall be placed at the legal address of the Company or the address appointed by the Board of Directors from time to time.

Article 2831. During any time in the period that the Overseas Listed Foreign shares of the Company are listed in ~~Stock Exchange of Hong Kong Limited~~ (the "Stock Exchange of HK"), the Company must ensure that all the ownership documents (including the Overseas Listed Share certificates) of the stocks that listed in the Stock Exchange of HK include the following statements:

- (1) The purchaser(s) of shares agrees with the Company and each shareholder, the Company agrees with each shareholder, that they shall comply with the Company Law, Special Regulations and the provision of the Articles of Association.
- (2) The purchaser(s) of shares agree with each shareholder of the Company, Directors, supervisors, general manager, deputy general manager and senior management, while the company which on behalf of the Company itself, each Director, supervisor, general manager, deputy general manager and the senior management also agree with each shareholder, that the dispute or claim of rights relating to the company business, according to the Articles of Association or the provision of the laws and administrative regulations, shall solve by arbitration according to the Articles of Association, and any submitted arbitration shall be regarded as giving authorisation to the arbitration tribunal to conduct public hearing and publish its decisions. The arbitration is final decision.
- (3) The purchaser(s) of shares agrees with the Company and each shareholder, the holder may transfer the shares of the Company freely.

- (4) The purchaser(s) of shares authorise the Company, on behalf of himself/herself/ themselves, to sign contracts with each Directors and senior management, the Directors and the senior management promise to comply and fulfil their responsibility to the shareholders according to the Articles of Association.

The Company shall instruct the share registrar to refuse registration of any individual holder's name in relation to the subscription, purchase or transfer of shares, unless and until the individual holder submits the signed form in relation to the shares which include the above statement to the share registrar.

SECTION 2: INCREASE & REDUCTION AND REPURCHASE OF SHARES

Article ~~29~~32. The Company can approve to increase its capital under the Articles of Association and relevant provisions based on operation and development needs.

The Company can increase its capital by:

- (1) Public offering;
- (2) Private offering
- (3) Allocating bonus shares to the existing shareholders;
- (4) Placing new shares to the existing shareholders;
- (5) Transferring reserved fund to share capital;
- (6) Other ways set out in laws and administrative rules, and approved by the CSRC.

Before issue of any new shares after capital increase, the Company shall, after the issue is approved as required in the Articles of Association, transact the procedures as set out in relevant laws, administrative rules, authority by-laws and relevant regulatory provisions at the place where the shares of the Company are listed. ~~The Overseas Listed Foreign Shares of the Company may be listed and traded in the Stock Exchange of HK. Subject to the approval from the securities authority of the State Council, Non Listed Shares may be listed and traded on an overseas stock exchange.~~

CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article ~~30~~33. According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital. The reduction of the registered capital of the Company shall be subject to the Companies Law, other relevant provisions and the procedures set out in the Articles of Association.

Article 31. ~~The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.~~

~~The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper at least 3 times within 30 days of the date of such resolution. A creditor has the right to request the Company to pay its debt or provide a corresponding guarantee to repay the debt 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 90 days from the date of the first published announcement.~~

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

Article ~~32~~34. The Company may, subject to the Companies Law, administrative rules, authority by-laws and the provisions set out in the Articles of Association, repurchase its shares under the following circumstances: The Company may, in accordance with the procedures set out in the Company's Articles of Association and with the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) ~~other~~ Making use of the shares for employee shareholding plan or share incentive; circumstances permitted by the laws and administrative regulations.
- (4) requires the Company to repurchase any shares from any shareholder who opposes the resolution on merger or demerger of the Company in a General Meeting;

- (5) Using the shares to convert into corporate bond issued by any listed company which is convertible to stocks;
- (6) Being essential for preserve the value of the Company and the interests of the shareholders;
- (7) Other circumstances permitted by the laws and administrative regulations.

No trading of the shares of the Company is allowed except for the above circumstances.

Article 35~~3~~. The company may purchase its shares in one of the following ways:~~The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:~~

- (1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by means of an agreement.
- (4) Other ways set out in laws and administrative rules, and approved by the CSRC.

Where the Company repurchases its shares, it shall perform disclosure obligation under the Securities Law. The repurchase described in Article 34(3), (5) and (6) of the Articles of Association shall be carried out in a public and centralized trading way.

Article 34~~3~~6. The Company must obtain the prior approval of the shareholders in a general meeting (in the manner stipulated in the Company's Articles of Association) before it repurchases shares outside of the stock exchange by means of an agreement. The Company may release, vary waive its rights under an agreement so entered into by the Company in the aforesaid manner if the prior approval of a general meeting is given in the same manner.

An agreement to repurchase shares referred to in the preceding paragraph includes (but is not limited to) an agreement to assume an obligation to repurchase shares or to acquire rights to repurchase shares.

The Company shall not assign an agreement repurchase of its shares or any of its right under such an agreement.

Article ~~35~~37. The repurchase described in Article 34(1) and (2) of the Articles of Association shall be resolved at the General Meeting. The repurchase described in Article 34(3), (5) and (6) of the Articles of Association can, under the Articles of Association or as authorized by the General Meeting, resolved at a meeting of the Board of Directors where over two thirds of the directors are present.

Upon repurchase of the shares of the Company as described in the first paragraph of Article 34, the shares repurchased as described in Article 34(1) shall be cancelled within 10 days from the date of repurchase; the shares repurchased as described in Article 34(2) and (4) shall be transferred or cancelled within 6 months from the date of repurchase; the shares repurchased as described in Article 34(3), (5) and (6) shall be transferred or cancelled within 3 years from the date of repurchase, and the aggregate number of the shares held by the Company shall not exceed 10% of the total number of the shares issued by the Company. ~~Shares which have been legally repurchased by the Company shall be cancelled within the time limit prescribed by the law and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change in its registered capital.~~

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

Article ~~36~~38. Unless the Company has entered the stage of liquidation, the Company shall abide by the following regulations when repurchasing its outstanding shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of proceeds of an issue of new shares made for that purpose;
- (2) where the Company redeems or repurchases its shares at a premium, payment up to the par value of those shares may be made out of the book balance of distributable profits of the Company or out of the proceeds of an issue of new shares made for that purpose. Payment of the portion in excess of the par value shall be treated as follows:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
 - (ii) if the shares being repurchased were issued at a premium, payment shall be made out of the book balance distributable profits of the Company or out of the proceeds of an issue of new shares made for that purpose, provided that the amount paid out of the said proceeds do not exceed the aggregate amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the amount of the Company's share premium account or (where applicable) capital reserve fund account (including the premium on the new shares issued) at the time of the repurchase;

- (3) Payment by the Company for the following purposes shall be made out of the Company's distributable profits:
- (i) the acquisition of the right to repurchase its own shares;
 - (ii) the variation of any agreement to repurchase its own shares;
 - (iii) the release of any of the Company's obligation(s) under any agreement for the repurchase of its shares;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of the repurchased shares be transferred to the Company's premium account or (where applicable) capital reserve fund account.

Where otherwise set out in laws, rules, standard documents and relevant provisions of securities regulatory authority at the place where the shares of the Company are listed for financial disposal, these provisions shall prevail.

SECTION 3: ~~CHAPTER 5~~ FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES

Article ~~37~~39. The Company and its subsidiaries shall not, at any time and in any manner, provide financial assistance to a person who is acquires or propose to acquire shares in the Company. This includes any person who directly or indirectly assumes obligations by virtue of such purchase of shares.

The Company and its subsidiaries shall not, at any time and in any manner, provide financial assistance to the aforesaid obligor for the purposes of reducing or discharging the obligations assumed by such obligor.

This Article shall not apply to the circumstances stipulate in Article ~~39~~41 of this Chapter.

Article ~~38~~40. For the purposes of this ~~section~~Chapter, “financial assistance” includes (but not limited to) the following:

- (1) by way of gift;
- (2) by way of guarantee (including the provision of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity given in respect of the Company’s own negligence or default), release or waiver;
- (3) by way of a loan or entering into a contract under which the obligations of the Company have to be fulfilled before the obligations of the other party to the contract, or by way of the change of the party to that loan or contract, or the assignment of any arising thereunder;
- (4) in any other form of financial assistance given by the Company when the Company is unable to pay its debt or has no net assets or when its net assets would thereby be reduced to a material extent.

The meaning of “assumed obligation” under this ~~Chapter~~section includes obligations assumed by the obligor as a result of entering into a contract or making any arrangement (whether or not such contract or arrangement is enforceable, and whether or not assumed by him personally or together with any other party) or by any other means whereby his financial position is changed.

Article ~~39~~41. The following actions shall not be deemed to be activities prohibited by Article ~~37-39~~37-39 of this ~~Chapter~~section:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of the assistance is not for the acquisition of shares in the Company, or that the financial assistance is an incidental part of some larger overall plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the distribution of dividend by way of allotment of bonus shares;
- (4) a reduction of the registered capital, repurchase of shares or reorganisation of the share capital in accordance with the Company’s Articles of Association;

- (5) the lending of money by the Company within its scope of operations and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company;
- (6) the provision of money by the Company for contribution to employee's share schemes, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company.

SECTION 4: CHAPTER-6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article ~~40~~42. Share certificates of the Company shall be in registered form.

The share certificate of the Company shall contain following major particulars:

- (1) the name of the Company;
- (2) the incorporation date of the Company;
- (3) the class of shares, par value and number of shares it represents;
- (4) the share certificate number;
- (5) other matters required to be stated therein by the stock exchange(s) on which the Company's shares are listed.

Article ~~41~~43. Share certificates shall be signed by the Chairman. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being imprinted with the seal of the Company. The share certificate shall be imprinted with the seal of the Company under the authorization of the board of directors. The signatures of the Chairman or other senior officer(s) of the Company may be printed in mechanical form.

Article 4244. The Company shall keep a register of shareholders and enter therein the following matters:

- (1) the name (title) and address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable on the shares held by each shareholder;
- (4) the serial number of the shares in respect of each shareholder;
- (5) the date on which each person is entered in the register as a shareholder;
- (6) the date on which the shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of shares of the Company by the shareholders unless there is evidence to the contrary.

Article 4345. The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organisations, maintain the register of shareholders of Overseas Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. A duplicate register of shareholders for the holders of Overseas Listed Foreign Shares shall be maintained at the Company's legal address. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

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

The original register for holders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

Article ~~444~~446. The Company shall have a complete register of shareholders.

The register of shareholders shall comprise of the following parts:

- (1) a part maintained at the Company's legal address which shall be the register of all shareholders other than those registered in accordance with sub-paragraphs (2) and (3) in this article;
- (2) a register of holders of Overseas Listed Foreign Shares maintained at the place of listing;
- (3) such part in such other places as the Directors may deem necessary for the purpose of listing the Company's shares.

Article ~~454~~457. Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in one part of the register shall, during the continuance of that registration of those shares, be registered in any other part of the register of shareholders.

The alternation and ratification of each part of the register of shareholders shall be made in accordance with the law of its sites.

If the Company refuses to register the transfer of shares, the Company shall give the transferor and the transferee a notice refusing to register the shares transfer within two months from the date of submitting the application of transfer.

Article ~~464~~468. All Overseas Listed Foreign Shares listed in Hong Kong which have been fully paid-up may be freely transferred, free from any restriction on the right of transfer and free from all lien, in accordance with the Company's Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognise any instrument of transfer and would not need to provide any reason therefore:

- (1) a fee of HK\$2.50 per instrument of transfer or other amount requested by the board of directors but limited to a higher fee agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the instrument of transfer only relates to Overseas Listed Foreign Shares that listed in the Stock Exchange of HK;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;

- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be held by joint owners, the maximum number of joint owners shall not be more than 4;
- (6) the relevant shares does not have any lien thereon by any companies.

Any share shall not be transferred to minors or person who is mentally disorder or disabled in laws.

Article ~~4749~~. If the laws, regulations, and securities regulatory agencies where the Company's shares are listed requires that no registration of transfer of shares before general meeting is held or before the record date for the Company's distribution of dividends, the Company should follow such requirements.

Article ~~4850~~. When the Company needs to determine the rights attaching to the shares in the Company for the purposes of convening a general meeting, dividend distribution, liquidation or any other purpose which requires determining the rights of the shares, the board of directors shall decide on a date for the determination of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such determination date.

Article ~~4951~~. Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article ~~5052~~. Any person who is a registered shareholder or who request 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 of a new share certificate in respect of such shares (the "Relevant Shares").

A holder of Domestic Shares who has lost his share certificate and apply for a replacement share certificate shall be dealt with in accordance with the Company Law.

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

A holder of Overseas Listed Foreign Shares which is listed in the Stock Exchange of HK, who has lost his share certificate and apply for a replacement share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall publish a notice of its intention to issue a replacement share certificate at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the board of directors before issuing the new share certificate.
- (4) The Company shall, prior to publication of issuing a replacement share certificate, deliver to the Stock Exchange of HK, a copy of the announcement to be published and shall publish the announcement upon receipt of confirmation from the Stock Exchange of HK that the announcement has been published in such stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

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

- (5) Upon the expiration of the 90 day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any disagreement from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall immediately cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

- (7) All the costs arising from the cancellation of the original share certificate and issuing of the replacement share certificate by the Company should be borne by the applicant. The Company has the right to refuse to take any action before the applicant can provide a reasonable guarantee on such costs.
- (8) The relevant publication concerning new shares issuance in paragraph (3), shall include at least one Chinese and English publication each in Hong Kong.

Article ~~54~~53. Where the Company issues a replacement share certificate pursuant to the Company's Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders.

Article ~~52~~54. The Company shall not be liable for any damages to any person due to the cancellation of the original share certificate or the issuance of the replacement share certificate unless such person is able to prove that the Company has acted in a deceitful manner.

SECTION 5 SHARE TRANSFER

~~CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS~~

Article 55. Any transfer instrument or other instruments related to the ownership of any H-share of the Company or affecting the ownership of any H-share of the Company shall be registered at the local share registry in HK authorized by the Company, and fees is payable to the Company in aspect of such registration at the tariff set out in the SEHK Listing Rules.

Article 56. The transfer of any H-share shall be made in a transfer instrument in writing in any general or ordinary format or any other format recognized by the Board of Directors (including the standard format for transfer or transfer form provided by the SEHK from time to time); such transfer instrument in writing can be signed mechanically or affixed with the seal of the Company (where the transferor or transferee is a company). Where the transferor or transferee is a recognized clearing house (the "Recognized Clearing House") defined in relevant rules enacted under the Hong Kong laws from time to time or its agent, the transfer form can be signed mechanically or electronically. All the transfer instruments shall be maintained at the legal address of the Company or any other place designated by the Board of Directors from time to time.

Article 57. The Company does not accept any share of the Company being used as the subject of any pledge.

Article 58. No share held by any promoter in the Company shall be transferred within 1 year from the date when the Company changed integrally from a limited-liability company to a company limited by shares.

No non-tradable share which was issued before the public offering of the A-shares shall be transferred within 1 year from the date when the shares of the Company were listed at the SZSE.

The directors, supervisors and senior officers of the Company shall declare to the Company the shares held by them in the Company and the changes to them, if any, during the term of office, the shares transferred every year shall not exceed 25% of all the shares held by him/her in the Company; no share held by them in the Company shall be transferred within 1 year from the date when the shares of the same class were listed at stock exchange. No share held by them in the Company shall be transferred within six months from the date when they leave their office.

Article 59. The Company shall confiscate all the earnings made by any sale concluded within 6 months upon purchase, or any purchase concluded within 6 months upon sale of any shares or any other securities with nature of equity held by any director, supervisor, senior officer or any shareholder holding at least 5% of the A-shares in the Company. However, any securities company which holds at least 5% of the A-shares for underwriting after the Company is listed is released from the aforesaid time limit of 6 months for selling such shares.

The shares or other securities with nature of equity held by the directors, supervisors, senior officers and individual shareholders referred to in the preceding paragraph include the ones held by their spouse, parents and children and held by any account of any other person.

Any shareholder is entitled to request the Board of Directors to perform sub-paragraph(2) of this article where it fails to do so, and any shareholder is entitled to bring an action with people's court in its own name for the benefit of the Company where the Board of Directors fails to do so within the aforesaid time limit.

The director held accountable shall assume several and joint liabilities where the Board of Directors fails to perform sub-paragraph(2) of this article.

CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING
SECTION 1 SHAREHOLDERS

Article ~~53~~60. 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 shall bear obligations attached to the class(es) and the proportion of shares held by him; shareholders holding the same class of shares shall be entitled to the same rights and shall bear the same obligations.

When two or more than two persons are registered as the holders of any shares shall be deemed to hold the same as joint holders, subject to the following provisions:

- (1) the Company shall not be bound to register more than four persons as the joint holders of any share;
- (2) the joint holders of any shares shall severally and jointly be responsible for all payments which ought to be made in respect of such shares;
- (3) on the death of any one of such joint holders, the survivor(s) shall be the only person or persons recognised by the Company as having any title to any such shares but the directors may require such evidence of death as they may deem fit; and
- (4) Only the person whose name stands first in the register of shareholders as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share, or to receive notices from the Company, or to attend or vote at general meetings of the Company, and any notice given to such person shall constitute notice to all joint holders.

Article ~~54~~61. The ordinary shareholders of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to the number of shares held by him;
- (2) to request, convene, take chair of, attend and vote or appoint a proxy to attend and exercise the corresponding right to speak and exercise the right to vote on his behalf at general meetings (Unless individual shareholders are required by the listing rules of the place where the Company's shares are listed to abstain from voting on individual matters);
- ~~(2) to attend and vote or appoint a proxy to attend and vote on his behalf at general meetings;~~

- (3) to supervise and to put forward proposals and make enquiries relating to the business operating activities of the Company;
- (4) to transfer, give by way of gift or pledge his shares in accordance with applicable laws, administrative regulations and provisions in the Company's Articles of Association; ~~to transfer his shares in accordance with applicable laws, administrative regulations and provisions in the Company's Articles of Association;~~
- (5) Inspect the Articles of Association, the register of shareholders, stubs of corporate bond, minutes of the General Meetings, resolutions of supervisory committee's meeting, financial and accounting reports;
- (6) Participate in the distribution of the residual property of the Company proportionally to the shares held by it at termination or liquidation of the Company;
- (7) Require the Company to repurchase its share if it opposes the resolution on merger or demerger made at the General Meeting;
- ~~(5)~~(8) to receive materials regarding the Company in accordance with the applicable laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and the provisions in the Company's Articles of Association, including:
 - (I) to receive a copy of the Company's Articles of Association, upon the payment of costs thereof;
 - (II) to inspect and receive a copy of, upon payment of reasonable charges:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of each of the Company's directors, supervisors, general manager, deputy general manager and other senior management, including:
 - (a) his present and former name and alias;
 - (b) his principal (residential) address;
 - (c) his nationality;

- (d) his main occupations and duties and all other part-time occupations and duties;
 - (e) his identification documents and its numbers;
- (iii) the status of the Company's share capital;
 - (iv) reports showing the aggregate par value, the number, the highest and lowest price paid, in respect of each class of shares repurchased by the Company since the previous financial year and the aggregate amount paid by the Company for this purpose;
 - (v) minutes of general meetings;
- ~~(6)~~ in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the proportion of shares held by him at that time;
- ~~(7)~~⁽⁹⁾ other rights conferred by laws, administrative regulations and the Company's Articles of Association.

Article 62. Before inspecting to relevant information or document set out in the previous paragraph, shareholder shall provide the Company with written proof which indicate the number of the shares of the Company held by it, such information or document can be provided as requested by shareholder after its identity is verified.

Article 63. Any shareholder is entitled to request people's court to order any resolution of the General Meeting or the Board of Directors that violates any law or administrative rules as void.

Any shareholder is entitled to, within 60 days from the date when any resolution is made, request people's court to cancel such resolution, provided that the convening procedures or voting form of the General Meeting or Board of Directors violates any law, administrative rule or the Articles of Association, or any contents of such resolution violates the Articles of Association.

Where the Company has registered the changes according to any resolution of the General Meeting or the Board of Directors, after competent court declares that such resolution is void or cancels such resolution, the Company shall file an application with companies registry to cancel the change registration.

Article 64. Any shareholder holding over 1% of the shares in the Company independently or jointly for over 180 consecutive days is entitled to request the Board of Supervisor in writing to bring an action with people’s court against any director or senior officer who violates any law, administrative rule or the Articles of Association when perform his/her duties, and such violation causes losses to the Company; any shareholder can request the Board of Directors in writing to bring an action with people’s court against the Board of Supervisor if the Supervisory committee violates any law, administrative rule or the Articles of Association when perform its duties, and violation causes losses to the Company.

The shareholder referred to in the preceding paragraph is entitled to bring an action with people’s court in its own name directly for the benefit of the Company where the Supervisory committee or the Board of Directors rejects the written request referred to in the preceding paragraph upon its receipt, or fails to bring an action within 30 days upon receipt of such request, or in case of urgency, and the failure to promptly bring an action will lead to unrecoverable damage to the benefit of the Company.

The shareholder referred to in the first paragraph of this article can bring an action with people’s court pursuant to the provisions in the preceding two paragraphs against any other person who infringes the legal interests of the Company and causes losses to the Company.

Article 65. Any shareholder can take an action with people’s court against any director or senior officer who violates any law, administrative rule or the Articles of Association and harms the interests of the shareholders.

Article ~~55~~66. A holder of ~~ordinary~~ shares in the Company shall have the following obligations:

- (1) to abide by laws, administrative rules, the Company’s Articles of Association and the resolutions passed in the general meetings~~to abide by the Company’s Articles of Association and the resolutions passed in the general meetings;~~
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw from shareholding unless otherwise set out in laws or rules~~other obligations imposed by law, administrative regulations and the Company’s Articles of Association;~~

(4) not to abuse shareholder's rights to harm the interests of the Company or any other shareholders; not to abuse the independent position of the Company as legal person and the limited liability of the shareholders to harm the interests of the creditors of the Company; any shareholder abuses shareholder's rights shall assume indemnification liability under relevant laws, provided that such abuse causes losses to the Company or any other shareholders; any shareholder who abuses the independent position of the Company as legal person and the limited liability of the shareholders to avoid debt and severely harm the interests of the creditors of the Company shall assume several and joint liability to the debts of the Company;

~~(3)~~(5) other obligations imposed by law, administrative regulations and the Company's Articles of Association.

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

Article 67. Any shareholder who holds over 5% of the shares with voting right of the Company and pledges its shares shall make written report to the Company on the date when such pledge is attached.

Article 5668. No controlling shareholder or actual controller of the Company shall make use of its association with the Company to harm the interests of the Company and any other shareholders. Any controlling shareholder or actual controller who violates such provision and causes losses to the Company shall assume indemnification liability.

In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder 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 act honestly in the best interests of the Company to remove a director or supervisor;
- (2) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;

- (3) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights (save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with the Company's Articles of Association).

Pursuant to the requirement of the Rules Governing the Listing of Securities on the Stock Exchange of HK, where any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The controlling shareholder and actual controller of the Company shall perform the obligation of good faith to the Company and the public shareholders of the Company. The controlling shareholder shall exercise the rights as an investor strictly under relevant laws, and shall not harm the legal interests of the Company and the public shareholders of the Company in the form of profit distribution, assets restructuring, external investment, fund embezzlement, borrowing guarantee, etc, and shall not make use of its controlling position to harm the interests of the Company and the public shareholders of the Company.

Article 5769. For the purpose of the foregoing Article, a "controlling shareholder" means a person who satisfies any one of the following conditions:

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

SECTION 2 GENERAL PROVISIONS OF GENERAL MEETING**CHAPTER 8: GENERAL MEETINGS**

Article 5870. The general meeting is the organ of power of the Company and shall be exercised in accordance with law.

Article 5971. The general meeting shall have the following powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the report of directors;
- (5) to consider and approve the supervisory committee's reports;
- (6) to consider and approve the Company's annual budget plan and final financial statements;
- (7) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters in relation to the merger, demerger, dissolution, liquidation or change of the Company form of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, removal or non-reappointment of the auditors of the Company;
- (12) to amend the Company's Articles of Association;
- (13) to consider and approve share incentive plan and employee shareholding plan;
- (14) to consider and approve any guarantee matter which shall be passed at the General Meeting;
- (15) to consider and approve any associated transaction matter which shall be passed at the General Meeting;

- (16) to consider any purchase or sale of any substantial asset which exceed 30% of the total assets audited in the last period;
- (17) to consider and approve any change of the purpose of the raised fund;
- (18) to consider motions put forward by shareholders who holds 3% or more of the shares of the Company that have voting rights;
- (19) to decide on other matters which should be approved by shareholders in general meetings according to law, administrative regulations or the Company's Articles of Association.
- ~~(14) to decide on other matters which should be approved by shareholders in general meetings according to law, administrative regulations or the Company's Articles of Association.~~

The general meeting shall decide the rights and obligations attached to the preference shares if the Company issue preference shares in accordance with relevant law, administrative regulations or the Company's Articles of Association.

No exercise of the above powers of the General Meeting by the Board of Directors or other organization or individual in the form of authorization is allowed.

Article 72. The following external guarantees provided by the Company shall be considered by the General Meeting after being approved upon considerations by the Board of Director and disclosed on a timely basis:

- (1) the amount of a single guarantee exceeds 10% of the net assets audited in the last period;
- (2) any guarantee provided after the total amount of the guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the audited net assets in the last period;
- (3) any guarantee provided to any guaranteed object whose debt ratio exceeds 70%;
- (4) the amount of the guarantees provided in twelve consecutive months exceeds 50% of the audited net assets in the last period, and the absolute amount exceeds RMB50,000,000;
- (5) the amount of the guarantees provided in twelve consecutive months exceeds 30% of the audited total assets in the last period;

- (6) any guarantee provided to any shareholder, actual controller and its associated party;
- (7) other guarantee as set out in laws, administrative rules, authority by-law and the Articles of Association.

When any guarantee is considered by the Board of Directors, such guarantee shall get the approval of at least two thirds of the directors present at the meeting of the Board of Director; when any guarantee set out in sub-paragraph(5) of the preceding article is considered by the General Meeting, such guarantee shall get the approval of the shareholders representing at least two thirds of the voting right held by all the shareholders present at the meeting.

When proposal of any guarantee provided to any shareholder, actual controller and its associated party is considered at any General Meeting, such shareholder or any shareholder controlled by such actual controller shall not participate in the voting, and such proposal will be passed upon approval of the shareholders representing over half of the voting right held by the shareholders other than the aforesaid persons.

Where the Company provides any guarantee to any controlling shareholder, actual controller or its associated party, the latter one shall provide counter-guarantee.

Article 73. Unless otherwise set out in the Articles of Association, any guarantee provided by the Company to its wholly-owned subsidiary, or to its controlling subsidiary and other shareholders of such controlling subsidiary provide guarantee proportionally to their interests, which meets any of the conditions indicated in Article 72(1)~(4), is exempted from being considered by the General Meeting, provided that such guarantee is not harmful to the interests of the Company.

Article 74. The following connected transaction shall be considered and approved by the General Meeting:

- (1) the amount of a transaction concluded between the Company and a connected party (guarantee excluded) exceeds RMB30,000,000 and accounts for at least 5% of the absolute value of the audited net assets in the last period of the Company;
- (2) other connected transaction which shall be considered by the General Meeting under relevant laws, rule, standard documents and the Articles of Association;

Article 75. The following transactions incurred by the Company (guarantee or financial assistance excluded) shall be considered and approved by the General Meeting (where any data involved in the following calculation is negative, take its absolute value as the calculation data):

- (1) the total amount of the assets involved in the transaction accounts for at least 50% of the audited total assets of the Company in the last period, if both book value and estimated value exists, the higher one shall prevail;
- (2) the audited operating income related to the transaction target (such as equity) in the last fiscal year accounts for at least 50% of the audited operating income of the Company in the last fiscal year, and the absolute amount exceeds RMB50,000,000;
- (3) the net profit related to the transaction target (such as equity) in the last fiscal year accounts for at least 50% of the audited net profit of the Company in the last fiscal year, and the absolute amount exceeds RMB5,000,000;
- (4) the closing consideration of the transaction (including debt and fees) accounts for at least 50% of the audited net assets of the Company in the last period, and the absolute amount exceeds RMB50,000,000;
- (5) the profit from the transaction accounts for at least 50% of the audited net profit of the Company in the last fiscal year, and the absolute amount exceeds RMB5,000,000.

Any transaction in which the Company is benefited unilaterally, including accepting cash asset and acquiring debt reduction or release, is exempted from the consideration procedure at a General Meeting as set out in this article. Any transaction by the Company which only meets the condition set out in Article 75(3) or (5) is exempted from the consideration procedure at a General Meeting as set out in this article, provided that the absolute value of the earnings per share of the Company in the last fiscal year is lower than RMB0.05.

Article 76. The Company shall not provide any financial assistance without approval granted and resolution made by over two thirds of the directors present at a meeting of the Board of Directors, and where any financial assistance is provided, the Company shall perform disclosure obligation on a timely basis.

The following matters on financial assistance shall be considered at a General Meeting after being considered and approved by the Board of Directors:

- (1) The audited debt ratio in the last period of the assisted object exceeds 70%;
- (2) The amount of a single financial assistance or the aggregate amount of the financial assistances provided in twelve consecutive months exceeds 10% of the audited net assets in the last period of the Company;
- (3) Other circumstances as required by SZSE or the Articles of Association.

The provisions in the first two paragraphs of this article are not applicable to the assisted entity which is a controlling subsidiary within the range of the consolidated statement of the Company and with a proportion of shareholding over 50%.

The Company shall not provide any financial assistance to any director, supervisor, senior officer, controlling shareholder, actual controller or its controlling subsidiary or associated party, such as funding.

Article ~~60~~77. The Company shall not, without the prior approval of shareholders in general meeting, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager and other senior officers whereby the responsibility for the management of the whole or any substantial part of the business of the Company is given to such person.

Article ~~64~~78. General meetings are divided into annual general meetings and extraordinary general meetings. Unless as otherwise provided for in these Articles of Association, general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within 6 months from the previous financial year end.

The board of directors shall convene an extraordinary general meeting within 2 months of the occurrence of any one of the following events:

- (1) when the number of directors is less than the number prescribed by the Company Law or less than two-thirds of the number prescribed by the Company's Articles of Association;
- (2) when the accumulated losses of the Company amount to one-third of the total amount of its share capital;

- (3) when shareholder(s) holding 10% or more of the Company's issued capital that carry voting rights request(s) in writing for the convening of an extraordinary general meeting;
- (4) where the board of directors considers it necessary or when the supervisory committee proposes to convene a general meeting;
- (5) when two or more independent directors propose to convene a general meeting;
- (6) as required in other circumstances stipulated in this Articles of Association, the applicable laws and regulations or the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed.

~~General meetings are divided into annual general meetings and extraordinary general meetings. Unless as otherwise provided for in these Articles of Association, general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within 6 months from the previous financial year end.~~

~~The board of directors shall convene an extraordinary general meeting within 2 months of the occurrence of any one of the following events:~~

- ~~(1) when the number of directors is less than the number prescribed by the Company Law or less than two-thirds of the number prescribed by the Company's Articles of Association;~~
- ~~(2) when the accumulated losses of the Company amount to one-third of the total amount of its share capital;~~
- ~~(3) when shareholder(s) holding 10% or more of the Company's issued capital that carry voting rights request(s) in writing for the convening of an extraordinary general meeting;~~
- ~~(4) where the board of directors considers it necessary or when the supervisory committee proposes to convene a general meeting;~~
- ~~(5) when two or more independent directors propose to convene a general meeting;~~
- ~~(6) as required in other circumstances stipulated in this Articles of Association, the applicable laws and regulations or the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed.~~

~~Article 62. When the Company convenes a general meeting, the convener shall notify each shareholder 20 clear business days before an annual general meeting is convened, and shall notify each shareholder 15 days (and not less than 10 clear business days) before an extraordinary general meeting is convened.~~

~~For calculating the period of notice, the date of issuing the notice and the date of meeting shall not be included.~~

~~In relation to the notice specified in this Article, the issuing date is the date which the Company or the share registrar appointed by the Company deliver the notice to the postal office, and it is not necessary for the shareholder to be deemed to have received the notice 48 hours after posting as stipulated in Article 191 of this Chapter.~~

~~Article 79. The General Meeting of the Company shall be held at the meeting room at the office of the Company or any other place indicated in the notice.~~

~~A meeting place will be provided for the General Meeting, and the General Meeting shall be held on a face-to-face basis. The Company will also provide other forms recognized or required by relevant securities regulatory authority to facilitate the shareholders to be present at the General Meeting. Any shareholder who is present at the General Meeting in the aforesaid ways shall be deemed as present.~~

~~The time and place of the face-to-face General Meeting shall be in favor of shareholders' presence. The place of the face-to-face General Meeting shall not be changed without good reason once the notice is given. When necessary, the convener shall announce such change no later than 2 business days before the date when the face-to-face meeting is held and indicate the reason of such change in the announcement.~~

~~Article 80. The Company shall appoint a lawyer to provide legal advices when a General Meeting is held, and such legal advices shall be announced:~~

- ~~(1) Whether the meeting is convened and held under the procedures required in laws, administrative rules and the Articles of Association;~~
- ~~(2) Whether the qualification of the persons present at the meeting and the convener of the meeting are legal and valid;~~
- ~~(3) Whether the voting procedures and results of the meeting is legal and valid;~~
- ~~(4) Legal advices provided against other relevant issues upon request of the Company.~~

SECTION 3 CONVENING GENERAL MEETINGS

Article 81. The Board of Directors shall convene the General Meeting within the term set out in the Articles of Association.

Article 82. Upon proposal of two or more independent non-executive directors, an extraordinary General Meeting can be held. The Board of Director shall, within 10 days upon receipt of such proposal, give a reply in writing indicating whether the holding of an extraordinary General Meeting is approved or not under relevant laws, administrative rules and the Articles of Association.

Where the proposal is approved, a notice will be given within 5 days after a resolution of the Board of Directors is made; where the proposal is rejected, the Board of Directors shall justify such rejection and release an announcement.

Article 83. Upon proposal of the Supervisory Committee, an extraordinary General Meeting can be held. The Board of Director shall, within 10 days upon receipt of such proposal, give a reply in writing indicating whether the proposal is approved or not under relevant laws, administrative rules and the Articles of Association.

Where the proposal is approved, a notice will be given within 5 days after a resolution of the Board of Directors is made, and no change to the original proposal is allowed to be indicated in the notice without the prior consent of the Supervisory Committee.

The rejection of the proposal by the Board of Directors or failure to give a reply within 10 days upon receipt of the proposal is deemed as inability or failure of the Board of Directors to perform its duty to convene a General Meeting, and in this case, the Supervisory Committee can convene and take chair of a General Meeting by itself.

Article 84. Upon proposal of any shareholder independently or jointly holding at least 10% of the shares in the Company, an extraordinary General Meeting can be held. The Board of Director shall, within 10 days upon receipt of such proposal, give a reply in writing indicating whether the holding of an extraordinary General Meeting is approved or not under relevant laws, administrative rules and the Articles of Association.

Where the proposal is approved, a notice will be given within 5 days after a resolution of the Board of Directors is made, and no change to the original proposal is allowed to be indicated in the notice without the prior consent of relevant shareholder.

Where the Board of Directors rejects the proposal or fails to give a reply within 10 days upon receipt of the proposal, the shareholder independently or jointly holding at least 10% of the shares in the Company is entitled to file a proposal with the Supervisory Committee for holding an extraordinary General Meeting and such request shall be made to the Supervisory Committee in writing.

Where the proposal is approved, a notice will be given within 5 days upon receipt of such request, and no change to the original proposal is allowed to be indicated in the notice without the prior consent of relevant shareholder.

The failure of the Supervisory Committee to give a notice within the specific time limit is deemed as failure of the Supervisory Committee to convene and take chair of a General Meeting, and in this case, any shareholder independently or jointly holding at least 10% of the shares in the Company for at least 90 consecutive days can convene and take chair of a General Meeting by itself.

Article 85. The Board of Directors shall be informed in writing where the Supervisory Committee or any shareholder decides to convene a General Meeting by itself, and in this case, a record shall be put on file in the corresponding stock exchange.

The shareholding proportion of the convening shareholders shall not be lower than 10% of the total shares of the Company before any resolution made at a General Meeting is announced.

The Supervisory Committee or convened shareholders shall, when a notice of any General Meeting is given and any resolution made at a General Meeting is announced, submit relevant evidence to the corresponding stock exchange.

Article 86. In relation to any General Meeting convening by the Supervisory Committee or any shareholder, the Board of Directors and the Board secretary shall cooperate and perform disclosure obligation on a timely basis. The Board of Directors shall provide the register of shareholders of the share registration date.

Article 87. The expenses required for any General Meeting convened by the Supervisory Committee or any shareholder by itself shall be borne by the Company.

SECTION 4 PROPOSALS AND NOTICES OF GENERAL MEETINGS

Article 88. The contents of the proposals shall fall within the powers of the General Meeting, include specific topic and matter to be resolved, and comply with relevant provisions of laws, administrative rules and the Articles of Association.

Article 6389. When the Company convenes a shareholders' general meeting, the board of directors, the board of supervisors, and shareholders who individually or jointly hold more than 3% of the Company's shares are entitled to make proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the company's shares may propose temporary proposals and submit them to the convener in writing 10 clear business days before the shareholders' meeting. The convener shall issue a supplementary notice of the general meeting of shareholders within 2 days after receiving the proposal, announcing the content of the temporary proposal.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

Proposals that are not listed in the notice of the shareholders' general meeting or that do not meet the Article 88 shall not be voted and resolved at the shareholders' general meeting.

Article 90. When the Company convenes a general meeting, the convener shall notify each shareholder 20 clear business days before an annual general meeting is convened, and shall notify each shareholder 15 days (and not less than 10 clear business days) before an extraordinary general meeting is convened.

For calculating the period of notice, the date of issuing the notice and the date of meeting shall not be included.

In relation to the notice specified in this Article, the issuing date is the date which the Company or the share registrar appointed by the Company deliver the notice to the postal office, and it is not necessary for the shareholder to be deemed to have received the notice 48 hours after posting as stipulated in Article 269 of this Chapter.

Article 6491. The general meeting shall not decide on matters not specified in the notice.

Article 6592. A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:

- (1) be given in writing;
- (2) specify the place, date and time of the meeting;
- (3) submit the matters and proposals to be considered at the meeting; ~~state the matters to be considered at the meeting;~~
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters proposed to be considered. Without limiting the generality of the foregoing principle, where the Company proposes to merge with another, to repurchase its shares, to reorganise its share capital, or to restructure the Company in any other way, the details of the terms of, and the contract (if any) for the proposed transaction shall be provided and the effect of such proposal must be properly explained;
- (5) disclose the nature and extent of the material interests, if any, of any director, supervisor, general manager, deputy general manager and other senior officers in the matters to be considered in the meeting, and the effect of such matter, if any, on him or in his capacity as shareholder in so far as it is different from the effect on the shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) contain conspicuously a statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting instead of him and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the meeting.
- (9) date of registration of the shares which the shareholders entitled to present the General Meeting hold;
- (10) name and telephone number of the permanent contact person for meeting affairs;
- (11) time and procedures of voting which takes place online or in other ways.

The notice and supplementary notice shall adequately and fully disclose all the specific contents of all the proposals. Where any matter to be considered needs independent non-executive director to give comments, the notice or supplementary notice shall also disclose such comments and reason.

Where the voting takes place online or in other ways, the notice shall indicate the time and procedures of the voting. The time to start the voting which takes place online or in other ways shall not be earlier than 3:00pm of the day immediately before the date when the face-to-face General Meeting is held, and not later than 9:30am of the same day when the face-to-face General Meeting is held, the time to end the voting shall not be earlier than 3:00pm of the same day when the face-to-face General Meeting ends.

The interval between the share registration date and the meeting date shall not be more than 7 business days. The share registration date shall not be changed once it is confirmed.

Article 93. Where any matter on the election of any director or supervisor is to be considered at the General Meeting, the notice shall adequately disclose the details of the candidates, including but not limited to:

- (1) Education background, employment experience, part-time work and other personal particulars;
- (2) Whether any association exists with the Company or its controlling shareholder or actual controllers;
- (3) Number of the shares held by he/she in the Company;
- (4) Whether he/she has been penalized by the CSRC or other relevant authorities, or disciplined by any stock exchange;

Unless such director or supervisor is elected by cumulative voting system, each candidate shall be nominated in a separate proposal.

When any director is elected at a General Meeting, the voting of the directors of different classes shall take place separately.

Article ~~66~~94. Notice of general meetings shall be delivered to all shareholder (whether or not they are entitled to vote thereat), by personal delivery or prepaid mail to the addresses as appeared on the register of shareholders. In respect of holders of Domestic Shares, notice may also be served by publishing an announcement. With regards to the H-shares, the notices of General Meetings, shareholder circulars and relevant documents can be published at the website of the Company and SEHK, provided that relevant procedures are complied with SEHK Listing Rules and it is done according to the intention of the shareholders.

The aforesaid announcement shall be published 20 clear business days to 25 clear business days before the annual general meeting is convened, and 15 to 20 days before the extraordinary general meeting is convened (and not less than 10 clear business days) in one or more newspapers specified by the securities regulatory authorities authorized by the State Council. Once published, all holders of Domestic Shares shall be deemed to have received the relevant notice.

~~Notice of general meetings shall be served on all shareholder (whether or not they are entitled to vote thereat), by personal delivery or prepaid mail to the addresses as appeared on the register of shareholders. In respect of holders of Domestic Shares, notice may also be served by publishing an announcement.~~

~~The aforesaid announcement shall be published 20 clear business days to 25 clear business days before the annual general meeting is convened, and 15 to 20 days before the extraordinary general meeting is convened (and not less than 10 clear business days) in one or more newspapers specified by the securities regulatory authorities authorised by the State Council. Once published, all holders of Domestic Shares shall be deemed to have received the relevant notice.~~

Article 95. No General Meeting shall be adjourned or cancelled without good reason once the notice is given, no proposal stated in the notice shall be cancelled. Once any General Meeting is adjourned or cancelled, the convener shall make an announcement to justify the adjournment or cancellation no later than 2 business days before the original meeting date. Where otherwise set out in the listing rules at the place where the shares of the Company are listed on the aforesaid matter, such provisions shall prevail.

Article ~~67~~96. The accidental omission to give notice of a meeting to, and the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed thereat.

SECTION 5 HOLDING GENERAL MEETINGS

Article 97. The Board of Directors and other conveners shall take necessary actions to ensure the normal order of the General Meetings. Actions will be taken to stop any behavior which interferes with the General Meetings, makes trouble and infringes the legal interests of the shareholders, and such behavior will be reported to relevant department on a timely basis for punishment.

Article 98. All the registered shareholders or their proxies until the share registration date are entitled to be present at the General Meetings, and exercise their voting right under relevant laws, rules and the Articles of Association.

The shareholders can be present and vote at the General Meetings in person or by proxy.

Article 99. Any individual shareholder who is present at any General Meeting shall present his/her identity card or other valid identification document or certificate to prove his/her identity; for any individual shareholder who is present by proxy, such proxy shall also present his/her valid identification document and power of attorney.

Any corporate shareholder shall be represented by its legal representative or a proxy authorized by such legal representative to be present at any General Meeting. The legal representative present in person shall present his/her identity card and a valid certificate to prove its capacity as a legal representative, where the legal representative is present by proxy, such proxy shall present his/her identity card, and a power of attorney in writing issued by the legal representative of any corporate shareholder under relevant laws.

Article 68100. Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy or proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to the followings pursuant to the authorisation given by that shareholder:

- (1) to have the same right as the shareholders to speak at the meeting;
- (2) to have the right to demand or join with others to demand a poll;
- (3) to have the right to vote on a show of hands or on a poll, unless otherwise required by the listing rules of the stock exchange or the relevant regulations of the securities regulatory authority of the locality where the shares of the Company are listed, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If the shareholder is a recognised clearing house as defined in the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong), such shareholder may appoint one or more persons as his proxies to attend on his behalf at a general meeting, ~~or~~ at any class meeting or creditors' meeting, but, if more than one persons have is so authorised, the instrument of authorisation must state the number and class of the shares in respect of which each such person is so authorised. The aforesaid authorised person is entitled to exercise the rights, including rights to speak and vote, on behalf of the recognised clearing house (or its proxy(ies)), as if such person is an individual shareholder of the Company.

Article ~~69~~101. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing. If the appointer is a legal person, the instrument shall be signed under a legal person's seal or under the hand of its director or any attorney duly authorised in writing. The instrument of authorisation shall state the number of the shares to be represented by the proxy(ies). If several persons are authorised as the attorney of the shareholder, the instrument of authorisation shall state the number of shares to be represented by each proxy.

Article 102. The power of attorney issued by any shareholder to authorize any other person to be present at any General Meeting shall indicate:

- (1) name of the proxy;
- (2) whether voting right is granted;
- (3) instructions on voting for or against, or abstaining from voting to each matter to be considered in the agenda of the General Meeting;
- (4) date of issue and expiry;
- (5) signature (or seal) of the appointer. The official seal shall be affixed where the appointer is a corporate shareholder.

Article ~~70~~103. The instrument appointing a proxy shall be deposited at the legal address of the Company, or such other place as prescribed in the notice convening the meeting, ~~24-48~~ hours before the holding of the relevant meeting or ~~24-48~~ hours before the time at which the poll is to be conducted. If such instrument is signed by a person under a power of attorney or other documents or authority on behalf of the pointer, a notarially certified copy of that power of attorney or other document of authority shall also be deposited together with the said instrument at the Company's legal address or such other place prescribed in the notice convening the meeting.

An appointer who is a legal person, its authorised representative(s), board of directors or other decision authorisation can serve as a representative to attend the general meeting of the Company.

Article ~~71~~104. Any form issued to shareholder by the board of directors for appointing a proxy shall be enable the shareholder to freely instruct the proxy to vote in favour of or against each resolution proposed in the meeting. Such a form shall contain a statement that in the absence of specific instructions from the appointer, the proxy may vote as he thinks fit.

Article ~~72~~105. A vote given in accordance with the terms of the instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of those matters shall have been received by the Company before the commencement of the relevant meeting.

Personal shareholders who attend the general meeting in person shall show his identification document and proof of his shareholding. A proxy appointed by a shareholder shall show his identification document and the instrument of proxy. If a legal person appoint a representative to attend the meeting, the appointee shall show his personal identification document and a certified copy of the resolution that appoint the representative by the board of directors of that legal person.

Article 106. The meeting register which records the persons present at the meeting is made by the Company. The register shall indicate the name (designation), identity card number, address, and number of the shareholding or representing shares with voting right of the person present at the meeting, the name (designation) of the appointer, etc.

Article 107. The convener and the lawyer hired by the Company verify the legality of shareholder qualification together according to the shareholder register provided by securities registration and settlement entity, and register the names (or designations) of the shareholders and number of their shares with voting right. The meeting registration shall terminate before the chair declares the number of the present shareholders and proxies and total number of their shares with voting right.

Article 108. All the directors, supervisors and the secretary of the board of directors shall attend in the General Meeting, and the general manager and other senior management shall attend the meeting.

Article 109. The chairman of the board of directors is the chair of the General Meeting. Where the chairman cannot or fails to perform such duty, a director elected upon approval by over half of the directors shall be the chair of the meeting. Where the Board of Directors fails to elect a chair of the meeting, the chair can be elected among the shareholders present at the meeting; where the shareholders cannot elect the chair for any reason, the holder of the shares representing the most voting right present at the meeting (including its proxy) shall be the chair of the meeting.

The chairman of the Supervisory Committee takes the chair of the General Meeting convened by the Supervisory Committee. Where the chairman cannot or fails to perform such duty, a supervisor elected by over half of the supervisors shall be the chair of the meeting.

A representative elected by the convener takes the chair of the General Meeting convened by the shareholders.

Where the General Meeting cannot proceed because the chair violates the rules of procedure, upon the consent of the shareholders present at the meeting representing half of the voting right, the General Meeting can elect one person to act as the chair so that the meeting can proceed.

Article 110. The rules of procedure of the General Meeting formulated by the Company shall govern the holding and voting procedures of the General Meetings in details, including notice, registration, considerations of proposals, poll, count of votes, declaration of voting result, formation of resolutions, minutes and its signature, announcement, principles of authorization grant by the General Meetings to the Board of Directors, and the authorities thereby granted shall be expressly indicated.

The rules of procedure for the General Meeting are compiled by the Company as the attachment of these Articles of Association. The rules are drafted by the board of directors and approved by the General Meeting.

Article 111. The board of directors and the Supervisory Committee shall, in the annual General Meeting, report the work in the past one year to the meeting. Each independent non-executive director shall give a report on his/her work.

Article 112. The directors, supervisors and senior officers shall make explanation and instruction on the inquiry and advices of the shareholders at the General Meetings.

Article 113. The chair shall, before any voting, declare the number of the present shareholders and proxies and total number of their shares with voting right. The number of the present shareholders and proxies and total number of their shares with voting right shall base on that registered in the meeting register.

Article 114. Minutes shall be prepared for General Meetings, which is recorded by the secretary of the board of directors. The minute shall indicate:

- 1) Time, place and agenda of the meeting, name or designation of the convener;
- 2) Name of the chair and directors, supervisors, general manager and other senior management present at the meeting with and without voting right;
- 3) Number of the present shareholders and proxies, total number of their shares with voting right and proportion in total shares of the Company;
- 4) Review and discussion process, key point of speech and voting result of each motion;
- 5) Inquiry or advices of the shareholders and the corresponding reply or explanation;
- 6) Name of the lawyer, voting counter and supervisor;
- 7) Other contents which shall be recorded in the minute as required in these Articles of Association.

Article 115. The convener shall ensure that the minute is true, accurate and complete. The directors, supervisors, secretary of the board of directors, convener or its representative and chair present at the meeting shall sign on the minute. The minute shall be retained together with the signature register of the shareholders present in person, the power of attorney of the shareholders present by proxy, and other valid document about the voting online or in other ways for at least 10 years.

Article 116. The convener shall ensure that the General Meeting is held continuously until final resolution is made. Where any General Meeting suspends or no resolution can be made for special reason like force majeure, necessary actions shall be taken to reconvene the meeting or directly terminate this meeting, and make an announcement on a timely basis. At the same time, the convener shall report to the CSRC agency and stock exchange the Company is listed.

SECTION 6 VOTING AND RESOLUTIONS AT GENERAL MEETINGS

Article ~~73~~117. Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by more than one-half of the voting rights held by the shareholders (including proxies) who attend the meeting.

A special resolution must be passed by more than two thirds of the voting rights held by the shareholders (including proxies) who attend the meeting.

Shareholders (including proxies) shall expressly specify whether they are in favour of or against any matter under voting. Any abstention from or waiver of voting shall not be regarded as valid votes when the Company counts the votes in respect of such matter.

Article 118. The following matters shall be approved by an ordinary resolution at a general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) proposals formulated by the board of directors for the distribution of profits and for making up accrued losses;
- (3) appointment and removal of the members of the board of directors and the supervisory committee, their remuneration;
- (4) annual financial budgets and final accounts, balance sheet, financial statements and other financial reports of the Company;
- (5) annual report of the Company;
- (6) all other matters required to be approved by a general meeting other than those required to be approved by way of special resolution under the law, administrative regulations or the Article of Association.

The remuneration specified in item (3) above includes but not limit to compensation payable upon the loss of office of a director or on completion of his terms of appointment.

Article 119. The following matters shall be approved by a special resolution at a general meeting:

- (1) an increase or reduction of the Company's capital and the issue of any class of shares, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the demerger, merger, dissolution and liquidation of the Company;
- (4) any amendment of the Company's Articles of Association;
- (6) spin-off listing of any subsidiary;
- (7) the amount of the substantial assets purchased or sold, or the amount of the guarantees in twelve consecutive months exceeds 30% of the audited total assets in the last period of the Company;
- (8) an repurchase of shares for the purpose of reduction of registered capital;
- (9) major restructuring of assets;
- (10) share incentive plan;
- (11) the Company initiates to withdraw its listed shares from any stock exchange by resolution at the General Meeting, and decides that those shares no longer be trade the such stock exchange or applies to trade or transfer the shares at any other stock exchange;
- (12) any other matters which the general meeting has resolved (by way of ordinary resolution) as having a potentially material effect on the Company and shall be approved by special resolution.
- (13) other matters which shall be approved by a special resolution under relevant laws, rules, relevant provisions of the SZSE, the Articles of Association or the rules of procedure of the General Meeting.

The proposals mentioned in Item 6 and 11 above shall be approved by, in addition to the shareholders representing over two thirds of the voting right of all the shareholders present at the General Meeting, the shareholders representing over two thirds of the voting right of the shareholders present at the General Meeting other than the directors, supervisors, senior officers and the shareholders independently or jointly holding over 5% of the shares in the listed company.

Article ~~74~~120. Shareholders (including a proxies), ~~who vote at a general meeting,~~ shall exercise their voting rights in relation to the number of shares carrying the right to vote which they hold. Each share shall carry one vote.

A shareholder shall comply with any special rights or restraint that imposed on any voting rights for the time being and comply with applicable law, administrative rules and the provisions in the Articles of Association when the shareholder cast his votes.

The shares of the Company held by itself are not attached with voting right, and such shares are excluded from the total shares with voting right which the shareholders present at the meeting represent.

Where any material matter influencing the benefit of medium and small investors is considered at the meeting, the voting of the medium and small investors shall be counted separately. The separate counting result shall be disclosed publicly on a timely basis.

Any shareholder who purchases any share in the Company attached with voting right in violation with Section 63(1) and (2) of the Securities Law shall not exercise such voting right attached to the part of the shares exceeding the specified proportion within 36 months upon purchase, and such shares shall not be included in the total number of the shares attached with voting right at the General Meetings.

The board of directors, independent non-executive director and the holders of the shares representing at least 1% of the voting right, or the investor protection authority established under laws, administrative rules or the CSRC regulations can collect shareholder's voting right publicly. Once the voting right is collected, concrete voting intention and other information shall be adequately disclosed to them. It is forbidden to collect shareholder's voting right in form of compensation or disguised compensation. The Company shall not impose minimum shareholding limit to any collected voting right except for legal conditions.

Article 121. No connected shareholder shall participate in voting and the shares which it represents shall not be included in total valid votes when any matter in connection with connected transaction is considered at the meeting; the resolution shall adequately indicate the voting of the non-connected shareholders.

Article 122. When relevant connected transactions are considered, the abstention and voting procedures of the connected shareholders are as follows:

- (1) Before considering the connected transaction at the general meeting, the Company shall determine the scope of connected shareholders in accordance with the relevant laws and regulations of the State. The connected shareholders or their authorized representatives may attend the general meeting and may express their views to the shareholders present in accordance with the meeting procedures, but shall abstain from voting;
- (2) Where the general meeting votes on matters in respect of the connected transaction, the connected shareholders shall abstain from voting; should the connected shareholders do not withdraw, other shareholders present shall have the right to request the connected shareholder to abstain from voting. After the abstention of the connected shareholders, the remaining shareholders shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of the Articles of Association; the abstention and voting procedures of the connected shareholders shall be notified by the chairman of the general meeting and recorded in the minutes of the meeting;
- (3) A resolution made at a general meeting on a connected transaction will be valid only if it is approved by a majority of the voting rights held by the non-connected shareholders present at the general meeting. However, where such connected transaction involves matters requiring special resolution as provided in the Articles of Association, the resolution passed at the general meeting will be valid only if it is approved by over two-thirds of the voting rights held by the non-connected shareholders present at the general meeting.
- (4) Should connected shareholders fail to disclose its connection or abstain from the voting in respect of such connected transaction in accordance with the aforesaid procedures, all resolutions regarding the connected transaction shall become invalid and void and require a new voting.

Article ~~75~~123. Voting may be decided on a show of hands at a general meeting unless otherwise required by the listing rules of the stock exchange or the relevant regulations of the securities regulatory authority of the locality where the shares of the Company are listed, or when a poll is (before or after any vote by a show of hands) is demanded by the following persons:

- (1) the chairman of the meeting;
- (2) at least 2 shareholders having the right to vote in person or by proxy;
- (3) one or more shareholders present in person or by proxy who, alone or together hold 10% or more of the shares carrying the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman a resolution has been passed based on the result of a show of hands and the entry to that effect in the minutes of the meeting, shall be conclusive evidence of that fact without further proof of the number or proportion of the votes recorded or the percentage of votes recorded in favour or against such resolution.

The demand for a poll may be withdrawn by the person or persons who demand it.

Article ~~76~~124. A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken immediately. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting decides, and the meeting may continue to proceed to discuss other matters. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

The result of the poll shall be declared as soon as possible.

Article ~~77~~125. 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 ~~78~~126. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.

Article 127. The Company shall provide convenience with the shareholders to be present at the meeting in various ways and channels, provided that the General Meeting is legal and valid.

Article ~~79~~128. The list of director and supervisor candidates is submitted as a proposal to the General Meeting for voting.

The board of directors shall announce the resume and basic information of each director and supervisor candidate to the shareholders.

The way and procedure of the nomination of any director or supervisor are as follows:

(1) Non-independent non-executive director: candidates can be nominated by the Board of Directors or any shareholder independently or jointly holding at least 3% of the shares in the Company, the Board of Directors examines their qualifications and passes a resolution for the nomination, then it will submit to the General Meeting for voting in the form of proposal.

Independent non-executive director: candidates can be nominated by the Board of Directors, Supervisory Committee or any shareholder independently or jointly holding at least 1% of the shares in the Company, and election takes place at a General Meeting.

(2) Non-employees' representative supervisor: candidates can be nominated by the Supervisory Committee or any shareholder independently or jointly holding at least 3% of the shares in the Company, the Supervisory Committee examines their qualifications and passes a resolution for the nomination, then the Board of Directors will submit to the General Meeting for voting in the form of proposal.

The supervisor as the employees' representative is elected by the employees of the Company at a employees' congress or in other forms on a democratic basis.

The nominator shall, before nominating any candidate, get a written undertaking of such candidate, confirm that he/she accepts such nomination, and undertake that the particulars of such candidate disclosed publicly are true and complete, and such candidate will perform the duties properly after he/she is elected as a director or supervisor.~~The following matters shall be approved by an ordinary resolution at a general meeting:~~

- ~~(1) work reports of the board of directors and the supervisory committee;~~
- ~~(2) proposals formulated by the board of directors for the distribution of profits and for making up accrued losses;~~
- ~~(3) appointment and removal of the members of the board of directors and the supervisory committee, their remuneration;~~

~~(4) — annual financial budgets and final accounts, balance sheet, financial statements and other financial reports of the Company;~~

~~(5) — all other matters required to be approved by a general meeting other than those required to be approved by way of special resolution under the law, administrative regulations or the Article of Association.~~

~~The remuneration specified in item (3) above includes but not limit to compensation payable upon the loss of office of a director or on completion of his terms of appointment.~~

~~Article 80. — The following matters shall be approved by a special resolution at a general meeting:~~

~~(1) — an increase or reduction of the Company's capital and the issue of any class of shares, warrants and other similar securities;~~

~~(2) — the issue of debentures of the Company;~~

~~(3) — the demerger, merger, dissolution and liquidation of the Company;~~

~~(4) — any amendment of the Company's Articles of Association;~~

~~(5) — any other matters which the general meeting has resolved (by way of ordinary resolution) as having a potentially material effect on the Company and shall be approved by special resolution.~~

~~Article 81. — Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:~~

~~(1) — Two or more shareholders holding alone or in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more (in the same form) requisitions in writing to request the board of directors to convene a shareholders' extraordinary general meeting or a class meeting and stating the matters to be considered there in. The board of directors shall convene a extraordinary general meeting or a class meeting as soon as possible after receipt of such requisition(s). The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the requisition(s).~~

~~(2) — If the board of directors fails to issue a notice of such a meeting within 30 days from the date of receipt of the requisition(s), Shareholders who make the request may themselves convene a meeting (in a manner as similar as possible to the manner in which shareholders' meetings are convened by the board of directors) within 4 months from the date of receipt of the requisition(s) by the board of directors.~~

~~Any reasonable expenses incurred by such shareholder(s) due to the failure of the board of directors to duly convene a meeting shall be borne by the Company and shall be deducted from the amount owed by the Company to the defaulting directors.~~

~~Article 82. General meeting shall be convened by the Chairman of the board of directors and he shall be the chairman of the meeting. If the Chairman of the board of directors is unable to attend the meeting for any reason, the Chairman of the board of directors shall appoint another director of the Company to convene and chair the meeting. If no chairman is appointed for the meeting, shareholders who attend the meeting shall appoint one person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, the shareholder (including proxy) holding the highest number of shares carrying the right to vote thereat shall be the chairman of the meeting.~~

Article 129. The General Meeting will vote on all the proposals one by one, and will vote on the different proposals on the same matter in the order of proposing time. The General Meeting will not lay aside or withhold any proposals unless the meeting is adjourn or cannot make any resolution for special reason like force majeure.

Article 130. No motion shall be modified when it is considered at any meeting, otherwise, it will constitute a new motion, and this meeting shall not vote on this new motion.

Article 131. The shareholders can only select one way like on-site voting, online voting or otherwise to give one vote. If one vote is given repeatedly, the first voting shall prevail.

Article 132. The voting in a General Meeting is in the form of disclosed ballot.

Article 133. The General Meeting shall, before any voting, elect two shareholders to count and supervise the voting. No shareholder who has interests in the discussed matter or its proxy shall count or supervise the voting.

When the General Meeting votes on any proposal, the lawyer, shareholders' representative and supervisor shall be responsible for counting and supervising the voting, and release the voting result on the spot. The voting result of all the resolutions shall be recorded in the minute.

Shareholder or its proxy who votes online or in other ways is entitled to check its voting in the corresponding voting system.

Article 134. The physical General Meeting shall not end earlier than the corresponding meeting held online or in other ways, the chair shall declare the voting information and result of each motion and whether any motion is passed according to the voting result.

The company, voting counter, voting supervisor, major shareholder, online service provider and other related parties involved in the on-site voting, online voting or otherwise of any General Meeting shall, before any voting result is officially released, be obliged to keep the voting information confidential.

Article 135. The shareholders present at a General Meeting shall either “vote in favor”, “vote against” or “abstain from voting to” the proposals submitted for voting. The blank, wrong or illegible vote, or the undecided vote is deemed as abstention, and the voting result of its shares shall be recorded as “abstention”.

Article 83136. The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision shall be final and conclusive, and be announced at the meeting and recorded in the minutes of the meeting.

Article 84137. In case of any doubt in the submitted voting result, the chair can organize to count the votes; where the chair fails to do so, the shareholder present at the meeting in person or by proxy who has any doubt in the voting result declared by the chair is entitled to request a count immediately after the result is declared, and in this case, the chair shall organize a count immediately. ~~If the chairman of the meeting has any doubt as to the result of the voting of a resolution, he may count the votes. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy who disagree with the result announced by the chairman of the meeting is entitled to request the count the votes immediately and the chairman of the meeting shall have the votes counted immediately.~~

Article 85138. If votes are counted at a general meeting, the result of the count shall be recorded in the minutes of the meeting.

Article 86139. Matters determined in the general meeting shall be recorded in the minutes of the meeting and signed by the directors who attend the meeting. Minutes, together with the signing book of the shareholders and proxy forms shall be kept at the Company’s legal address.

The aforesaid minutes, the signing book of the shareholders and proxy forms shall not be destroyed for 15 years.

- Article 140. The resolution of a General Meeting shall be announced on a timely basis. The announcement shall expressly indicate the number of the shareholders present at the meeting in person or by proxy, total number of their shares with voting right and its proportion in the total shares with voting right of the Company, voting mode, voting result of each resolution and details of each resolution.
- Article 141. The resolution announcement shall specifically indicate any unpassed resolution or any resolution passed in the preceding meeting but changed in this meeting.
- Article 142. Where resolution in relation to election of any director or supervisor is passed in a General Meeting, the date of appointment shall be the date when the election resolution is passed in the General Meeting.
- Article 143. Where any resolution in connection with cash dividend, issue of bonus share or increase of share capital by capital reserve is passed in a General Meeting, the Company shall implement the program within 2 months upon completion of this General Meeting.
- Article ~~87~~144. Copies of the minutes of general meetings shall be available for inspection during business hours of the Company free of charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees.

**SECTION 7: ~~CHAPTER 9~~ SPECIAL PROCEDURES FOR VOTING BY A CLASS OF
SHAREHOLDERS**

- Article ~~88~~145. Shareholders who hold different classes of shares are class shareholders.
- Class shareholders shall bear rights and obligations in accordance with laws, administrative regulations and the Company's Articles of Association.
- Article ~~89~~146. Except for the listing and trading of Non-Listed Shares on an overseas stock exchange as contemplated by Article ~~17~~21, if the Company proposed to change or remove the rights attached to any class of shareholders, approval by a special resolution in a general meeting and approved by a shareholders' meeting of the class shareholders that is being affected which is convened in accordance with Articles ~~94~~148 to ~~95~~152.

Article ~~90~~147. The following circumstances shall be deemed to be a variation or removal of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class;
- (2) to transfer all or part of the shares of that class of shares of another class or vice versa or to grant such transfer;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to increase, remove or reduce conversion rights, options, voting rights, transfer rights or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment from the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting or equity rights or other privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way that results in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or remove the provisions of this Chapter.

Article ~~91~~148. Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, have the right to vote at class meetings in respect of matters concerning sub paragraphs (2) to (8), (11) and (12) of Article ~~90~~147, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“A(n) interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article ~~33~~35, a “controlling shareholder” is defined within the meaning of Article ~~56~~68;
- (2) in the case of a repurchase of shares by an off market agreement pursuant to Article ~~33~~35, the shareholder to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a less than proportionate responsibility than other shareholders of the same class or a shareholder who has an interest different from the interests of the other shareholders of that class.

Article ~~92~~149. Resolutions of a class meeting shall be passed by votes representing more than two thirds of the voting rights represented by shareholders of that class who attend the meeting according to Article ~~91~~148.

For the purpose of the aforesaid provision, shareholders or their proxies who attend the meeting shall expressly specify whether they are in favour of or against any matter under voting. Any abstention from or waiver of voting shall not be regarded as valid votes when the Company counts the votes in respect of such matter.

Any shareholders or their proxies abstain from voting or not exercising his vote to vote in relation to the voting rights he holds on resolution, such voting rights shall not be counted as votes that has attended (in respect of such resolution) the class meeting.

Article ~~93~~150. Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 20 clear business days before the annual general meeting is convened, and 15 days before the extraordinary general meeting is convened (and not less than 10 clear business days).

Article ~~94~~151. Notice of class meetings shall only be given to shareholders who entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of the Company's Articles of Association relating to the manner for the conduct of general meetings are also applicable to class meetings.

Article ~~95~~152. Apart from the holders of other classes of shares, holders of Non-Listed Shares and holders of Overseas Listed Foreign Shares shall be deemed as holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic Shares and Overseas Listed Foreign Shares;
- (2) where the Company's plan to issue Domestic Shares and Overseas Listed Foreign Shares at the time of its establishment is carried out within 15 months from the date of approval of the committees of securities authority of the State Council;
- (3) where Non-Listed Shares are listed and traded on an overseas stock exchange after obtaining the approval from the securities authority of the State Council.

CHAPTER ~~105~~5: BOARD OF DIRECTORS
SECTION 1 DIRECTORS

Article 153. The directors are elected or changed by the General Meeting and the term of office is 3 years. The term is renewable where the director is reelected. The directors can be dismissed in any General Meeting before expiry of its term of office.

The term of office of a director starts from the date when the appointment resolution is passed in a General Meeting until expiry of the term of office of the current session of the Board of Directors. Where a director is not reelected upon expiry of the term of office on a timely basis, or the number of the members of the Board of Directors is less than two thirds of the number set out in the Articles of Association or a quorum set out in the Companies Law where any director files an application for resignation within its term of office, the original director shall perform the duty as a director under related laws, administrative rules and these Articles of Association before the newly elected director takes the office.

The general manager or other senior officer can act as the director of the Company concurrently, but the general manager or other senior officers acting as the director shall not exceed half of the total number of the directors of the Company.

There will be no representative of the employees of the Company in the Board of Directors.

Article 154. The directors shall comply with related laws, administrative rules and these Articles of Association and shall have the following good-faith obligations:

- 1) Not make use of his/her authority to receive any bribe or other illegal earning, not embezzle any property of the Company;
- 2) Not misappropriate any fund of the Company;
- 3) Not open any account to deposit any asset or fund of the Company in his/her own name or in other name;
- 4) Not violate any provision in these Articles of Association, not lend any fund of the Company to others and not provide any guarantee to others with any property of the Company without prior consent of the General Meeting or board of directors;
- 5) Not enter into any contract or conduct any transaction with the company in violation with these Articles of Association or without prior consent of the General Meeting;
- 6) Not make use of his/her authority which the Company to solicit any commercial opportunity for himself, herself or others, not engage in or be agent of any business similar to that of this company without prior consent of the General Meeting;
- 7) Not accept any commission from any transaction with the Company as his/her own;
- 8) Not disclose any secret of the Company without permission;
- 9) Not make use of his/her connection relation to damage the interests of the Company;
- 10) Other good-faith obligations described in related laws, administrative rules, department regulations or these Articles of Association.

Any gain of a director by violating this section shall be confiscated by the Company; the director shall assume liability for damages where the Company suffers any loss.

Article 155. The directors shall comply with related laws, administrative rules and these Articles of Association and shall have the following diligence obligations:

- 1) Exercise the rights granted by the Company prudently, seriously and diligently to ensure that the commercial operation of the Company complies with related national laws, administrative rules and all kinds of national economic policies, and the commercial activity shall be go beyond the business range described in the business license;
- 2) Treat all the shareholders fairly;
- 3) Read all kinds of business and finance reports of the Company seriously, and understand the business operation and management of the Company on a timely basis;
- 4) Give written confirmation comments to the regular report of the Company, ensure that all the information disclosed by the Company is true, accurate and complete;
- 5) Provide related information and documents to the board of supervisors according to the facts, accept the legal supervision and reasonable suggestion given by the board of supervisors against his/her performance, not interfere the board of supervisors or any supervisor to perform the duty;
- 6) Other diligence obligations described in related laws, administrative rules, authority by-laws or these Articles of Association.

Article 156. Failure of any director to be present in any board of directors meeting in person or by proxy for two consecutive times shall be deemed as his/her inability to perform the duty, and the board of directors shall suggest the General Meeting to change this director.

Article 157. Any director may resign before expiry of his/her term of office. A director shall file a resignation report to the board of directors in writing before resigning. The board of directors will disclose relevant information within 2 days.

Where the number of the members of the board of directors is lower than the statutory minimum after any director resigns, the original director shall perform the duty as a director under related laws, administrative rules, department regulations and these Articles of Association before any newly elected director takes the office.

The resignation of any director takes effect when the resignation report is delivered to the board of director, except for the abovementioned circumstance.

Article 158. Any director whose resignation takes effect or term of office expires shall complete all the hand-over procedures with the board of directors, and the good-faith obligations shall continue within a reasonable period set out in the Articles of Association after expiry of his/her term of office. The confidentiality obligation to the trade secrets of the Company shall continue for such director after expiry of his/her term of office, until such secrets become public; the good-faith obligations shall continue for a period determined on a fair basis by the nature of matters, the significance to the Company, the time of influence to the Company, the relation with such director and other factors.

Article 159. Any director shall not act in his/her own name on behalf of the Company or the board of directors without legal authorization required in these Articles of Association or from the board of directors. When any director acts in his/her own name, such director shall declare his/her position and status in advance where any third party has good reason to believe such director acts on behalf of the Company or the board of directors.

Article 160. Any director perform any duty in violation of any law, administrative rule, authority by-laws or these Articles of Association shall assume the liability for damages where the Company suffer any loss resulting from it.

Article 161. The independent non-executive directors are subject to relevant provisions in laws, administrative rules and authority by-laws.

SECTION 2 BOARD OF DIRECTORS

Article 162 There shall be a board of directors which is responsible to the general meetings.

Article 96163. There shall be a board of directors comprising 9 members, one of the directors will be elected as the chairman of the board. The board of directors shall comprise executive directors, non-executive directors and at least 3 independent non-executive directors.

The number of independent non-executive directors shall represent at least one-third of the board of directors and its composition shall comply with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange of HK.

Article ~~97~~164. Unless otherwise provided in the Articles of Association, directors shall be elected at the general meeting each for a term of 3 years. At the expiry of a director's term, they may be re-elected and serve consecutive terms. The first board of directors shall be nominated by the promoters of the Company and elected at the Company's inaugural meeting. The term of office shall be counted from the date of the director being elected.

Under the authorization of the general meeting, the board of directors shall have power to appoint a person qualified under the PRC laws and regulations and the listing rules of the stock exchange or the relevant regulations of the securities regulatory authority of the locality where the shares of the Company are listed to be a director to fill a casual vacancy on or as an addition to the board of directors. Any director so appointed shall hold office until the next following annual general meeting and shall be eligible for re-election.

A notice of the intention to propose a person for election as director and the written notice by such candidate of his willingness to accept the nomination shall be given to the Company no less than seven days. The minimum seven-day period of lodgement by the shareholders of notice to nominate a director shall commence no earlier than the date after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.

The Chairman and the executive director shall be elected and removed by more than one-half of all of the members of the board of directors. The term of office of each of the Chairman and the executive director is 3 years. They may be re-elected and serve consecutive terms.

Subject to compliance with all relevant law and administrative regulations, the general meeting may remove any director (including director who is also a general manager, deputy general or other officer of the Company) before the expiration of his term of office by an ordinary resolution. However, the director's right to claim for damages according to his contract shall not be affected.

The Chairman and the executive director may be act as general manager, deputy general manager or other senior officer (except for supervisor). The Directors is not required to hold shares in the Company.

Article 98165. The board of directors is accountable to shareholders in the general meeting and shall have the following functions and powers:

- (1) to be responsible for the convening general meetings and to report on their work at general meetings;
- (2) to implement resolutions passed at general meetings;
- (3) to decide the Company's business plans and investment proposals;
- (4) to prepare the Company's annual financial budget and final accounts;
- (5) to formulate proposals for profit distribution and for making up accrued losses of the Company;
- (6) to formulate proposals for an increase or reduction of the Company's registered capital and for the issue of the Company's debt and other securities and listing;
- (7) to formulate substantial purchase or sale programs of the Company, or programs to purchase the shares of the Company;
- (8) to formulate proposals for the demerger, merger or dissolution, and change of legal form of the Company;
- (9) to decide external investments, assets purchase and sale, assets mortgage, external guarantee, wealth management by commission, connected transaction, external donation, external borrowing, etc as authorized by the General Meeting;
- (10) to decide to appoint or dismiss the Company's general manager, secretary of the Board of Directors and other senior officers, and determine their remunerations, awards and punishments; at the recommendation of the general manager, to appoint and dismiss deputy general manager(s) and financial controller of the Company and to determine their remunerations; to appoint or remove directors and members of the supervisory committee of wholly-owned subsidiaries of the Company, and to appoint, change or recommend representative for the shareholders, directors and supervisors of controlling subsidiaries or shareholding subsidiaries of the Company;
- (11) to formulate the Company's internal management structure;
- (12) to formulate the basic management system of the Company;

- (13) to prepare proposals for amendments the Company's Articles of Association;
- (14) subject to compliance with the requirements of the relevant laws, regulations, the Company's Articles of Association and any relevant rules, to exercise the Company's power to raise capital, borrow money, and make decision on the charging, letting, sub-letting or transfer of the Company's major assets;
- (15) to manage disclosure of information of the Company;
- (16) to make a proposal to the General Meeting to appoint or change the accountancy firm auditing for the Company;
- (17) to accept the working report of the general manager of the Company and review the work of the general manager;
- (18) other powers conferred by laws, administrative rules, authority by-laws, general meetings and the Articles of Association.

Any matter beyond the range of authorization granted by the General Meeting shall be submitted and considered at the General Meeting.

A majority of at least two-thirds or more of the Directors shall be required for passing of any resolution in respect of (6), (8) and (13) above. A majority of one half of the Directors shall be required for the passing of any resolutions in respect of the other matters specified above.

- ~~(6) to formulate proposals for an increase or reduction of the Company's registered capital and for the issue of the Company's debt securities;~~
- ~~(7) to formulate proposals for the demerger, merger or dissolution of the Company;~~
- ~~(8) to formulate the Company's internal management structure;~~
- ~~(9) to appoint or dismiss the Company's general manager and at the recommendation of the general manager, to appoint and dismiss deputy general manager(s) and financial controller of the Company and to determine their remuneration and method of payment to appoint or remove directors and members of the supervisory committee of wholly owned subsidiaries of the Company and to appoint, change or recommend representative for the shareholders, directors and supervisors of subsidiaries or associated companies of the Company;~~

~~(10) to formulate the basic management system of the Company;~~

~~(11) to prepare proposals for amendments the Company's Articles of Association;~~

~~(12) subject to compliance with the requirements of the relevant laws, regulations, the Company's Articles of Association and any relevant rules, to exercise the Company's power to raise capital, borrow money, and make decision on the charging, letting, sub-letting or transfer of the Company's major assets;~~

~~(13) to formulate proposals for major acquisitions or disposals of the Company;~~

~~(14) other powers conferred by general meetings and the Company's Articles of Association.~~

~~A majority of at least two-thirds or more of the Directors shall be required for passing of any resolution in respect of (6), (7) and (11) above. A majority of one half of the Directors shall be required for the passing of any resolutions in respect of the other matters specified above.~~

Article 166. The Board of Directors shall make a statement to the general meeting regarding the non-standard audit opinions issued by the CPA on the financial statements of the Company.

Article 167. The Board of Directors shall establish rules of procedures for the Board of Directors to make sure that the Board of Directors implements the resolutions of the general meeting, improves efficiency and ensures scientific decision-making. The rules of procedures for the Board of Directors, as an annex to the Articles of Association, shall set forth the procedures for convening the meeting of the Board of Directors and its voting procedures, which shall be prepared by the Board of Directors and approved by the general meeting.

Article 168. The Board of Directors shall determine the authority concerning foreign investment, acquisition and sale of assets, pledge of assets, corporate guarantee, commissioned financial management, connected transactions and borrowing, and shall establish strict review and decision-making procedures; major investment projects shall be evaluated by relevant experts and professionals, and the evaluation shall be submitted to the general meeting for approval.

The transaction (except for the provision of guarantees) of the Company shall be submitted to the Board of Directors for approval where it meets one of the following criteria:

- a. The total amount of assets involved in the transaction accounts for over 10% of the Company's audited total assets in the latest period, and if the total amount of assets involved in the transaction has both book value and appraised value, the higher one shall be used as the data;
- b. The operation revenue of the object of the transaction (e.g. stock equity) in the latest fiscal year accounts for over 10% of the Company's audited operation revenue in the latest fiscal year, and the absolute amount exceeds RMB10 million;
- c. The net profit related to the object of the transaction (e.g. stock equity) in the latest fiscal year accounts for over 10% of the Company's audited net profit in the latest fiscal year, and the absolute amount exceeds RMB1 million;
- d. The transaction amount (including the assumption of debts and expenses) accounts for over 10% of the Company's audited net assets in the latest period, and the absolute amount exceeds RMB10 million;
- e. The profit generated by the transaction accounts for over 10% of the Company's audited net profit in the latest fiscal year and exceeds RMB1 million;
- f. Associated transactions (except for the provision of guarantees and financial aids) that meet the following criteria:
 - (a) Transactions between the Company and connected natural persons with a transaction amount over RMB300,000;
 - (b) Associated transactions between the Company and connected legal entity with a transaction amount more than RMB3 million and accounting for over 0.5% of the absolute value of the Company's audited net assets in the latest period.

If the data involved in the aforesaid indicators are negative, the absolute value is taken for calculation.

Where the target of the transaction is stock equity and the purchase or sale of such stock equity will result in a change in the scope of the Company's consolidated statements, all assets and operation revenues of the Company corresponding to such stock equity shall be regarded as the total assets involved in the transaction and the operation revenues related to the object of the transaction.

Where the matter falls within the scope of the aforesaid authority, but is required by laws, regulations or regulatory documents or deemed necessary by the Board of Directors to be submitted to the general meeting for approval, the matter shall be submitted to the general meeting for considerations.

Where the aforesaid matters involve other laws, administrative regulations, rules and regulations of competent authorities, normative documents, the Articles of Association or are otherwise provided by the Shenzhen Stock Exchange (SZSE), the above indicated laws, rules and regulations shall prevail.

Article ~~99~~169. The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a general meeting.

For the purposes of this Article, "disposal" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

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

Article ~~400~~170. The board of directors shall implement its obligations in compliant with the PRC laws, administrative regulations, Articles of Association of the Company and resolutions of general meeting. However, provisions made by general meeting will not make the actions of the board of directors invalid which was valid before.

Article 171. The Board of Directors has one chairman who is elected by the Board of Director upon approval by a majority of all the directors.

Article ~~101~~172. The Chairman of the board of directors shall exercise the following powers:

- (1) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign other material documents of the Company or appoint one or several directors to sign other material documents of the Company by power of attorney;
and
- (5) to exercise other powers conferred by the board of directors.

When the Chairman is unable to exercise his powers, such powers shall be exercised by the executive director who has been designated by the Chairman to exercise such powers on his behalf.

Article ~~102~~173. 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 about the meeting 15 days in advance. Where there is an urgent matter, an extraordinary meeting of the board of directors may be held if it is so requested by one-third ~~or more~~ of the directors, or the Company's general manager.

The Company shall pay the reasonable expenses of the directors that incurred for attending the directors' meeting. Those expenses shall include traffic expense from director's place to the meeting venue (if the director is located at a different place from the meeting venue), accommodation expense, rent of meeting room and local traffic expense.

Article 174. Upon proposal by any shareholder representing at least 1/10 of the voting right, at least 1/3 of the directors, at least 1/2 of the independent non-executive directors, the board of supervisor or the general manager, an extraordinary meeting of the Board of Directors can be held. The chairman shall, within 10 days upon receipt of such proposal, convene and take chair of the meeting.

Article ~~403~~175. Notice of meetings of the board of directors and extraordinary director's meeting shall be delivered by the following ways:

- (1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors in advance, no notice for convening of such meetings is needed.
- (2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the Chairman of the board of directors shall instruct the secretary of the board of directors to notify all the directors and supervisors of the time and venue of such meeting 10 to 14 days in advance by telegram, by email, by facsimile, by express delivery service or by registered mail or in person.
- (3) Where there is an urgent matter, an extraordinary meeting of the board of directors held, the Chairman of the board of directors shall instruct the secretary of the board of directors notify the directors and supervisors of the time and venue of such meeting 2 to 10 days in advance by telegram, by email, by facsimile, by express delivery service or by registered mail or in person.
- (4) Notice of meetings may be served in Chinese and include English if necessary, and accompanied by a meeting agenda. A director may waive his right to receive notice of a board meeting.
- (5) When a director attends the meeting, notice of the meeting is deemed to have been given to that director unless the director states that he has not receive the notice of directors' meeting before or at the commencement of the meeting.
- (6) Any regular or extraordinary meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.
- (7) The board of directors may accept resolution in written form instead of holding a directors meeting, however the draft of resolution shall be sent to each director by hand, by email, by telegram, by facsimile. In case the board of directors has sent the resolution to all directors, and the number of directors who signed to agree the resolution has reach the legal number which is required to pass such resolution, and the signed resolutions are returned to the secretary of the board of directors by ways described above, then the proposal shall become resolution of the board of directors, and no directors' meeting is needed to be held; however in case there are other regulations in stock exchange in which the Company lists, the Company shall be comply with such regulations.

- (8) The written resolution signed to agree by each director respectively shall be deemed to have the same virtue with the resolution passed on a legal meeting of the board of directors. The written resolution may consist in several documents in one form, each of them shall be signed by one or more directors. A resolution of the Company signed by directors or with the director's names on it and sent by telegram, by telex, by email, by facsimile or by hand, shall be regarded as a document signed by them pursuant to this paragraph.

Article 176. The notice of a board of directors' meeting shall indicate:

- (1) date and place of the meeting;
(2) time limit of the meeting;
(3) cause and topics to be considered;
(4) date of the notice.

Article ~~104~~1776. A board of directors meeting shall only be convened if more than half of the directors are present.

Each director has one vote. Without violation of rule 2 of Article ~~98~~165, any resolution requires more than half of the votes by all the board of directors in favour of it in order to be passed. In the case of an equality of votes, the chairman shall have an additional vote.

If more than one-fourth of the directors or more than two non-executive directors consider that the materials provided are not sufficient or supporting arguments are not clear in relation to the resolution, they may jointly propose to postpone the meeting or postpone the discussion of certain matters and the board of directors shall accept such proposal.

If a director has interest in the matters to be discussed in the meeting of the board of directors, that director shall abstain and has no right to vote. That director shall not be counted on counting the quorum of the directors' meeting.

Article 178. Any director who has interest with any business involved in any resolved matter at the meeting shall not exercise his/her voting right to such resolution in person or on behalf of any other director. Such meeting can be held when a majority of the non-connected directors are present, and the resolution can only be made upon approval of a majority of such non-connected directors. Where less than 3 non-connected directors are present, such matter shall be submitted and considered at the General Meeting.

Article 179. The voting can take place in the form of a show of hands or disclosed ballot.

The meeting shall be held on a face-to-face basis in principle. For an extraordinary meeting, resolution can be made by correspondence voting and shall be signed by the directors present at the meeting, provided that all the directors have fully given their opinions.

~~Article 180.~~ 180. Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may appoint another director in writing to attend the meeting on his behalf. Independent non-executive directors shall appoint other independent non-executive directors to attend the meeting on their behalf. The authorisation document shall set out the scope of the authorisation. If voting matters are involved, the appointer shall clearly express his approval, opposition or abstention on each matter in the authorisation document. Directors shall not make or accept authorisation without voting intention, discretionary authorisation or authorisation with unclear scope of authorization.

A Director appointed as the proxy of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

A proxy of a director must be a director. On counting the quorum of the meeting of the board of directors, the director himself and his capacity as a proxy shall be both counted. He is not required to cast all of his vote in favour or against a resolution at the same time. The director is required to inform the Company when the appointment of him to be a proxy is ceased.

A single director shall not act as the proxy of two or more directors in a single meeting of the Board of Directors. No independent non-executive director shall authorize any non-independent non-executive director to attend the meeting on his/her behalf; when any connected transaction is considered, non-connected director shall not authorize any connected director to attend the meeting on his/her behalf.

Article ~~106~~181. The board of directors shall keep minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by the directors, secretary and recorder that present at the meeting. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The directors shall be responsible for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Company's Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

The board of directors shall establish an audit committee, and establish relevant special committees such as a remuneration and appraisal committee, a nomination committee, a strategy committee, etc. as needed. The special committees are responsible to the board of directors and perform their duties in accordance with the Articles of Association and the authorisation from the board of directors. Their proposals shall be submitted to the board of directors for consideration and decision. The members of the special committees shall all be directors. Among them, the audit committee must be composed of non-executive directors; there must be at least three members and one of the independent non-executive directors should be an accounting professional, and the chairman of the audit committee should be an accounting professional. The independent non-executive directors should be the majority of the members of the audit committee, the remuneration and appraisal committee and the nomination committee and act as the chairmans of the committees. The board of directors is responsible for formulating the working rules of special committees and regulating the operation of special committees.

The quorum of the special committee or working group is the two directors that comprising it or more than half of the members of it, whichever is higher. Articles ~~102~~173 to Article ~~106~~182 relating to the agenda and recording of the directors' meeting are also applicable to the committee or working group, unless these rules are replaced by the rules set by the director according to the aforesaid paragraph.

Unless there are rules set by the board of directors, general manager that is not a director can attend the directors' meeting and has the right to receive the notice and relevant documents of the meeting. Unless the general manager is also a director, he has not right to vote at the meeting of the board of directors.

CHAPTER 11: SECRETARY OF THE BOARD OF DIRECTORS

~~Article 107. — The Company shall have a secretary of the board of directors. The secretary is an senior officer of the Company.~~

~~Article 108. — The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. The main responsibility of the secretary of the board of directors include:~~

- ~~(1) — to ensure the documentation and records of the Company are complete;~~
- ~~(2) — to ensure that the Company prepares and submits all reports and documents to the relevant authorities as required under the law;~~
- ~~(3) — to ensure that the Company's register of shareholders is properly established and that persons entitled to the relevant records and documents of the Company are promptly furnished with the same;~~
- ~~(4) — to implement other obligations according laws, administrative regulations and the Articles of Association.~~

~~Article 109. — A director or other senior officer of the Company may also act as the secretary of the board of directors. The certified public accountancy firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.~~

~~Where a director is also the secretary of the board of director, and an act is required to be performed by a director and a secretary separately, that person shall not perform the act in a dual capacity.~~

~~One or two natural persons may act as the secretary of the board of directors. If two persons are acted as the secretary, the function of the secretary of the board of directors shall be jointly shared by them. Any one of them have the power to exercise the power of a secretary of the board of directors alone.~~

CHAPTER 12: GENERAL MANAGER AND DEPUTY GENERAL MANAGER

Article 182. The minutes of a meeting of the Board of Director shall include:

- (1) date, place and convener name of the meeting;
- (2) names of the directors present in person and by proxy, and names of the proxies;
- (3) agenda of the meeting;
- (4) key points of the speeches of the directors;
- (5) way and result of the voting to each matter (the result shall indicate the number of in favor, against or abstention).

CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR OFFICERS

Article 183. The Company shall have a general manager and a certain number of deputy general managers, who shall be appointed or dismissed by the board of directors. The term of office is 3 years. They may be re-elected and serve consecutive terms. The deputy general manager shall assist the general manager, and shall be accountable to the general manager. The general manager, deputy general manager, financial controller and the secretary of the Board of Directors are the senior officers of the Company. Any director can be appointed as the general manager or any other senior officer.

Article 184. The duty of loyalty and the duty of diligence mentioned in Article 154 and 155 are applicable to the senior officers.

Article 185. Any person who holds any position other than director or supervisor in the controlling shareholder or actual controller of the Company shall not serve as any senior officer of the Company. The senior officers of the Company are only remunerated by the Company, rather than by any controlling shareholder.

Article ~~111~~186. The general manager shall be accountable to the board of directors and shall have the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the board of directors and report to the Board of Directors;
- (2) to organise the implementation of the Company's annual operational plan and investment proposal;
- (3) to formulate plans for the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to establish basic internal administrative rules and regulations for the Company;
- (6) propose to the board of directors to appoint or dismiss the Company's deputy general manager and chief financial officer; ~~to recommend the appointment or dismissal of the deputy general manager(s) and financial controller(s) of the Company;~~
- (7) to decide to appoint or dismiss management officers other than those required to be appointed or dismissed by the board of directors;
- (8) to determine grant or imposition of any awards or penalties, promotion or demotion, increase or reduction in salaries/wages, appointment, employment, dismissal or resignation of staff and workers of the Company;
- (9) to deal with material on behalf of the Company according to the authorisation of board of directors;
- (10) to mortgage, lease, sub-contract or transfer assets of the Company within the scope authorised by the board of directors;
- (11) other powers conferred by the Company's Articles of Association or the board of directors.

Article ~~112~~187. The general manager and deputy general managers are entitled to attend the meetings of the board of directors. The general manager and deputy general managers who are not directors do not have any voting rights at board meetings.

Article ~~113~~188. In performing their duties and powers, the general manager and deputy general manager(s) shall not depart from the resolutions of the shareholders' meetings and the board of directors or exceed their authority.

Article ~~114~~189. In performing their duties and powers, the general manager and deputy general manager(s) shall act honestly and diligently and in accordance with laws, administrative regulations and the Company's Articles of Association.

Article 190. The general manager shall formulate the working rules for the general manager which will be implemented upon approval of the Board of Directors.

Article 191. The working rules for the general manager shall cover:

- (1) Duties, job and authority of the general manager and other senior officers;
- (2) Convening, considerations and decision-making procedures for general manager meetings;
- (3) Authority related to the application of the funds and assets of the Company, and conclusion of substantial contracts, and a system for reporting to the Board of Directors and the Supervisory committee;
- (4) Other matters which the Board of Directors deemed as necessary.

Article 192. The general manager can file an application for resignation before expiry of his/her term of service. The procedures and provisions related to the resignation shall be agreed in the labor contract between the general manager and the Company.

Article 193. The deputy general manager assists the general manager and is accountable to the general manager, he/she is responsible for relevant work as authorized by the general manager and issues relevant business documents within the range of his/her duties. The deputy general manager can exercise any power of the general manager on behalf of the latter when the latter cannot perform such power.

Article 194. The Company shall have a secretary of the board of directors. The secretary is a senior officer of the Company.

Article 195. The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. The main responsibility of the secretary of the board of directors include:

- (1) to ensure the documentation and records of the Company are complete;
- (2) to ensure that the Company prepares and submits all reports and documents to the relevant authorities as required under the law;
- (3) to ensure that the Company's register of shareholders is properly established and that persons entitled to the relevant records and documents of the Company are promptly furnished with the same;
- (4) to implement other obligations according laws, administrative regulations and the Articles of Association.

Article 196. A director or other senior officer of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.

Where a director is also the secretary of the board of director, and an act is required to be performed by a director and a secretary separately, that person shall not perform the act in a dual capacity.

One or two natural persons may act as the secretary of the board of directors. If two persons are acted as the secretary, the function of the secretary of the board of directors shall be jointly shared by them. Any one of them have the power to exercise the power of a secretary of the board of directors alone.

Article 197. Any senior officer who violates any law, administrative rule, authority by-laws or the Articles of Association while performing his/her duties shall indemnify the Company against the losses caused by such violation, if any.

Article 198. The senior officers shall perform their duties loyally for the best benefit of the Company and all the shareholders. Any senior officer who fails to perform his/her duties loyally or on a good-faith basis shall indemnify the Company and public shareholders against the losses caused by such failure, if any.

**CHAPTER 137: SUPERVISORY COMMITTEE
SECTION 1 SUPERVISORS**

- Article 199. The directors, manager and other senior officers of the Company shall not act as supervisors.
- Article 200. The supervisors shall comply with laws, administrative rules and the Articles of Association, incur obligation of loyalty and diligence to the Company, and they shall not abuse their powers to accept bribe or any other illegal earning or embezzle any property of the Company.
- Article 201. A supervisor shall carry out his duties honestly in accordance with laws, administrative regulations and the Company's Articles of Association.
- Article 202. Where the number of the members of the supervisory committee is lower than a quorum as re-election has not taken place on a timely basis upon expiry of the term of office of any supervisor or after any member resigns as a supervisor within the term of office, such former supervisor shall perform the duties as a supervisor under laws, administrative rules and the Articles of Association before the re-elected supervisor takes office.
- Article 203. The supervisors shall ensure the information disclosed by the Company is true, accurate and complete, and shall acknowledge regular reports in writing.
- Article 204. The supervisors can attend the meetings of the Board of Directors, and can make inquiry or give advices to any matter against which resolution will be made at the meetings.
- Article 205. No supervisor shall make use of his/her connection to harm the interests of the Company, and where any loss is incurred to the Company, such supervisor shall indemnify the Company against such loss.
- Article 206. Any supervisor who violates any law, administrative rule, authority by-laws or the Articles of Association while performing his/her duties shall indemnify the Company against the losses caused by such violation, if any.

SECTION 2 SUPERVISORY COMMITTEE

Article ~~115~~207. The Company shall have a supervisory committee which is responsible for the supervision of the board of directors and its members, officers including general manager, deputy general manager(s) to prevent them from abusing their positions and powers and infringing the interest of the shareholders, the Company and the employees.

Article ~~116~~208. The supervisory committee shall consist of 3 supervisors. The term of office is 3 years. They may be re-elected and serve consecutive terms. The supervisory committee shall have one supervisor representing the employees and have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. He may be re-elected and serve consecutive terms. ~~The supervisory committee shall consist of 3 supervisors. The term of office is 3 years. They may be re-elected and serve consecutive terms.~~

The meetings of the Supervisory Committee are convened and chaired by the chairman of the Supervisory Committee; when the chairman cannot or refuses to perform such power, the meetings are convened and chaired by a supervisor who is elected upon approval of a majority of the supervisors. ~~The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. He may be re-elected and serve consecutive terms.~~

Article ~~117~~209. The supervisory committee shall consists of supervisors that are representatives of the shareholders, and supervisor that is a/are representative(s) of the employees. The ratio of supervisor(s) that is a/are representative(s) of employees shall not be less than one third of the supervisory committee. The representative of the shareholders shall be elected and removed by the shareholders in general meeting and the representative of employees shall be elected and removed by the employees of the Company democratically.

Article ~~118~~210. The directors, general manager, deputy general manager(s) and financial controller(s) of the Company shall not act as supervisors.

Article ~~119~~. ~~Meetings of the supervisory committee shall be held at least twice every year, and shall be convened by the chairman of the supervisory committee.~~

Article ~~120~~211. The supervisory committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law:

- (1) to examine the regular reports of the Company prepared by the Board of Directors and give comments in writing;
- ~~(1)~~(2) to examine the Company's financial affairs;
- (3) to monitor whether the directors, general manager, deputy general manager(s) and other senior offices have, in performance of their duties, acted in contravention of any laws, administrative regulations, the Article of Association of the Company or resolutions passed at general meetings; give an advice on dismissal of any director or senior officer who violates any law, administrative rule, the Articles of Association or any resolution of the General Meeting; ~~to examine the Company's financial affairs;~~
- ~~(2)~~ to monitor whether the directors, general manager, deputy general manager(s) and other senior offices have, in performance of their duties, acted in contravention of any laws, administrative regulations, the Article of Association of the Company or resolutions passed at general meetings;
- ~~(3)~~(4) if the conduct of a directors, general manager, deputy general manager(s) and other senior offices is detrimental to the interest of the Company, to require him to rectify such conduct;
- ~~(4)~~(5) to review the Company's financial information such as the financial reports, business reports and profit distribution plans which the directors propose to submit to the general meeting, and in case of doubt, to appoint on behalf of the Company registered accountants or practising auditors to assist in the review;
- (6) to propose the convening of an extraordinary general meeting; to convene and take chair of any General Meeting when the Board of Directors fails to convene and take chair of such General Meeting under the Companies Law;
- ~~(5)~~ to propose the convening of an extraordinary general meeting;
- (7) to offer proposal to the General Meetings; ~~to represent the Company in negotiations with directors or to institute proceedings against directors;~~

(8) to represent the Company in negotiations with directors or senior officer or to impose legal proceedings against directors or senior officer;

(9) other functions and powers stipulated in the Company’s Articles of Association.

~~(7) other functions and powers stipulated in the Company’s Articles of Association.~~

~~Supervisors shall attend meetings of the board of directors.~~

Article ~~121~~212. The Supervisory Committee shall hold a meeting at least every six months, and such meeting is convened by the chairman of the Supervisory Committee. Upon proposal of any supervisor, an extraordinary meeting of the Supervisory Committee can be held.

Notice in writing shall be given to the supervisors 10 to 30 days before convening the supervisors’ meeting. The meeting shall be held with two-third or more supervisors attending.

Resolutions of the supervisory committee shall be passed by two-thirds or more votes from of all of its members who vote in favour of it.

~~Notice in writing shall be given to the supervisors 10 to 30 days before convening the supervisors’ meeting. The meeting shall be held with two-third or more supervisors attending.~~

~~Resolutions of the supervisory committee shall be passed by two-thirds or more votes from of all of its members who vote in favour of it.~~

Article ~~122~~213. All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

The Company shall pay the reasonable expenses of the supervisors that incurred for attending the supervisors’ meeting. Those expanses shall include traffic expense from supervisor’s location to the meeting venue, accommodation expense, rent of meeting room and local traffic expense.

~~Article 123. A supervisor shall carry out his duties honestly in accordance with laws, administrative regulations and the Company’s Articles of Association~~

Article 214. The Supervisory Committee shall formulate its rules of procedure to clarify its discussion way and voting procedures, and ensure its working efficiency and scientific decision-making. Such rules shall be approved by the General Meeting and attached to the Articles of Association.

Article 215. Minutes shall be made by the Supervisory Committee for the resolutions passed on matters considered, and the supervisors present at the meeting shall sign on the minutes.

The supervisors are entitled to make certain descriptive documentation to their speeches given at the meeting. The minutes of the Supervisory Committee shall be retained at least for 10 years as the documentation of the Company.

Article 216. The notice of any meeting of the Supervisory Committee shall indicate:

- (1) date, place and time limit of the meeting;
- (2) cause and topics to be considered;
- (3) date of the notice.

**CHAPTER 148: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS,
GENERAL MANAGER, DEPUTY GENERAL MANAGER(S) AND OTHER SENIOR
~~DEPUTY GENERAL MANAGER(S) OF THE COMPANY~~**

Article 124217. A person shall be disqualified as a director, supervisor, general manager, deputy general manager or any other senior officer of the Company in any of the following circumstances:

- (1) any person who suffers from any incapability or restricted capacity from undertaking civil obligation;
- (2) any person who has been convicted or offences relating to bribery, corruption, trespass to assets, misappropriation of assets, or causing social economic disorder or any person who has been deprived of his political rights as a result of him having committed an offence, and a period of five years has not elapsed since the completion of the term of sentence or deprivation;
- (3) any person who was a former director, factory manager or manager of a company or enterprise which had become bankrupt or had been liquidated because of unsound management and who incurred personal liability for the insolvency or liquidity of such company or enterprise, and a period of three years has not yet elapsed since the completion of the insolvency or liquidation of the company or enterprise;
- (4) any person who was a legal representative of a company or enterprise the business licence of which was revoked on the group of contravention of law, and who incurred personal liability therefore, where a period of three years has not yet elapsed since the revocation of the business licence;

- (5) a person who has failed to repay his relatively large amount of indebtedness when due;
- (6) a person who, because of suspected contravention of criminal law, is under investigation by judicial authorities and the case has not yet been settled;
- (7) a person who is not eligible for enterprise leadership according to the PRC law and administrative regulations;
- (8) a person who is not a natural person;
- (9) any person who has been convicted by the relevant supervisory authority or have contravened the provisions of the relevant securities laws and which involves fraudulent or dishonest acts on is part and a period of five years from the date of conviction has not yet elapsed.

Article ~~125~~218. The validity of an act carried out by a director, the general manager, deputy general manager(s) or other senior officers of the Company on behalf of the Company to a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Article ~~126~~219. In addition to the obligations imposed by laws, administrative regulations or the rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers, when exercising the functions and powers conferred upon him by the Company, owes to each shareholder the following obligations:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any manner the Company's assets, including (but not limited to) opportunities beneficial to the Company;
- (4) not to expropriate personal rights of shareholders, including (but not limited to) rights to distribution and voting rights, but not including a proposed restructuring of the Company submitted to and approved by the general meeting in accordance with the Articles of Association of the Company.

Article ~~127~~220. Each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers is under a duty, in the exercise of his powers and discharge of his obligations, to exercise such care, diligence and skill that a reasonable and prudent person would exercise in similar circumstances.

Article ~~128~~221. Each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers, in performance of his duties, the duty to observe the principles of good faith and the duty not to place himself in a position where his duties and his interests may conflict. This includes (but not limited to) the duty:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise his powers within the scope of his authority and not act in excess of his power;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the director of another person and, except where permitted by law and administrative regulations, or with the informed consent of shareholders in general meeting, not to delegate the exercise of such discretion to another person;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) not to enter into any contract, transaction or arrangement with the Company, except in accordance with the Articles of Association of the Company or with the informed consent of shareholders in general meeting;
- (6) not to use the Company's assets for his own benefit in any manner without the informed consent of the shareholders general meeting;
- (7) not to abuse his position by accepting bribes or other unlawful income, and not to expropriates in any manner the Company's assets including (without limitation) opportunities beneficial to the Company;
- (8) not to accept any commissions in connection with any transactions in which the Company is involved without the informed consent of shareholders in general meeting;
- (9) to comply with the Company's 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 for his own interests;

- (10) not to compete with the Company in any manner without the informed consent of the shareholders in 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 any other name or to use the Company's assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - (i) required by the law;
 - (ii) public interests so warrants;
 - (iii) the interests of the relevant director, supervisor, general manager, deputy general manager or other senior officer so requires.

Article ~~129~~222. A director, supervisor, general manager, deputy general manager and other senior officer of the Company shall not direct the following persons or institutions ("associates") to do what the director, supervisor, general manager, deputy manager and other senior officer himself is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, general manager, deputy general manager or other senior officer;
- (2) a person acting in the capacity of trustee of that director, supervisor, general manager, deputy general manager or other senior officer or of any person referred to in sub-paragraph (1) of this Article;
- (3) a person who is a partner of that director, supervisor, general manager, deputy general manager or other senior officer or any person referred to in sub paragraphs (1) and (2) of this Article;
- (4) a company over which that director, supervisor, general manager, deputy general manager or other senior officer, alone or together with any persons referred to in sub paragraphs (1), (2) and (3) of this Article, or together with other directors, supervisors, general manager, deputy general manager and other senior officers, has de facto control;
- (5) a directors, supervisors, general manager, deputy general manager and other senior officers of a company referred to in sub paragraph (4) of this Article.

Article ~~130~~223. The fiduciary duties of the directors, supervisors, general manager, deputy general manager and other senior officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company continues after the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between their termination and the act concerned and the circumstances and how they end their relationship with the Company.

Article ~~131~~224. Subject to Article ~~56-68~~ hereof, if a director, supervisor, general manager, deputy general manager or other senior officer of the Company breaches a specific duty, he may be removed with the informed consent of the shareholders in general meeting.

Article ~~132~~225. Where a director, supervisor, general manager, deputy general manager or other senior officer of the Company has, directly or indirectly, materially a material interest in a contract, transaction or arrangement entered into or proposed to be entered into by 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 soon as possible, whether or not the matters in question are otherwise subject to the approval of the board of directors.

A director and/or any of his associates shall not vote on any board resolution approving any contract, transaction, arrangement or any other proposal in which he has a material interest. He shall not be counted in the quorum present at the meeting.

Unless the interested director, supervisor, general manager, deputy general manager or other senior officer disclosed his interests in accordance with the preceding sub-paragraph of this Article and that matter has been approved by the board of directors at a meeting at which the interested director has not been counted in the quorum and has refrained from voting, the Company may cancel that contract, transaction or arrangement except as against a bona fide party thereto acting in good faith and without notice of the breach of duty by the director, supervisor, general manager, deputy general manager or other senior office.

A director, supervisor, general manager, deputy general manager or other senior officer of the Company is deemed to have an interest in a contract, transaction or arrangement in which a person connected to him is interested.

The “associates” as referred to in articles ~~132-222~~, 228 and ~~129-230~~ of these Articles of Association shall include the meaning of “associates” as defined in the Rules Governing the Listing of Securities on the Stock Exchange of HK; and an interested director shall not be counted in the quorum and shall abstain from voting in the board meeting in which the relevant matters or proposals are to be considered and approved.

Article ~~133~~226. If a director, supervisor, general manager, deputy general manager or other senior officer of the Company before the question entering into the relevant contract, transaction or arrangement is first considered, gives to the Director a notice in writing, stating that by reason of the matters specified in the notice, he is interest in a contract, transaction or arrangement proposed to be entered into by the Company, then the relevant director, supervisor, general manager, deputy general manager or other senior officer of the Company shall be deemed to have made a disclosure for above the provision in this Article within the scope of that specified notice.

Article ~~134~~227. The Company shall not pay taxes for or on behalf of a director, supervisor, general manager, deputy general manager or other senior officer in any manner.

Article ~~135~~228. The Company is prohibited from directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, general manager, deputy general manager or other senior officer of the Company or of the Company's holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) the provision of a loan or a guarantee by the Company to a subsidiary of the Company;
- (2) the provision by the Company a directors, supervisors, general manager, deputy general manager and other senior officers of the Company pursuant to an employment contract approved by the general meeting of a loan or a guarantee for a loan or other funds to meet expenditure incurred by him in the interest of the Company of for the purpose of enabling him to perform his duties for the Company;
- (3) where 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 for a loan to a directors, supervisors, general manager, deputy general manager and other senior officers of the Company or persons connected to them, provided that the terms of the loan or guarantee for a loan are on normal commercial terms.

Article ~~136~~229. A loan made by the Company in breach of the prohibition described above shall be repaid immediately by the recipient of the loan, regardless of the terms of the loan.

Article ~~137~~230. A guarantee provided by the Company in breach of the prohibition described in Article ~~135~~228(1) shall not be enforceable against the Company, except in the following circumstances:

- (1) the lender was not aware of the relevant circumstances at the time the loan was advanced to the connected person of a directors, supervisors, general manager, deputy general manager and other senior officers of the Company or its holding company;
- (2) the security provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

Article ~~138~~231. For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking of obligations or provision of security to secure the performance of obligation of the obligor.

Article ~~139~~232. In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager, deputy general manager or other senior officer of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such director, supervisor, general manager, general manager or other senior officer to compensate it for the losses of the Company as a result of such breach;
- (2) to cancel any contract or transaction which has been entered into between the Company and such director, supervisor, general manager or other senior officer or between the Company and a third party (where such third party knows or shall have known that such director, supervisor, general manager, general manager or other senior officer representing the Company has breached his duties owed to the Company);
- (3) to demand profit made by such director, supervisor, general manager, general manager or other senior officer to account as result of the breach of his duties;
- (4) to recover any monies including (without limitation) commissions, which shall have been received by the Company and which were received by such director, supervisor, general manager, general manager or other senior officer instead;
- (5) to demand repayment of interest earned or which may have been earned by such director, supervisor, general manager or other senior officer on monies that shall have been paid to the Company.

- (6) the assets obtained by relevant directors, supervisors, general manager, deputy general manager and other senior office as a result of breach of his duty, which is decided and ruled pursuant to legal procedures, that shall be owned by the Company.

Article ~~140~~233. The Company shall enter into a contract in writing with a director or supervisor in relation to his emoluments. The contact shall have prior approval by the general meeting. The aforesaid emoluments may include:

- (1) emoluments in respect of his service as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior officer 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 for compensation for loss of office or his retirement.

A director or supervisor shall not institute proceedings against the Company for any benefit due to him in respect of any such arrangement except under a contract entered into according with the foregoing.

Article ~~141~~234. In connection with a takeover of the Company. a director or supervisor is entitled to compensation or other payment for loss of office or retirement subject to obtaining the informed approval of shareholders in general meeting. A “takeover of the Company” refers to any one of the following circumstances:

- (1) an offer made by any person to all shareholders of the Company;
- (2) an offer made by any person with a view to the offer or becoming a “controlling shareholder” within the meaning of Article 5669 hereof.

If the relevant director or supervisor does not comply with this Article, any money received by him shall belong to those persons who have sold their shares by reason of their acceptance of the offer made, and the expenses incurred in distributing the monies pro rata amongst those persons shall be borne by that director or supervisor and shall not be deducted out of the monies to be distributed.

**CHAPTER 159: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION
AND AUDIT****SECTION 1 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

Article 142235. The Company shall establish its financial accounting systems and internal audit system in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance supervisory authority of the State Council.

Article 143236. At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

The financial statements shall include:

- (1) balance sheet
- (2) income statement
- (3) cash flows statement
- (4) explanation of financial situation
- (5) distribution of profits

The financial year of the Company shall adopt the Gregorian calendar year, which is from 1 January to 31 December of each year.

Article 144237. The board of directors of the Company shall place before the shareholders at every annual general meeting financial reports required by relevant laws, administrative regulations and or prescribed documents required by regional government and supervisory authorities to be prepared by the Company.

Article 145238. The Company's financial reports shall be placed at the Company 20 days prior to the holding of the annual general meeting of the Company for inspection by the shareholder. Each shareholder of the Company is entitled to obtain the financial report prescribed in this Chapter.

A printed copy of the financial reports together with an income statement and a balance sheet shall, at least 21 days before the date of annual general meeting, be delivered or sent by prepaid post by the Company to every holder of the Overseas Listed Shares at his address as shown on the register of members.

Article ~~146~~239. The financial statements of the Company shall, in addition to complying with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or the accounting standards of the place at which Overseas Foreign Shares of the Company are listed. If there are material differences between the financial statement prepared in accordance with the aforesaid accounting standards, then those financial statement shall specify such differences. For the purpose of distributing the Company's profits after tax in a given financial year, the Company's profit after tax shall be deemed to be the lesser of the amounts stated in the two sets of financial statements.

Article ~~147~~240. Any interim results or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations as well as in accordance with either international accounting standards or the accounting standards of the place at which Overseas Foreign Shares of the Company are listed.

Article ~~148~~241. The Company shall submit and disclose its annual report to the CSRC and Shenzhen Stock Exchange within 4 months from the end of each fiscal year. The interim financial report shall be submitted and disclosed within 2 months after the end of the first 6 months of the fiscal year to the designated agencies of CSRC and stock exchange.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations and departmental rules.

Article 242. The Company shall not keep accounts other than those required by law. No account shall be opened in the name of any individual for the purpose of depositing any asset of the Company.

~~Article 149. The Company shall not keep accounts other than those required by law.~~

~~Article 150. The Company implement internal audit system. The account books shall be available for inspection by supervisors.~~

~~Article 151. The profit after taxation of the Company shall be applied in the following order:~~

- ~~(1) making of accrued the loss;~~
- ~~(2) allocation to statutory common reserve;~~
- ~~(3) payment of dividend on preference shares (if any);~~
- ~~(4) allocation to discretionary common reserve;~~
- ~~(5) payment of dividend on ordinary shares.~~

~~The detailed proportion of items (3) and (5) above for any year shall be formulated by the board of directors in accordance with the operating conditions and development requirements of the Company and shall be submitted to the general meeting for approval.~~

~~Holders of shares paid up in advance of calls shall not be entitled to participate to in a dividend subsequently declared in respect of the prepaid amount.~~

~~Article 152. The common reserves of the Company are surplus common reserve and capital common reserve. Surplus common reserve is composed of statutory common reserve and surplus common reserve.~~

Article 153~~243~~. The Company shall allocate 10% of its profits after tax to the statutory common reserve provided that no allocation is required if the accumulated statutory common reserve exceed 50% of the registered capital.

When the statutory common reserve is insufficient to make up the loss of the Company in prior year, the profit for the year shall be used to make up the loss for that year before making contributions to statutory common reserve in accordance with the above provision.

The Company may make allocation to discretionary common reserve after making allocation to statutory common reserve and passed by a resolution in a general meeting.

Profit after making up the accrued loss and making allocation to surplus common reserve(s) will be distributed to shareholders in proportion to their shareholdings.

Any profit distributed to shareholders by general meetings or the board of directors before making up the accrued loss and making allocation to the statutory common reserve, which violate the above provision, shall be returned to the Company.

The Company shall not involved in profit distribution with the Company's shares held by itself.

Any shareholder who has paid for its shares before the call on shares is given is not entitled to claim any dividend declared after the aforesaid payment is made in respect to such prepayment.

~~Any profit distributed to shareholders by general meetings or the board of directors before making up the accrued loss and making allocation to the statutory common reserve, which violate the above provision, shall be returned to the Company.~~

Article ~~152~~244. The common reserves of the Company are surplus common reserve and capital common reserve. Surplus common reserve is composed of statutory common reserve and surplus common reserve.

Article ~~154~~245. The capital common reserve includes the following items:

- (1) premium on shares issued at premium;
- (2) any other income designated for the capital common reserve by the regulations of the finance supervisory authority of the State Council.

Article ~~156~~246. The common reserve of the Company shall only be used to make up accrued losses and expand the business operation of the Company or to convert into the Company's capital. However, the capital reserve will not be used to make up the accrued losses of the Company.

When converting the statutory common reserve into capital, the balance of such fund after such conversion must not be less than 25% of the registered capital of the Company.

~~Article 156 has been deleted~~

Article 247. The Board of Directors shall, within 2 months after the General Meeting is held in which resolution on profit distribution plan is passed, implement the distribution of the dividends (or shares).

Article ~~157~~248. Annual dividend shall be paid with six months after the end of each financial year in proportion to the shareholding of each shareholder. Annual dividend shall be sanctioned by the general meeting but the amount of dividends payable shall not exceed the amount recommended by the board of directors

Unless there is resolution otherwise, the general meeting may authorise the board of directors to distribute interim dividend. The amount of interim dividend shall not exceed 50% of the distributive profits in the interim financial statements unless there is otherwise provision in law or regulation.

Article 158249. In accordance with the Company's profit distribution policy, the profits shall be distributed in proportion to the shares held by shareholders; dividends may be distributed in cash or in shares. The principles and policy of profit distribution of the Company are as follows:

(I) The basic principles of profit distribution:

- a. The Company implements a continuous and stable profit distribution policy, and the Company's profit distribution shall pay attention to reasonable investment returns to investors and take into account the sustainable development of the Company;

The Company will strictly implement the cash dividend policy determined in the Articles of Association and the specific cash dividend plan considered and approved by the general meeting. Should there be a need to adjust the profit distribution policy, especially the cash dividend policy, due to significant changes in the external business environment or the Company's own business conditions, it shall take the protection of shareholders' rights and interests as the key point, and the reasons shall be discussed and explained in details in the proposal submitted to the general meeting; the adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the SZSE; the proposal for adjusting the profit distribution policy shall be reviewed and approved by the Board of Directors and the Supervisory Board, and submitted to the general meeting for approval. The independent non-executive directors shall express independent opinions on the proposal. The proposal shall be approved by at least 2/3 of the voting rights held by the shareholders present at the general meeting when the proposal is considered. During considerations of the proposal, it shall take the initiative to communicate and exchange views with shareholders, especially the minority shareholders, through various channels, pay full need to the views and demands of the minority shareholders, and promptly respond to their concerns.

- b. The Company preferentially applies the profit distribution method of cash dividends.

(II) Specific policy on profit distribution of the Company:

- a. Means of profit distribution: The Company distributes dividends by means of cash, stock or a combination of cash and stock. The Company may make interim profit distribution where available.
- b. Specific conditions and proportion of the Company's cash dividends:

The Company shall preferentially applies the distribution method of cash dividends if the Company is profitable in the current year and the accumulated undistributed profits are positive, the audit firm issues a standard unqualified audit report on the Company's financial statements and there is no major investment plan or major cash expenditure, etc. in the next 12 months.

Major investment plan or major cash expenditure means that the accumulated expenditure of the Company's proposed external investment, acquisition of assets or purchase of equipment, etc. within the next 12 months reaches or exceeds 30% of the Company's audited total assets in the latest period.

The Board of Directors of the Company shall take into account the characteristics and the stage of development of the industry in which the Company is involved, the Company's own business model and profitability level, and whether there are major capital expenditure arrangements, as well as other factor, and propose a differentiated cash dividend policy in accordance with the procedures set forth in the Articles of Association.

(III) Specific conditions for the Company to pay stock dividends:

The Company may propose a stock dividend distribution proposal if its operation is in good condition, and the Board of Directors considers that the price of the Company's shares does not match the size of the Company's capital stock, that the issuance of stock dividends is beneficial to the overall interests of all shareholders of the Company and that it does not violate the Company's cash dividend policy.

(IV) Procedures for considerations of the Company's profit distribution plan:

- a. The Company's profit distribution proposal shall be proposed by the Board of Directors, but the opinions of the independent non-executive directors and the Supervisory Board shall be sought in advance. The independent non-executive directors shall express their independent opinions on the profit distribution proposal, and the Supervisory Board shall present its review opinions on the profit distribution proposal. The profit distribution plan shall be reviewed and approved by over 1/2 of each of the independent non-executive directors and the Supervisory Board, and shall be submitted to the general meeting for considerations after approval by the Board of Directors.
- b. Where the Company does not pay cash dividends due to special circumstances, the Board of Directors shall make special explanations on the specific reasons for not paying cash dividends, the exact purpose of the Company's retained earnings and the expected returns on investment, etc., and submit the matter to the general meeting for considerations and disclosure after the independent non-executive directors have expressed their opinions.

(V) Implementation of the profit distribution plan of the Company:

After the resolution on the profit distribution plan is made at the general meeting, the Board of Directors of the Company shall complete the distribution of dividends (or stocks) within two months after the general meeting.

(VI) Changes in the Company's profit distribution policy:

In case that there are force majeure events such as war, natural disasters, etc., or changes in the external business environment have or will have a significant impact on the production and operation of the Company, or the Company's own operation conditions undergo remarkable changes, the Company may adjust the profit distribution policy. The adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the SZSE.

The Board of Directors shall make a specialized discussion on the adjustment of the profit distribution policy, demonstrate the reasons for the adjustment in details, and prepare a written demonstration report, which shall be reviewed by the independent non-executive directors, and then be submitted to the general meeting for approval by special resolution. The Company provides shareholders with the means of online voting when considering the matter of changing the profit distribution policy.

~~The Company may distribute dividends in by way of:~~

~~(1) — cash; and/or~~

~~(2) — shares.~~

Article ~~159~~250. Dividend or other distribution payable on Domestic Shares shall be declared and denominated in Renminbi and payable in Renminbi within three months from the date declaring the dividend. Dividend or other distribution payable on Overseas Listed Foreign Shares shall be declared and denominated in Renminbi and payable in foreign currency within three months from the date declaring the dividend at an exchange rate which is equal to the average of the People's Bank of China closing Renminbi-Hong Kong dollar conversion rates on each of the five business days immediately preceding the date of declaration of the dividend or distribution.

Payment to Foreign Shareholder in foreign currency shall be in accordance with relevant PRC regulations on foreign exchanges.

The board of directors may, subject to the approval of the shareholders in general meeting, resolve to distribute interim dividends or bonuses.

Article ~~160~~251. When distributing dividends to individual shareholders, the Company shall make such withholdings for tax on the dividends payable to shareholders in accordance with the provisions of the PRC tax law.

Article ~~161~~252. The Company shall appoint a receiving agent to receive on behalf of holders of Overseas Listed Foreign Shares dividends and all other monies payable in respect of the Overseas Listed Foreign Shares.

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

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

The Company may forfeit unclaimed dividend subject to compliant with the PRC law and administrative regulations, however, such power shall not be exercised after the expiration of the applicable limitations period.

The Company has the right to terminate to deliver dividend certificate to holders of Overseas Listed Foreign Shares by post. However, the Company shall exercise such power after the dividend certificates sent to the shareholder are unclaimed for two consecutive times. Nevertheless, the Company may exercise power if the dividend certificate cannot be delivered to the recipient and being returned in the first time.

The Company has the right to sell the Overseas Listed Foreign shares for which the shareholders are unable to contact in a manner that is considered to be appropriate by the board of directors, but shall follow the following conditions:

- (1) Dividends were payable to the relevant shares at least three times within twelve years and the dividends were unclaimed during that period; and
- (2) Upon the expiry of the twelve year period, an announcement stating the Company's intention to sell the relevant shares on one or more newspaper in the place where the Company is listed and the stock exchange where those shares are listed is informed.

SECTION 2 INTERNAL AUDIT

~~CHAPTER 16: APPOINTMENT OF ACCOUNTANCY FIRM~~

Article 253. An internal audit system is implemented and an internal audit department is established in the Company, such department is provided with full-time auditor to carry out the internal audit to the financial income & expenditure and economic activities of the Company. The account books of the Company are made available to the supervisors.

Article 254. The internal audit system of the Company and the duties of the internal auditor shall be implemented upon approval of the Board of Directors. The audit director is accountable and reports work to the Board of Directors.

SECTION 3 APPOINTMENT OF ACCOUNTING FIRM

Article 162255. The Company shall appoint independent firm(s) of accountants which satisfy the relevant PRC requirements to audit annual financial report and other financial reports of the Company.

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

In case the inaugural meeting fail to exercise the aforesaid power, board of the directors may exercise such power.

Article ~~163~~256. The term of appointment of accountancy firm (auditor) appointed by the Company shall commence from the conclusion of the current annual meeting until the conclusion of the next annual general meeting.

Article 257. The Company should ensure that the accounting documents, account books, financial & accounting reports and other accounting materials provided to the appointed accountancy firm are true and complete, and no refusal, hiding or misstatement is allowed.

Article ~~164~~258. The accountancy firm (auditor) appointed by the Company shall have the following rights:

- (1) to inspect books, records and vouchers of the Company at any time, and to require the directors, general manager and other senior officers of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the purpose of performing its duties;

to attend any general meetings and to receive all notices of, and other information relating to, any general meeting which a shareholder is entitled to receive, and to speak at any general meeting on any matter concerning its role as the Company's accountancy firm (auditor).

Article ~~165~~259. If a casual vacancy arises in the office of an accounting firm (auditor), the board of directors may prior to the holding of a general meeting appoint an accounting firm to fill the casual vacancy, but if any such vacancy continues, the surviving or continuing accounting firm (auditor), if any, may continue to act.

Article ~~166~~260. The general meeting may by ordinary resolution remove an auditor before the expiration of its term of office, notwithstanding any terms of contract between the Company and the accounting firm (auditor), but without prejudice to the accounting firm's claim, if any, against the Company arising from the termination of its office.

Article ~~167~~261. The remuneration and the method of remuneration of an accountancy firm (auditor) shall be determined by the general meeting. The remuneration of an accountancy firm (auditor) appointed by the board of directors shall be determined by the board of directors.

Article ~~168~~262. The Company's appointment, removal or non reappointment of an accountancy firm (auditor) shall be determined by general meeting and shall report to the securities authority of the State Council.

Where a resolution is passed at a general meeting to appoint an accounting firm not currently in office to fill a casual vacancy in the office of accounting firm (auditor), to re-appoint as accounting firm (auditor) a retiring accounting firm (auditor) who was appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm (auditor) before the expiration of its term of office, the following provisions shall apply:

- (1) the proposed resolution shall be sent, before notice of a general meeting is given, to the accounting firm proposed to be appointed or the accounting firm (auditor) who propose to leave office or the accounting firm (auditor) who has left its office in the relevant financial year (leaving office includes leaving by removal, resignation and retirement);
- (2) if the accountancy firm (auditor) leaving its office makes representations in writing and requests the Company to notify the shareholders of its representations, the Company shall implement the following measures (unless the representations are received too late):
 - (a) state in the notice in connection with the resolution the fact that the representations have been made by the accounting firm (auditor) leaving office;
 - (b) send a copy of the representations as an attachment to the notice of general meeting in the manner stipulated in the Company's Articles of Association;
- (3) if the Company fails to despatch the accountancy firm's representations in the manner set out in sub-paragraph (2) of this Article, the accounting firm (auditor) may request such representations be read at the meeting and may make further representation in the meeting;
- (4) an accountancy firm (auditor) leaving its office shall be entitled to attend:
 - (a) the general meeting at which its term of office would otherwise have expired;
 - (b) any general meeting at which it is proposed to fill the vacancy caused by its removal; and
 - (c) any general meeting which convened as a result of its resignation,

An accountancy firm (auditor) leaving its office shall be entitled to receive all notices of, and other materials relating to, the meetings referred to above, and to speak at any such meeting which on any matter which concerns it as former accounting firm (auditor) of the Company.

Article ~~169~~263. Prior notice shall be given to the accountancy firm (auditor) if the Company decides to remove or not to renew the appointment of the accountancy firm (auditor). The accountancy firm (auditor) is entitled to make representations at the general meeting. An accountancy firm (auditor) resign from its position shall explain in a general meeting whether there is any misfeasance by the Company.

An accountancy firm (auditor) may resign office by a notice in writing deposited at the Company's legal address. Any such notice shall be effective on the date on which it is deposited at the legal address of the Company or on such later date as may be specified therein. 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 attention of the shareholders or creditors of the Company;
- (2) a statement of any such circumstances which should be accounted for.

After receipt of the written notice referred to in the preceding paragraphs, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a statement referred to in the 2 sub-paragraphs above, a copy of that notice shall be deposited at the Company for inspection by shareholders. The Company shall also send a copy of the notice to every shareholder entitled to receive financial reports of the Company by prepaid post to his address as recorded in the register of shareholders.

Where the accountancy firm (auditor)'s notice of resignation contains a statement referred to in sub-paragraphs above, it may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

CHAPTER 1710: INSURANCE

Article ~~170~~264. Every type of insurance of the Company shall be insured by designated institution by designated method pursuant to the provisions of relevant supervisory authorities in the PRC, or to be insured by People's Insurance Company of China or other insurance company registered in China or companies that can provide insurance services to PRC companies under the PRC law. Types of insurance, amount insured and insurance period shall be decided through discussion by the board of directors according to the industry norms in other countries as well as the common practice and laws in the PRC.

CHAPTER 1811: PERSONNEL SYSTEM

Article ~~171~~265. The Company shall formulate personnel system that is appropriate to the Company pursuant to the provisions under the labour law of PRC 《中華人民共和國勞動法》. The Company applies labour contract system to all employees, allocates its employees at its discretion, and recruit and dismiss employees at its discretion according to the provisions of law, regulation and labour contract.

The Company formulate the salary, welfare and social insurance of the employees pursuant to the relevant PRC law and administrative regulations. The Company has the right to determine the salary and welfare system of senior management and employees at its discretion according to the Company's economic benefits and the relevant PRC law and administrative regulations.

The Company shall implement medical care, unemployed insurance and retirement insurance system for its employees pursuant to the PRC law, regulations, municipal administrative regulations and provisions under municipal rules.

CHAPTER 1912: LABOUR UNION

Article ~~172~~266. The Company organises labour union and carries out labour union activities pursuant to the labour union law of the PRC 《中華人民共和國工會法》. The Company shall provide necessary conditions for the activities of labour union.

Article ~~173~~267. The Company shall allocate 2% of the total actual salary of employees every month as labour union fund, which shall be used by the labour union of the Company according to "*using method of the labour union fund*" promulgated by the National Labour Union (中華全國總工會《工會基金使用辦法》).

**CHAPTER 2013: MERGER AND DEMERGER OF THE COMPANY NOTICE AND
ANNOUNCEMENT****SECTION 1 NOTICE**

Article 268. Unless as otherwise provided for in these Articles of Association, all the notices, materials or written statements issued by the Company to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be issued by one or a combination of the following means:

- (1) delivered by hand to the registered address of each holder of the Overseas Listed Foreign Shares;
- (2) sent by mail to the registered address of each holder of the Overseas Listed Foreign Shares. Notice to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be mailed in Hong Kong as far as possible;
- (3) given by announcement on the website of the Company and those designated by the stock exchange on which the Company's shares are listed, subject to compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed;

Notwithstanding anything otherwise provided in the Articles with respect to the form of issuance or notification of any document, notice or other communication, subject to the compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed, the Company may elect to issue any corporate communication of the Company in the form of notification as provided in item (3) under this Article, in lieu of the delivery of written document to each holder of the Overseas Listed Foreign Shares by hand or by mail.

In case the listing rules of the securities exchange in the locality where the Company's shares are listed require that the Company send, mail, dispatch, release or announce or provide the Company's relevant documents by other means in both English and Chinese versions, if the Company has made appropriate arrangement to determine whether its shareholders hope to receive the English or the Chinese version only, the Company may (according to the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope allowed by the applicable laws and regulations and according to the applicable laws and regulations.

All the notices, materials or written statements issued by the Company to holders of Domestic Shares and Foreign Shares shall be issued by one or a combination of the following means:

- (1) delivered by hand to the registered address of each holder of the Domestic Shares and the Foreign Shares;
- (2) sent by mail to the registered address of each holder of the Domestic Shares and the Foreign Shares;
- (3) published as announcement in one or more newspapers specified by the State securities regulatory authorities.

Announcement referred to in the Articles of Association, unless otherwise defined herein, refers announcement published on newspaper in China and at the place at which the stock exchange on which the Company's shares are listed. Such newspaper shall be that specified or suggested by the local law, rules, provisions or the relevant securities supervisory authority.

Article 269. Where the notice is sent by mail, it shall be clearly addressed, pre-paid and put into an envelope. It shall be deemed to be received by the shareholders 48 hours after the letters containing the notice is posted.

Article 270. Where the notice is given in the form of announcement, the notice is deemed as properly served to all the relevant persons once the announcement is made.

Article 271. The notice of any General Meetings can be given in the form of delivery in personal, mail, fax, announcement or otherwise.

Article 272. Unless otherwise set out in the Articles of Association, the notice of any meeting of the Board of Directors can be given in the form of delivery in personal, mail, fax, announcement or otherwise, except the interim meeting held for any urgent reason.

Article 273. The notice of any meeting of the Supervisory Committee can be given in the form of delivery in personal, mail, fax, announcement, E-mail or otherwise.

Article 274. Where the notice is given by delivery in personal, the receiving person shall sign (or affix seal) on the acknowledgement, and the date when he/she signs for it is deemed as the date of delivery; where the notice is given by E-mail, the time when the E-mail first arrives at any information system of the served person is deemed as the date of delivery; where the notice is given by fax, the date of the fax report printed by the fax machine which sends the fax indicating transmission succeeded is deemed as the date of delivery; where the notice is given by announcement, the date of first release is deemed as the date of delivery.

Article 275. Any meeting or any resolution made in such meeting shall not become void by virtue of failure to given the notice to any person who is entitled to such notice by accidental omission or failure of such person to receive the notice.

Article 276. Any notice, document, materials or written statement sent to the Company from shareholder, director or supervisor shall be sent to the Company's legal address in person or by registered mail.

Article 277. If the shareholder, director or supervisor want to prove they have sent notice, document, materials or written statement to the Company, they have to provide proof that relevant notice, document, materials or written statement has been sent by ordinary method within the appoint time limit, and has been sent to the correct address in the form of pre-paid postage.

SECTION 2 ANNOUNCEMENT

Article 278. The company designated the websites of Shenzhen Stock Exchange and Hong Kong Stock Exchange as the media for publishing company announcements and other information that needs to be disclosed.

CHAPTER 14: MERGER, DEMERGER, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

SECTION 1 MERGER, DEMERGER, CAPITAL INCREASE AND REDUCTION

Article 174279. In the event of the merger or demerger of the Company, a plan shall be recommended by the Company's board of directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval process according to law. A shareholder who objects to the plan of merger or demerger of the Company shall have the right to demand the Company or the shareholders who consent to the plan of merger or demerger to acquire his shareholding at a fair price.

The contents of the resolution of merger or demerger of the Company shall constitute special documents and shall be available for inspection by the shareholders. Such documents shall be sent by mail to holders of Overseas Listed Foreign Shares.

Article ~~175~~280. The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the parties in the merger shall enter into 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 of passing the resolution that approved the merger and shall publish an announcement in a newspaper within 30 days from the date of passing the resolution that approved the merger.

The creditors may request the Company to repay its indebtedness or provide relevant guarantee within 30 days from the date of receiving the notice or within 45 days from the date of the announcement for creditors that did not receive notice.

After the merger, the claims and indebtedness of all parties in the merger shall be assumed by the surviving company after the merger or the newly established company.

Article ~~176~~281. Where there is a demerger of the Company, its assets shall be divided up accordingly.

In the event of demerger of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of passing the resolution that approved the demerger and shall publish an announcement in a newspaper within 30 days from the date of passing the resolution that approved the demerger.

The indebtedness of the Company prior to the demerger shall be assumed jointly by the companies formed after the demerger, except where the Company has reached a written agreement on the settlement of the indebtedness with the relevant creditors before the demerger.

Article 282. A balance sheet and a list of properties shall be prepared when the Company needs to reduce its registered capital.

The Company shall, within 10 days from the date when a resolution is made on the reduction, inform its creditors, and release an announcement within 30 days at a disclosure journal. The creditors shall, within 30 days upon receipt of the notice, or within 45 days from the date of announcement if no notice is received, require the Company to settle the debt or provide guarantee accordingly.

The registered capital of the Company as reduced shall not be lower than the statutory floor.

Article ~~177~~283. The Company shall apply for change in its registration with the companies registration authority in accordance with law where a change in any item in its registration arises as a result of the merger or demerger. 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.

Article 284. The increase or reduction of the registered capital of the Company shall be registered at the companies registry.

CHAPTER 21: SECTION 2 DISSOLUTION AND LIQUIDATION

Article ~~178~~285. The Company shall be dissolved and liquidated in any one of the following circumstances:

- (1) the business term set out in the Articles of Association expires, or any other cause of dissolution set out in the Articles of Association occurs;
- ~~(1)~~(2) a general meeting resolves by resolution to dissolve the Company;
- ~~(2)~~(3) dissolution is necessary be reason of its merger or demerger;
- (4) the business license is revoked, ordered to close down or revoked according to law;
- (5) any shareholder holding the shares representing at least 10% of the voting right of all the shareholders can file a request with people’s court to dissolve the Company where the company encounters significant difficulty in its operation and management, its continuing operation will lead to substantial damages to the interests of the shareholders, and such difficulty cannot be solved in any other form;
- ~~(3)~~(6) the Company is ordered to be closed down reason of its contravention of laws and administrative regulations.

Article 286. The Company can continue by amending the Articles of Association in the circumstance described in Article 285(1). The Articles of Association amended thereby shall be passed upon approval of the shareholders representing at least two thirds of the voting right of all the shareholders present at the General Meeting.

Article ~~179~~287. In the event that the Company is dissolved according to Article 285 (1), (2), (4) and (5) of the preceding Article, a liquidation committee shall be set up within 15 days from the date when the cause of dissolution occurs. The member of the liquidation committee shall consist of persons designated by the directors or the General Meeting. If the Company fails to set up the liquidation committee within the time limit to carry out liquidation, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation. In the event that the Company is dissolved according to Article 273(6), a liquidation committee is established by people's court under relevant laws to carry out the liquidation, and such committee consists of shareholders, relevant authorities and relevant professionals.

~~In the event that the Company is dissolved according to sub paragraph (1) of the preceding Article, a liquidation committee shall be set up within 15 days and the member of the liquidation committee shall be determined by an ordinary resolution of shareholders in a general meeting. If the Company fails to set up the liquidation committee within the time limit to carry out liquidation, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.~~

~~In the event that the Company is dissolved according to sub paragraph (3) of the preceding Article, the People's Court shall organise the shareholders, relevant organisations and relevant professionals to set up a liquidation committee to carry out the liquidation in accordance with the provisions of relevant laws.~~

~~In the event that the Company is dissolved according to sub paragraph (4) of the preceding Article, the relevant supervisory authorisation shall organise the shareholders, relevant organisations and relevant professionals to set up a liquidation committee to carry out the liquidation.~~

Article ~~180~~288. Where the board of directors decide to liquidate the Company (for reasons other than a declaration of insolvency), the board of directors shall, in the notice convening a general meeting for this purpose, include a statement to the effect that, after having make a full enquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of a resolution by the general meeting to commence liquidation of the Company, the functions and powers of the board of directors shall cease immediately.

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

Article 289. During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to administer 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 deal with 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 the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

Article 181~~290~~. The liquidation committee shall notify creditors within 10 days of its establishment and shall make a public announcement in newspaper within 60 days of its establishment. Creditors shall file their claims to the liquidation committee within 30 days from the date of receiving the notice or within 45 days from the date of the announcement for creditors that did not receive notice.

Creditors who file their claims shall explain the relevant materials in relation to their claims and provide proof of the claims. The liquidation committee shall carry out registration of creditors' rights.

The liquidation committee shall not settle any debt with the creditors during the period of filing of claims.

~~Article 182.~~ During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- ~~(1) to administer 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 deal with 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 the Company's debts have been repaid;~~

~~(7) to represent the Company in any civil proceedings.~~

Article 183291. After the liquidation committee has administered the Company's assets, prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and present it to a general meeting or to the ~~relevant governing authority~~ people's court for confirmation.

Liquidation fees and expenses shall be paid from the Company's assets before payment of the debts of other creditors.

No person shall be distributed with the Company's assets without the permission of the liquidation committee before a general meeting resolves by resolution to dissolve the Company or the Company is declared insolvent in accordance with law or is ordered to be closed down.

If the Company is able to repay its debt, it shall pay its liquidation expense, wages and labour insurance premiums of employees, outstanding taxes due and debts of the Company.

Any surplus assets of the Company remaining after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following order:

- (1) make distribution to the holders of preference shares according to the par value of the preference shares. If the amount is not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings.
- (2) make distribution to the holders of ordinary shares in proportion to their respective shareholdings.

~~The Company shall not commence any new business activities during the liquidation period.~~

The Company continues but shall not carry out any business activities unrelated to the liquidation during the liquidation period. No property of the Company will be distributed to its shareholders before being used for liquidation as set out in the preceding paragraph.

~~The liquidation committee shall be dedicated, and perform its obligation to liquidation according to the law and good faith. Any losses cause to the company or creditors due to intentional or material fault, shall be liable for damages.~~

Article 184~~292~~293. If the Company is being liquidated as a result of its dissolution and subsequent to the administration of the Company's assets and preparation of the balance sheet and inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay its debts in full, it shall ~~immediately~~ suspend liquidation and apply to the people's court for a declaration of insolvency. Once the people's court has declared the Company to be insolvent, the liquidation committee shall hand all matters relating to the liquidation over to the people's court.

Article 185~~293~~294. Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and accounts of its income and expenditure and financial reports for the period of the liquidation. Once these accounts and reports are verified by a registered accountant of the PRC, they shall be submitted to the general meeting or the relevant supervisory authorities for approval.

The liquidation committee shall, within 30 days of the date of approval by the general meeting or the relevant supervisory authorities, submit the accounts and reports mentioned above to the companies registration authority, apply for cancellation of the Company's registration and announce the cessation of the Company.

Article 294. The members of the liquidation committee shall be dedicated, and perform its obligation to liquidation according to the law and on a good-faith basis, and shall not abuse their authority to accept bribe or other illegal earning, or embezzle any property of the Company.

Any losses cause to the company or creditors due to intentional or material fault, shall be liable for damages.

Article 295. Where the Company is declared bankrupt under relevant laws, bankruptcy liquidation shall be carried out under the laws related to business bankruptcy.

CHAPTER 2215: AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 186296. The Company may alter the Articles of Association according to law, administrative regulations and the Articles of Association.

Article 297. The Articles of Association shall be amended by the Company:

- (1) in case of any conflict between the Articles of Association and the Companies Law, relevant laws or administrative rules as amended;
- (2) in case of any change of the status of the Company, which is inconsistent with the description in the Articles of Association;
- (3) by resolution passed at a General Meeting to amend the Articles of Association.

Article 187298. The following procedures shall be followed when amending the Company's Articles of Association:

- (1) a resolution to recommend the alternation of the Articles of Association by the general meeting shall be passed by the board of directors in accordance with these Articles of Association and the board of directors shall prepare a proposal for amendments to be made;
- (2) the above 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 approved by a special resolution;
- (4) for amendments to the Articles of Association which requires the approval from the supervisory authorities, approval for the amendments shall be obtained from original supervisory authorities.

General meeting may by an ordinary resolution authorised the board of directors: (1) in case the Company increase registered capital, the board of directors has right to amend the content in relation to the increase of registered capital in the Articles of Association according to the actual situation; (2) if the alternation to the Articles of Association is approved by the general meeting and on applying the approval from the supervisory authorities, it is requested to change the sequence of the articles, the board of directors may make the relevant change according to the request of the supervisory authorities.

Article ~~188~~299. For amendments to the Articles of Association which requires the approval from the supervisory authorities, approval for the amendments shall be obtained from the original supervisory authorities. For amendments to the Articles of Association involving changes of registered information of the Company, the Company shall apply to register the change with the registration authority in accordance with the law.

CHAPTER 23~~16~~: RESOLUTION OF DISPUTE

Article ~~189~~300. The Company, its shareholders, directors, supervisors, general manager, deputy general(s) and other senior officers shall comply with the following principles for resolution of dispute:

- (1) Whenever any dispute or claims arise from any rights or obligations provided in the Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company between holders of the Overseas Listed Foreign Shares and the Company, or between holders of the Overseas Listed Foreign Shares and directors, supervisors, general manager, deputy general manager(s) or other senior officers of the Company, or between holders of the Overseas Listed Foreign Shares and holders of Domestic Shares, such parties shall refer their disputes or claims for resolution by arbitration.

In respect of a dispute or claim referred to above, the entire claim or dispute must be referred to arbitration and all persons (being the Company or the shareholder, directors, supervisors, general manager, deputy general manager(s) or other senior officers of the Company) who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of that dispute or claim shall submit to arbitration in accordance with the above provisions.

Disputes in connection with the determination of whether a person is or is not a shareholder or of the register of shareholders need not be resolved by arbitration.

- (2) A claimant shall referred their dispute or claim to arbitration before either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party or parties must submit to the arbitral body elected by the claimant.

If the party applying for arbitration elects to arbitrate at the Hong Kong International Arbitration Centre, then any party to the dispute shall be entitled to request, in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre, for that arbitration to be conducted in Shenzhen.

- (3) The laws of the PRC shall be applicable to disputes or claims specified in (1) above, save as otherwise provided in the laws and administrative regulations.

The award by an arbitral authority shall be final and conclusive and is binding on all parties.

CHAPTER 24: NOTICES

~~Article 190. Unless as otherwise provided for in these Articles of Association, all the notices, materials or written statements issued by the Company to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be issued by one or a combination of the following means:~~

- ~~(1) delivered by hand to the registered address of each holder of the Overseas Listed Foreign Shares;~~
- ~~(2) sent by mail to the registered address of each holder of the Overseas Listed Foreign Shares. Notice to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be mailed in Hong Kong as far as possible;~~
- ~~(3) given by announcement on the website of the Company and those designated by the stock exchange on which the Company's shares are listed, subject to compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed;~~

~~Notwithstanding anything otherwise provided in the Articles with respect to the form of issuance or notification of any document, notice or other communication, subject to the compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed, the Company may elect to issue any corporate communication of the Company in the form of notification as provided in item (3) under this Article, in lieu of the delivery of written document to each holder of the Overseas Listed Foreign Shares by hand or by mail.~~

~~In case the listing rules of the securities exchange in the locality where the Company's shares are listed require that the Company send, mail, dispatch, release or announce or provide the Company's relevant documents by other means in both English and Chinese versions, if the Company has made appropriate arrangement to determine whether its shareholders hope to receive the English or the Chinese version only, the Company may (according to the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope allowed by the applicable laws and regulations and according to the applicable laws and regulations.~~

~~All the notices, materials or written statements issued by the Company to holders of Domestic Shares and Foreign Shares shall be issued by one or a combination of the following means:~~

- ~~(1) delivered by hand to the registered address of each holder of the Domestic Shares and the Foreign Shares;~~
- ~~(2) sent by mail to the registered address of each holder of the Domestic Shares and the Foreign Shares;~~
- ~~(3) published as announcement in one or more newspapers specified by the State securities regulatory authorities.~~

~~Announcement referred to in the Articles of Association, unless otherwise defined herein, refers announcement published on newspaper in China and at the place at which the stock exchange on which the Company's shares are listed. Such newspaper shall be that specified or suggested by the local law, rules, provisions or the relevant securities supervisory authority.~~

~~Article 191. Where the notice is sent by mail, it shall be clearly addressed, pre-paid and put into an envelope. It shall be deemed to be received by the shareholders 48 hours after the letters containing the notice is posted.~~

~~Where the notice is issued by publishing on website or in newspapers, the date of service shall be the date on which the first announcement is published.~~

~~Article 192. Any notice, document, materials or written statement sent to the Company from shareholder, director or supervisor shall be sent to the Company's legal address in person or by registered mail.~~

~~Article 193. If the shareholder, director or supervisor want to prove they have sent notice, document, materials or written statement to the Company, they have to provide proof that relevant notice, document, materials or written statement has been sent by ordinary method within the appoint time limit, and has been sent to the correct address in the form of pre-paid postage.~~

CHAPTER ~~25~~17: SUPPLEMENTARYArticle 301 Definition

- (1) The Controlling Shareholder means, a shareholder whose shareholding in the Company accounting for at least 50% of the total share capital of the Company; the shareholder whose shares in the Company accounting for less than 50%, but whose voting right in respect of such shares is sufficient to have a significant influence to the resolution of the General Meeting.
- (2) The Actual Controller means, a person other than a shareholder of the Company who can govern the acts of the Company in practice through investment relation, agreement or any other arrangement.
- (3) The Connection means, the relation between the Controlling Shareholders, Actual Controllers, directors, supervisors, senior officers of the Company and the businesses directly or indirectly controlled by them, and other relation which may make the interests of the Company be transferred. However, No connection exists between any business controlled by the nation for such common control.

Article 302 The meaning of the “Connected Transaction”, “Connected Shareholder” and “Connection Director” referred to in the Articles of Association is same as the “Connected Transaction”, “Connected Shareholder” and “Connected Director” referred to in SEHK Listing Rules.

Article ~~194~~303. In these Articles of Association, reference to “accountancy firm” shall have the same meaning as “auditor”.

Article 304. By-laws can be formulated by the Board of Directors under the Articles of Association.

~~Article 195.~~ The by-laws shall not conflict with any provision in the Articles of Association.

~~All numbers in the Articles of Association shall include the number.~~

Article 305. In case of any conflict between the Articles of Association and relevant law or rule, the latter shall prevail.

Article 306. The attachments of the Articles of Association include, the rules of procedure of the General Meeting, the rules of procedure of the Board of Directors, the rules of procedure of the Supervisory Committee, etc.

Article 307. The Articles of Association is written in Chinese, in case of any ambiguity between the version in any other language or revision and these Articles of Association, the last Chinese version approved by and registered at companies registry shall prevail.

Article 308. Unless otherwise expressly indicated, “in”, “within”, “at least” and “up to” shall include the number indicated; “exceed”, “exceeding”, “lower than”, “less than”, “more than” and “beyond” shall exclude the number indicated.

Article 309. These Articles of Association are interpreted by the Board of Directors.

Article 310. These Articles of Association are considered and approved by as a special resolution at the General Meeting and effective from the date of the initial public offered Renminbi ordinary shares (A Shares) are listed at the SZSE’s GEM, and shall submitted to market regulation administration for recording on a timely basis. The original articles of association become void automatically from the date when these Articles of Association come into force.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

THE RULES OF PROCEDURES FOR THE GENERAL MEETING
(APPLICABLE AFTER THE LISTING OF A SHARES)

CHAPTER I GENERAL PROVISIONS

Article 1 In order to clarify the duties and powers of the General Meeting of Changmao Biochemical Engineering Company Limited, regulate its organization and conduct, ensure that the General Meeting exercises its powers and functions in accordance with the law, improve the efficiency of its proceedings, ensure that the procedures and resolutions of the General Meeting are effective and legal, and safeguard the legitimate rights and interests of all shareholders, the Company has hereby formulated these Rules of Procedure in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Provisions of the State Council on the Overseas Offering of Shares and Listing of Companies Limited by Shares, the Approval of the State Council on the Adjustment of the Provisions Applicable to the Notice Period for Holding General Meetings of Companies Listed Overseas and Other Matters, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including relevant appendices, hereinafter referred to as the “SEHK Listing Rules”), Shenzhen Stock Exchange GEM Stock Listing Rules (revised in 2023) (hereinafter referred to as the “GEM Listing Rules”), and other relevant laws, regulations and regulatory documents, as well as the Articles of Association of Changmao Biochemical Engineering Company Limited (Draft) (hereinafter referred to as the “Articles of Association”).

Article 2 The Company shall hold the General Meeting in strict accordance with the relevant provisions of laws, administrative regulations, regulatory documents, the Articles of Association and these Rules to ensure that shareholders can exercise their rights in accordance with the law.

Article 3 The Board of Directors of the Company shall effectively perform its duties and convene and organize the General Meeting in a serious and timely manner. All directors of the Company shall diligently perform their duties to ensure that the General Meeting is convened normally and that their powers and functions are exercised in accordance with the law.

Article 4 The Company shall convene a General Meeting and shall engage a lawyer to issue a legal opinion on and announce the following issues:

- (i) Whether the convening and holding procedures of the meeting are in compliance with the laws, administrative regulations and the Articles of Association.
- (ii) The qualifications of the persons attending the meeting and whether the qualifications of the convener are legal and valid.
- (iii) Whether the voting procedures and results of the meeting are lawful and valid.
- (iv) Legal opinions on other relevant issues at the request of the Company.

CHAPTER II NATURE AND AUTHORITY OF THE GENERAL MEETING

Article 5 The General Meeting is the authority of the Company and shall exercise its powers in accordance with the law.

Article 6 The General Meeting shall be composed of all shareholders of the Company. When the Company holds a General Meeting, distributes dividends, liquidates and engages in other acts requiring confirmation from General Meeting, the Board of Directors or the convener of the General Meeting shall decide that a certain date shall be the date of registration of shareholdings, and the shareholders registered on the date of registration of shareholdings shall be the shareholders of the Company with relevant rights and interests.

The shareholders shall exercise their voting rights at the General Meeting in accordance with the amount of shares they hold on the share registration date of the General Meeting.

Article 7 The General Meeting shall exercise its powers within the scope of the provisions of the Company Law, the Articles of Association and these Rules, and shall not interfere with the shareholders' disposition of their rights.

Article 8 The General Meeting shall exercise the powers and functions conferred by the Articles of Association in accordance with the law.

Article 9 When the General Meeting considers a proposal to provide a guarantee to a shareholder, the actual controller and their affiliates, such shareholder or a shareholder controlled by such actual controller shall not participate in voting of that proposal, and voting of that proposal shall be approved by more than half of the voting rights held by other shareholders present at the General Meeting.

If the Company provides guarantee to the controlling shareholder, the actual controller and their related parties, the controlling shareholder, the actual controller and their related parties shall provide counter guarantee.

Article 10 The Company shall not enter into a contract with a person other than a director, a supervisor, General Manager, Deputy General Manager and other senior management to place the management of all or important business of the Company under the responsibility of such person without the prior approval of the General Meeting.

CHAPTER III CONVENING OF THE GENERAL MEETING

Article 11 The General Meeting shall be categorised into annual General Meeting and extraordinary General Meeting.

The annual General Meeting shall be held once a year, within six months after the end of the prior fiscal year.

Extraordinary General Meetings are held from time to time, and shall be held within two months if circumstances are satisfied as specified in the Articles of Association.

If the Company is unable to convene a General Meeting within the above-mentioned period, it shall report to the agency of China Securities Regulatory Commission where the Company is located and the stock exchange where the Company's shares are listed for trading, explain the reasons and make an announcement.

Article 12 The Board of Directors shall convene the General Meeting on time within the period stipulated in Article 11 of these Rules.

Article 13 Two or more independent non-executive directors shall have the right to propose to the Board of Directors to convene an extraordinary General Meeting. In response to the proposal of the independent non-executive directors to convene an extraordinary General Meeting, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply within 10 days after receiving the proposal on whether it agree or disagree with the convening of the extraordinary General Meeting.

If the Board of Directors agrees to convene an extraordinary General Meeting, it shall issue a notice to convene the General Meeting within 5 days after passing a resolution of the Board of Directors. If the Board of Directors does not agree to convene an extraordinary General Meeting, it shall state the reasons and make an announcement.

Article 14 The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary General Meeting and shall do so in writing to the Board of Directors. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees or disagrees with the convening of the extraordinary General Meeting within 10 days after receiving the proposal.

If the Board of Directors agrees to convene an extraordinary General Meeting, it shall issue a notice to convene the General Meeting within 5 days after passing a resolution of the Board of Directors, and the changes to the original proposal in the notice shall be agreed by the board of supervisors.

If the Board of Directors does not agree to convene an extraordinary General Meeting or does not give a written reply within 10 days after receiving the proposal, it shall be deemed that the Board of Directors is unable to perform or does not perform its duty to convene a meeting of the General Meeting, and the Board of Supervisors may convene and preside over the meeting on its own.

Article 15 Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary General Meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees or disagrees with the convening of an extraordinary General Meeting within 10 days after receiving the request.

If the Board of Directors agrees to convene an extraordinary General Meeting, it shall issue a notice to convene the General Meeting within 5 days after making a resolution of the Board of Directors, and the changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary General Meeting or does not give a reply within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to propose to the Board of Supervisors to convene an extraordinary General Meeting and shall submit the request in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary General Meeting, it shall issue a notice of the convening of the General Meeting within 5 days of receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Supervisors fails to issue the notice of the General Meeting within the prescribed period, it shall be deemed that the Board of Supervisors does not convene and preside over the General Meeting, and shareholders who individually or collectively hold more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the General Meeting on their own.

Article 16 If the Board of Supervisors or the shareholders decide to convene a General Meeting on their own, they shall notify the Board of Directors in writing and at the same time file with the corresponding stock exchange.

Before the announcement of the resolution of the General Meeting, the percentage of shares held by the convening shareholder shall not be less than 10% of the total number of shares of the Company.

The Board of Supervisors or the convening shareholder shall submit relevant supporting materials to the corresponding stock exchange when issuing the notice of the General Meeting and the announcement of the resolution of the General Meeting.

Article 17 For General Meeting convened by the Board of Supervisors or shareholders themselves, the Board of Directors and the Secretary of the Board of Directors shall give cooperation. The Board of Directors shall provide the register of shareholders as of the date of registration of shares. If the Board of Directors does not provide the register of shareholders, the convener may apply to the securities registration and settlement institution to obtain it with the relevant announcement of the notice convening the General Meeting. The register of shareholders obtained by the convener shall not be used for purposes other than the convening of the General Meeting.

Article 18 If the Board of Supervisors or shareholders convene and convene a meeting on their own because the Board of Directors does not convene a meeting in response to the aforementioned request, the expenses necessary for the meeting shall be borne by the Company and deducted from the amount owed by the Company to the director in default.

CHAPTER IV PROPOSALS FOR THE GENERAL MEETING

Article 19 The contents of the proposals shall fall within the terms of reference of the General Meeting, have clear topics and specific resolutions, and comply with the relevant provisions of laws, administrative regulations, the SEHK Listing Rules, the GEM Listing Rules and the Articles of Association of the Company.

Article 20 When the Company convenes a General Meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or collectively hold more than 3% of the shares of the Company shall have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the Company's shares may make a provisional proposal and submit it in writing to the convener 10 working days before the General Meeting. The convener shall issue a supplementary notice of the General Meeting within 2 days after receiving the proposal and announce the content of the provisional proposal.

If, after examination, the convener considers that the provisional proposal does not comply with the provisions of Article 19 of these rules and decides not to include the provisional proposal in the agenda of the meeting, it shall issue a notice of not including the provisional proposal in the agenda of the meeting within 2 days after receiving the proposal, stating the specific reasons. Moreover, explanations and clarifications shall be given at such General Meeting, and the content of the provisional proposal and the convener's explanation shall be announced together with the resolution of the General Meeting after the conclusion of the General Meeting.

Except for the circumstances set forth in the preceding paragraph, the convener shall not amend the proposals already set forth in the notice of the General Meeting or add new proposals after the notice of the General Meeting is issued. The names of candidates for directors and supervisors are submitted to the General Meeting for voting by way of proposals.

Article 21 The General Meeting shall not vote and pass resolutions on proposals that are not set forth in the notice of the General Meeting or do not comply with the provisions of Article 19 of these Rules.

CHAPTER V NOTICE OF THE GENERAL MEETING

Article 22 The convener of a General Meeting will notify shareholders 20 working days before the annual General Meeting, and the extraordinary General Meeting will notify shareholders 15 days (and not less than 10 working days) before the meeting.

The calculation of the timing for giving notice shall not include the date of the meeting and the date of giving notice.

The date of delivery of a notice for the purposes of this Article shall be the day on which the Company or the share registrar appointed by the Company delivers the relevant notice to the post office for posting, not as stated in the Articles of Association that shareholders are deemed to have received the relevant notice 48 hours after posting.

Article 23 The General Meeting shall not decide on matters not stated in the notice.

Article 24 The notice of the General Meeting shall comply with the requirements of the Articles of Association.

Article 25 If the General Meeting intends to discuss matters relating to the election of directors and supervisors, the notice of the General Meeting shall fully disclose the details of the candidates for directors and supervisors, including at least the following.

- (i) Personal information such as educational background, work experience and part-time employment;
- (ii) Whether there is any relationship with the Company or the Company's controlling shareholders and actual controller;
- (iii) The number of shares held by the Company;
- (iv) Whether he/she has been punished by the CSRC and other relevant authorities and disciplined by the stock exchange.

Except for the election of directors and supervisors by the cumulative voting system, each candidate for directors and supervisors shall be proposed by a single proposal.

In the election of directors at the General Meeting, the voting for different types of directors shall be conducted separately.

Article 26 Except as otherwise provided in the relevant laws and regulations and the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association, the notice of the General Meeting shall be delivered to the H-share Shareholders (whether or not they have the right to vote at the General Meeting) by hand or by postage paid mail to the address registered in the register of shareholders.

For domestic-share shareholders, notice of General Meetings may also be given by way of announcement, provided that the requirements of the GEM Listing Rules are satisfied. For H-share shareholders, notice of General Meetings, shareholders' circulars and related documents may also be made by way of publication through the Company's website as well as the website of the SEHK, provided that the relevant procedures are followed in accordance with the SEHK Listing Rules and in accordance with the wishes of the shareholders as stated.

The announcement referred to in the preceding paragraph shall be published on the website of the stock exchange where the domestic shares of the Company are listed and on one or more newspapers designated by the competent securities authority of the State Council from 20 to 25 business days prior to the annual General Meeting and from 15 to 20 days (and not less than 10 business days) prior to the extraordinary General Meeting, and upon such announcement, all shareholders of domestic shares shall be deemed to have received the relevant notice of the General Meeting.

The notice of General Meeting, shareholders' circular and related documents issued by the Company to an H-share shareholder may be issued to such shareholders in English or Chinese only, subject to the relevant procedures being followed in accordance with the SEHK Listing Rules and in accordance with the stated wishes of the shareholders.

Article 27 After the notice of the General Meeting is given, the General Meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the General Meeting shall not be cancelled. In the event of an adjournment or cancellation, the convener shall make an announcement and state the reasons at least 2 business days prior to the original date of the meeting. If there are other provisions in the listing rules of the place where the Company's shares are listed regarding the aforementioned matters, the provisions shall apply.

Article 28 The accidental omission to deliver notice of the meeting to a person entitled to be notified or the failure of such person to receive notice of the meeting shall not invalidate the meeting and the resolutions made at the meeting.

**CHAPTER VI IDENTIFICATION AND REGISTRATION OF SHAREHOLDERS
ATTENDING THE GENERAL MEETING**

Article 29 All shareholders registered on the share registration date or their proxies shall be entitled to attend the General Meeting and exercise their voting rights in accordance with the relevant laws, regulations, regulatory documents, the SEHK Listing Rules, the GEM Listing Rules, the Articles of Association and these Rules, which shall not be denied by the Company and the convener for any reason.

Shareholders may attend the General Meeting in person or appoint a proxy to attend and vote on their behalf.

Article 30 If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid documents or proofs that can indicate his/her identity. If a proxy is appointed to attend the meeting, the proxy shall present his or her valid identity document and power of attorney in addition to the identity certificate of the proxy.

Corporate shareholders shall be represented at the meeting by the legal representative or the proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall present his or her ID card and a valid certificate proving his or her qualification as a legal representative. If a proxy attends the meeting, the proxy shall present his or her ID card, a written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

If such shareholder is a recognized clearing house as defined in the relevant regulations made in Hong Kong from time to time or its proxy, such shareholder may authorize one or more than one person as it thinks fit to act as its representative(s) at any General Meeting or at an Class General Meeting. However, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized and shall be signed by an authorized officer of the recognized clearing house. The person so authorized may attend the meeting on behalf of the recognized clearing house (or its nominee) (without having to produce a shareholding certificate, a notarized authorization and/or further proof of his or her duly authorized authority) and exercise the rights as if he or she were an individual shareholder of the Company.

Article 31 Any shareholder entitled to attend and vote at a meeting of shareholders is entitled to appoint a person or persons (who may not be a shareholder) as his or her proxy to attend and vote on his or her behalf. Such shareholder's proxy may, in accordance with such power of attorney, exercise the corresponding rights as set forth in the Articles of Association.

Article 32 The shareholder shall appoint a proxy in writing, signed by the principal or by the proxy appointed by him in writing. If the principal is a legal person, it shall be stamped with the seal of the legal person or signed by its director or a duly appointed proxy. The power of attorney shall contain the amount of shares represented by the proxy. If several persons are appointed as proxies for shareholders, the power of attorney shall state the number of shares represented by each shareholder's proxy.

The power of attorney issued by the shareholder to appoint another person to attend the General Meeting shall contain the contents stipulated in the Articles of Association.

Article 33 The power of attorney for voting shall be delivered to the Company's residence or other place designated in the notice convening the meeting at least 48 hours prior to the relevant meeting at which the proxy is appointed to vote, or 48 hours prior to the designated voting time. If the power of attorney is signed by another person authorized by the principal, the power of attorney or other authorized document signed by the principal shall be notarized. The notarized power of attorney or other authorization documents shall be delivered to the Company's residence or other place designated in the notice convening the meeting at the same time as the power of attorney for voting.

If the principal is a legal person, its legal representative or the person authorized by the Board of Directors or other decision-making entities by resolution shall attend the General Meeting of the Company as its representative.

A proxy attending a General Meeting on behalf of a shareholder shall present proof of his or her identity and a power of attorney signed by the principal or signed by the principal's legal representative, which shall specify the date of issue.

Article 34 Any power of attorney issued by the Board of Directors of the Company to the shareholders for the appointment of a shareholder's proxy shall be in such form as to allow the shareholders to freely choose to instruct the shareholder's proxy to vote for or against the meeting and to give separate instructions on the matters to be voted on for each issue of the meeting. The power of attorney shall state that if the shareholder does not give instructions, the shareholder's proxy may vote as he or she wishes.

Article 35 If the principal has died, become incapacitated, withdrawn his or her appointment, withdrawn the authorization to sign the appointment, or the relevant shares have been transferred before the vote, the vote made by the shareholder's proxy in accordance with the power of attorney shall remain valid as long as the Company has not received written notice of such matters before the commencement of the relevant meeting.

Article 36 The relevant proof submitted by the person attending this meeting shall be deemed invalid for attendance at this meeting if it falls into the following conditions.

- (i) The identity document of the principal or the person attending this meeting is forged, expired or altered.
- (ii) The identity document submitted by the principal or the person attending the meeting is illegible.
- (iii) The same shareholder entrusts more than one person to attend this meeting, and the sample signature of the power of attorney is obviously inconsistent.

- (iv) The power of attorney does not bear the signature or seal of the principal.
- (v) Where the relevant proofs submitted by the principal or the person attending this meeting on his behalf are otherwise clearly in violation of the relevant provisions of laws, regulations and the Articles of Association.

Article 37 If the qualification of the principal or his proxy attending the meeting is found to be invalid because the principal's authorization is unclear or the relevant documents proving the principal's legal identity and proxy relationship submitted by the proxy do not comply with the laws, regulations or the Articles of Association, the principal or his proxy shall bear the corresponding legal consequences.

Article 38 The meeting register of the attendees shall be produced by the Company. The meeting register contains the names (or corporate names), identification numbers, domicile addresses, the amount of shares held or represented with voting rights, the names (or corporate names) of proxies, and other matters of those attending the meeting.

Article 39 The convener and the lawyer engaged by the Company will jointly verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the securities registration and settlement institution and register the names of shareholders (or names) and the number of shares they hold with voting rights. The registration of the meeting shall be terminated when the chairman of the meeting announces the number of shareholders and proxies attending the meeting on site and the total number of shares with voting rights held by them.

CHAPTER VII CONVENING OF THE GENERAL MEETING

Article 40 The General Meeting will be held in the form of an on-site meeting with a venue. The Company may provide internet access or other means approved or required by the relevant securities regulatory authorities to facilitate shareholders' participation in the General Meeting. Shareholders who attend the General Meeting through the above-mentioned means are deemed to be present.

Article 41 If the Company adopts the internet or other means for the General Meeting, the notice of the General Meeting shall clearly set out the voting time and voting procedures for the network or other means.

Article 42 The Secretary of the Board of Directors shall be specifically responsible for the organization of the meeting, the preparation of documents for the General Meeting and other related matters during the General Meeting of the Company.

Article 43 The Board of Directors and other conveners of the Company will take necessary measures to ensure the normal order of the General Meeting. Measures will be taken to stop acts that interfere with the General Meeting, provoke trouble and violate the legitimate rights and interests of the shareholders and will be promptly reported to the relevant authorities for investigation and punishment.

The chairman of the meeting may request the following persons to leave from the meeting:

- (i) Those who are not qualified to attend the meeting.
- (ii) Those who violate the laws and regulations and the Articles of Association and disrupt the order of the meeting venue after being dissuaded from doing so.

If the above-mentioned persons do not obey the order to withdraw, the chairman of the meeting may order the staff to force them to leave. If necessary, the public security authorities may be requested to provide assistance.

Article 44 All directors, supervisors and the Secretary of the Board of Directors shall attend the meeting, and the General Manager and other senior management shall attend the meeting when the General Meeting is held.

The directors, supervisors and senior management shall give explanations and clarifications on the shareholders' inquiries and suggestions at the General Meeting.

At the annual General Meeting, the Board of Directors and the Board of Supervisors shall report to the General Meeting on their work in the past year, and each independent non-executive director shall also make a report on his or her duties.

Article 45 The Chairman of the Board of Directors shall be the chairman of the General Meeting and preside over the meeting. If the chairman is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall serve as the chairman of the meeting. If the Board of Directors fails to elect a chairman of the meeting, the shareholders present at the meeting may elect a person to act as chairman. If, for any reason, the shareholders are unable to elect a chairman, the shareholders present at the meeting who hold the most voting shares (including the shareholders' proxies) shall serve as the chairman of the meeting.

The Chairman of the Board of Supervisors shall preside over the General Meeting convened by the Board of Supervisors itself. If the Chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

The General Meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. If, for any reason, the shareholders are unable to elect a chairman, the shareholders present at the meeting who hold the most voting shares (including the shareholders' proxies) shall serve as the chairman of the meeting.

Article 46 If the chairman of the meeting prevents the General Meeting from proceeding in violation of these rules when a General Meeting is held, the General Meeting may elect a person to act as the chairman of the meeting and continue the meeting with the consent of a majority of the shareholders present at the General Meeting with voting rights. If, for any reason, the shareholders are unable to elect a chairman, the shareholders present at the meeting who hold the most voting shares (including the shareholders' proxies) shall serve as the chairman of the meeting.

Article 47 The chairman of the meeting shall announce the number of shareholders and proxies attending the meeting on site and the total number of shares with voting rights before the meeting is voted on. The number of shareholders and proxies attending the meeting on site and the total number of shares with voting rights shall be based on the meeting register.

CHAPTER VIII CONSIDERATION OF MEETING TOPICS

Article 48 The meeting of the General Meeting shall be presided over the chairman of the meeting and shall consider each item in the order of the topics and proposals included in the agenda. If necessary, related issues may also be discussed together. The chairman of the meeting may, depending on the actual situation, adopt the method of reporting, centralized consideration and centralized voting on the contents included in the agenda of the meeting, or adopt the method of reporting, consideration and voting on the more complicated topics item by item. The General Meeting shall allow reasonable time for discussion of each topic.

Article 49 The chairman of the meeting or his or her designee shall make necessary explanations or issue necessary documents on each issue.

Article 50 When considering the issues, shareholders or shareholders' proxies shall concisely state their views and may ask questions and request explanations and clarifications from the reporters on issues that have not been explained by the reporters and that affect their judgment and voting.

Article 51 Directors, supervisors and senior management shall provide explanations and clarifications in response to shareholders' inquiries. There is no time limit or number of times for shareholders' inquiries. The chairman of the meeting may refuse to answer a question under any of the following circumstances, but shall explain the reasons to the questioner:

- (i) The questioning is not relevant to the subject matter.
- (ii) Answering the inquiry will disclose the Company's trade secrets or clearly damage the common interests of the Company or shareholders.
- (iii) Other important reasons.

Article 52 When a proposal is discussed at a General Meeting, the chairman of the meeting may decide to terminate the discussion as appropriate.

CHAPTER IX VOTING AT THE GENERAL MEETING

Article 53 Shareholders (including shareholders' proxies) shall exercise their voting rights in accordance with the amount of voting shares represented by them, and each share shall be entitled to one vote.

When the General Meeting considers important matters affecting the interests of medium and small investors, votes for medium and small investors shall be counted separately. The results of the separate vote count shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company shall not have voting rights and such shares shall not be counted as part of the total number of shares with voting rights present at the General Meeting.

Article 54 Subject to the requirements of applicable laws, regulations and/or the listing rules of the place where the Company's shares are listed, the Board of Directors, independent non-executive directors and shareholders meeting the relevant prescribed conditions or investor protection agencies established in accordance with the laws, administrative regulations or the regulations of the securities regulatory authorities under the State Council may solicit shareholders' voting rights and publicly request the shareholders of the Company, either on their own or by commissioning securities companies or securities service agencies, to attend the General Meeting and exercise the shareholders' rights such as the right to propose and vote on their behalf. If shareholders' rights are solicited in accordance with the aforementioned provisions, the solicitor shall disclose the solicitation document and the Company shall cooperate with the solicitation. Public solicitation of shareholders' rights in a paid or disguised manner is prohibited. If the public solicitation of shareholders' rights violates laws, administrative regulations or the relevant provisions of the securities regulatory authority under the State Council and causes the Company or its shareholders to suffer losses, the Company shall be liable for compensation in accordance with law.

Article 55 Except for resolutions in relation to the relevant procedures or administrative matters of General Meeting as stipulated in the SEHK Listing Rules, which may be decided by the chairman of the meeting and voted by a show of hands in good faith, the General Meeting shall be conducted by way of a registered vote or other means as required by the rules of the securities regulatory authorities of the place where the shares of the Company are listed. In the event of repeated voting on the same voting right, the result of the first vote shall prevail.

Article 56 When matters related to related party transactions are considered at the General Meeting, if required by applicable laws and regulations or the listing rules of the place where the Company's shares are listed, the connected shareholders shall not participate in the voting and the number of voting shares represented by them shall not be counted as the total number of valid votes. The announcement of resolutions of the General Meeting shall fully disclose the votes of non-connected shareholders. If otherwise provided by applicable laws, administrative regulations, departmental rules and regulations or the listing rules of the place where the Company's shares are listed, the provisions thereof shall apply.

Prior to the consideration of related party transactions at the General Meeting, the Secretary of the Board of Directors shall determine the scope of connected shareholders in accordance with relevant laws, regulations, the GEM Listing Rules, the SEHK Listing Rules and regulatory documents, and shall consult with professional intermediaries engaged by the Company to determine whether they are connected shareholders if it is difficult to judge. The Secretary of the Board of Directors shall notify the chairman of the meeting of the list of connected shareholders prior to the commencement of the meeting, and the chairman of the meeting shall declare that the connected shareholders shall abstain from voting when considering matters of related party transactions.

The connected shareholders or their authorized representatives may attend the General Meeting and may clarify their views to the shareholders present in accordance with the meeting procedures, but shall abstain from voting on a poll on their own initiative and shall not participate in the poll. If an affiliated shareholder does not abstain from voting, other shareholders attending the meeting or the chairman of the meeting shall have the right to request the connected shareholder to abstain from voting. After the connected shareholder abstain from voting, the other shareholders shall vote according to the voting rights they hold.

The abstain of voting and voting procedures of the connected shareholders shall be recorded in the minutes of the meeting.

Article 57 For resolutions concerning the procedures of the General Meeting or administrative matters, the General Meeting shall vote by a show of hands, except when otherwise provided in the SEHK Listing Rules or when a poll is demanded before or after a vote by a show of hands by the following persons.

- (i) The chairman of the meeting.
- (ii) At least two shareholders with voting rights or proxies of shareholders with voting rights.
- (iii) One or more shareholders (including proxies of shareholders) holding, individually or in aggregate, 10% or more of the shares entitled to vote at such meeting (including 10%).

Unless a poll is requested, the chairman of the meeting shall announce the adoption of the proposal on the basis of a show of hands and record this in the minutes of the meeting as the final basis, without having to prove the number of votes for or against the resolution adopted at such meeting or the percentage thereof.

The demand for a poll may be withdrawn by the proposer.

Article 58 The same vote shall be counted only by either one of the on-site voting, online voting or other voting methods. In the event of repeated voting on the same voting right, the result of the first vote shall prevail.

Article 59 On a poll, shareholders (including shareholders' proxies) with two or more votes need not cast all their votes in favor or against.

Article 60 When the votes against and for are equal, the chairman of the meeting shall be entitled to cast one more vote, whether by a show of hands or by a poll.

Article 61 The names of candidates for directors and supervisors are submitted to the General Meeting for voting by way of proposals.

Article 62 The General Meeting shall vote on all proposals item by item. If there are different proposals on the same matter, voting shall be conducted in the chronological order in which the proposals are made. Except for special reasons such as force majeure that causes the General Meeting to be suspended or unable to pass a resolution, the General Meeting shall not set aside or withhold a vote on a proposal.

Article 63 When a proposal is considered at a General Meeting, no amendment shall be made to the proposal; otherwise, the relevant change shall be considered as a new proposal and shall not be voted at this General Meeting.

Article 64 Where any shareholder is, under the SEHK Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted as the total number of shares carrying the right to vote.

Article 65 Shareholders attending the General Meeting shall express one of the following opinions on the proposal submitted for voting: For, Against or Abstain from voting. Any votes not filled in, wrongly filled in, illegible, or not cast shall be deemed to be abstentions, and the result of voting on the number of shares held by the voter shall be counted as "abstentions".

Article 66 The shares held by shareholders who are ordered to leave from the meeting due to violation of laws, regulations, regulatory documents, the Articles of Association and the discipline of the General Meeting as stipulated in these rules shall not be counted as the total number of valid voting rights at the General Meeting.

Article 67 The shareholder rights (including but not limited to the votes cast) exercised by or on behalf of a person who does not have the legal and valid qualification to attend the meeting shall be invalid. The number of shares held or represented by them shall not be counted as the total number of shares with valid voting rights at the Meeting.

Article 68 Before the General Meeting votes on the proposal, two shareholders' representatives shall be elected to participate in the counting and supervision of votes. If the matter under consideration is of interest to the shareholders, the relevant shareholders and their proxies shall not participate in the counting and supervising of votes.

When the General Meeting votes on the proposal, the lawyers, shareholders' representatives and supervisors' representatives shall be jointly responsible for counting and supervising the votes, and the voting results shall be announced on the spot, and the voting results of the resolution shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote via the internet or other means shall have the right to check their voting results through the corresponding voting system.

Article 69 After the vote are counted, the results shall be reported to the chairman of the meeting. If the chairman of the meeting has any doubts about the voting results submitted, he/she may conduct a count of the votes casted. If the chairman of the meeting does not conduct a vote count, shareholders or shareholders' proxies present at the meeting who disagree with the announcement of the results by the chairman of the meeting shall have the right to request a vote count immediately after the announcement of the voting results, and the chairman of the meeting shall immediately organize a vote count.

Article 70 The Board of Directors of the Company shall make a statement to the General Meeting regarding the non-standard audit opinion issued by the certified public accountant on the financial report of the Company.

CHAPTER X RESOLUTIONS OF THE GENERAL MEETING

Article 71 Resolutions at a General Meeting are categorised into ordinary resolutions and special resolutions.

Article 72 An ordinary resolution at a General Meeting shall be passed by a majority of the votes held by the shareholders (including proxies) present at the meeting.

A special resolution at a General Meeting shall be passed by at least 2/3 of the votes held by the shareholders (including shareholders' proxies) present at the meeting.

Article 73 A resolution on a related party transaction at a General Meeting shall be valid only if it is passed by a majority of the voting rights held by the non-connected shareholders present at the General Meeting. However, if the related party transaction involves matters requiring special resolution as stipulated in the Articles of Association, the resolution of the General Meeting shall be valid only if it is passed by more than 2/3 of the voting rights held by the non-connected shareholders present at the General Meeting.

Article 74 The matters under consideration shall be adopted by the General Meeting as ordinary resolution or special resolution in accordance with the classification of the Articles of Association.

Article 75 The meeting of the General Meeting shall end on site no earlier than internet or otherwise, and the chairman of the meeting shall announce the voting status and results of each proposal on the meeting site and announce whether the proposal is passed or not based on the voting results.

Before the official announcement of the voting results, the Company, the counters, the scrutineer, the major shareholders, the internet service provider and other relevant parties involved in the on-site, online and other voting methods of the General Meeting shall be obliged to keep the voting information confidential.

Article 76 The resolution of the General Meeting shall be formed after the proposal is passed. The content of the resolution shall comply with the laws, regulations and the Articles of Association. The directors attending the meeting shall ensure that the content of the resolution is true, accurate and complete, and shall not use expressions that cause ambiguity.

Article 77 Resolutions of the General Meeting shall be announced in a timely manner and the announcement shall set out the contents required by applicable laws, regulations and regulatory rules of the place where the shares of the Company are listed, including but not limited to the total number of shares entitled to attend and vote on the resolutions at the meeting, the total number of shares entitled to attend the meeting but subject to abstention from voting in favor of the resolutions, the total number of shares held by holders of shares subject to abstention from voting and the actual number of shares voted for and against the resolutions.

Article 78 The convener shall ensure that the General Meeting is held continuously until the final resolution is formed. If the General Meeting is suspended or no resolution can be made due to force majeure or other special reasons, the necessary measures shall be taken to resume the General Meeting as soon as possible or to terminate the General Meeting directly and announce it in a timely manner. Besides, the convener shall report to the agency of the CSRC where the Company is located and the stock exchange.

CHAPTER XI MINUTES OF THE GENERAL MEETING

Article 79 There shall be minutes of the General Meeting, which shall be taken by the Secretary of the Board of Directors. The directors present at the meeting and the chairman of the meeting shall sign the minutes of the meeting.

Article 80 The minutes of the General Meeting shall record the following contents.

- (i) The time and place of the meeting, the agenda and the name of the convener.
- (ii) The names of the chairman of the meeting and the directors, supervisors, Secretary of the Board of Directors, General Manager and other senior management who attended the meeting.

- (iii) The number of shareholders and proxies present at the meeting, the total number of shares with voting rights and the proportion of the total number of shares of the Company.
- (iv) The consideration process, speech highlights and voting results of each proposal.
- (v) The shareholders' queries or suggestions and the corresponding replies or explanations.
- (vi) The names of the lawyers and the counters and scrutineers of the votes.
- (vii) Other contents that shall be included in the minutes of the meeting as stipulated in the Articles of Association.

Article 81 The convener shall ensure that the minutes of the meeting are true, accurate and complete. The directors, supervisors, Secretary of the Board of Directors, the convener or his representative and the presiding officer attending the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the signature book of shareholders present on site and the power of attorney for proxy attendance, valid information on voting via internet and other means, for a period of not less than 10 years.

CHAPTER XII SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 82 Shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

Article 83 Any proposed change or abolish of the rights of a class of shareholders shall be approved by a special resolution of the General Meeting and by the affected class of shareholders at separate meetings of shareholders convened in accordance with the Articles of Association.

Article 84 The circumstances under which the rights of a class of shareholders may be changed or abolish are set forth in the relevant provisions of the Articles of Association.

Article 85 The affected class of shareholders, regardless of whether they originally had voting rights at the General Meeting, shall have voting rights at the Class General Meeting in accordance with the relevant provisions of the Articles of Association, except that interested shareholders shall not have voting rights at the Class General Meeting.

The meaning of interested shareholders referred to in the preceding paragraph is set forth in the relevant provisions of the Articles of Association.

Article 86 A resolution of a Class General Meeting shall be made only by a vote of at least two-thirds of the shareholders with voting rights present at the Class General Meeting in accordance with Article 85.

The quorum required for a Class General Meeting (but not for an adjournment) to be held for the purpose of changing or abolish the rights of the class shareholders must be the holders of at least one-third of the issued shares of that class.

Article 87 The Company shall convene a Class General Meeting by giving written notice of the matters to be considered at the meeting and the date and place of the meeting to all shareholders of record of that class of shares, with reference to the time limit for notice of a General Meeting as required by Article 22 of these Rules.

Article 88 Notice of a Class General Meeting shall be given only to those shareholders entitled to vote at such meeting.

A Class General Meeting shall be held in the same manner as possible as the General Meeting, and the provisions of the Articles of Association regarding the procedures for holding General Meetings shall apply to Class General Meeting.

Article 89 In addition to shareholders of other classes of shares, shareholders of domestic shares and shareholders of overseas-listed foreign shares are considered different classes of shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances.

- (i) Where the Company issues domestic shares and overseas-listed foreign shares separately or simultaneously every 12 months, as approved by the General Meeting by special resolution, and the number of domestic shares and overseas-listed foreign shares to be issued does not exceed 20% of the issued and outstanding shares of the respective class;
- (ii) Where the plan to issue domestic shares or overseas-listed foreign shares at the time of establishment of the Company is completed within 15 months from the date of approval by the Securities Commission of the State Council;
- (iii) Where the unlisted shares are listed and traded on an overseas stock exchange with the approval of the securities regulatory authority under the State Council.

CHAPTER XIII ADJOURNMENT AND DISSOLUTION OF MEETING

Article 90 The chairman of the meeting has the right to adjourn the meeting temporarily according to the meeting process and schedule. The chairman of the meeting may also adjourn the meeting temporarily when he/she thinks necessary.

Article 91 The chairman of the meeting may dismiss the meeting after the chairman of the meeting has announced the voting results of all proposals at the General Meeting and the shareholders have no objection.

CHAPTER XIV IMPLEMENTATION OF RESOLUTIONS OF THE GENERAL MEETING

Article 92 The Board of Directors shall be responsible for the implementation of the resolutions formed at the General Meeting, which shall be assigned to the General Manager of the Company to organize the relevant personnel in accordance with the contents of the resolutions. Matters that the resolution of the General Meeting requires the Board of Supervisors to handle shall be directly organized and implemented by the Board of Supervisors.

Article 93 In the event that the General Meeting adopts a proposal regarding the election of directors and supervisors, the new directors and supervisors shall take office immediately after the resolution of the General Meeting is passed, unless otherwise provided by the applicable laws and regulations and regulatory rules of the place where the shares of the Company are listed and the Articles of Association of the Company.

Article 94 If the General Meeting adopts a proposal on cash dividend, share bonus or capitalization of capital reserve, the Company shall implement the specific plan within 2 months after the General Meeting.

Article 95 The content of the resolution of the General Meeting of the Company is invalid if it violates laws and administrative regulations.

If the convening procedure or voting method of the General Meeting violates laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders may, within 60 days from the date of the resolution, request the people's court with jurisdiction to revoke it.

Article 96 The implementation of the resolution of the General Meeting shall be reported by the General Manager to the Board of Directors and reported by the Board of Directors to the next General Meeting. Matters involving implementation by the Board of Supervisors shall be reported directly by the Board of Supervisors to the General Meeting, and the Board of Supervisors may also inform the Board of Directors first if it deems necessary.

**CHAPTER XV AUTHORIZATION OF THE BOARD OF DIRECTORS BY
THE GENERAL MEETING**

Article 97 The Board of Directors shall establish strict review and decision-making procedures for non-routine business operation transactions such as investment, acquisition and sale of assets (excluding the purchase or sale of assets related to daily operations), entrusted finance management and asset pledging. Major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

Article 98 Except for the guarantee acts stipulated in these Rules which shall be submitted to the General Meeting for consideration, all other guarantees of the Company to others are to be approved by the Board of Directors with the authorization by the General Meeting.

Article 99 Except for the matters stipulated in Articles 97 and 98 of these Rules, the authorization by the General Meeting to the Board of Directors shall respect the following principles:

- (i) The authorization shall be made in the form of a resolution of the General Meeting.
- (ii) The authorization matters, authority and content shall be clear, specific and operable.
- (iii) The Board of Directors shall not be authorized to determine the scope or extent of its own authority.

CHAPTER XVI SUPPLEMENTARY PROVISIONS

Article 100 When these Rules refer to “above”, “below, and “within”, they include the present number; when refer to “over”, “exceeding”, and “more than”, they exclude the present number.

Article 101 These Rules shall be considered and approved by the General Meeting of the Company and shall take effect and be in force from the date of listing of the Company’s initial public offering of RMB ordinary shares (A shares) on the GEM of the Shenzhen Stock Exchange.

Article 102 The right to interpret these Rules shall rest with the Board of Directors.

Article 103 In case of any matters not covered by these Rules or any inconsistency between these Rules and relevant laws, codes, relevant regulations of regulatory bodies, or the Articles of Association, the relevant laws, codes, relevant regulations of regulatory bodies, and the Articles of Association shall prevail.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED**THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS
(APPLICABLE AFTER THE LISTING OF A SHARES)****CHAPTER I GENERAL PROVISIONS**

Article 1 In order to further regulate the proceedings and decision-making procedures of the Board of Directors of the Company, promote the effective discharge of its duties by the Directors and the Board of Directors, and improve the standardized operation and scientific decision-making of the Board of Directors, the Company has hereby formulated these Rules in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Special Provisions of the State Council on the Overseas Offering of Shares and Listing of Companies Limited by Shares, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including relevant appendices, hereinafter referred to as the "SEHK Listing Rules"), Shenzhen Stock Exchange GEM Stock Listing Rules (hereinafter referred to as the "GEM Listing Rules"), and other relevant laws, regulations and regulatory documents, as well as the Articles of Association of Changmao Biochemical Engineering Company Limited (Draft) (hereinafter referred to as the "Articles of Association").

Article 2 The Board of Directors shall make decisions in compliance with national laws, regulations, regulatory documents, the SEHK Listing Rules, the GEM Listing Rules, the Articles of Association of the Company and these Rules. It shall treat all shareholders equally, take the protection of the legitimate rights and interests of the Company and all shareholders as its code of conduct, and perform its duties in good faith and diligence.

Article 3 Directors shall not make use of insider information that comes to their knowledge in the course of their work or participation in decision-making activities to gain benefits for themselves or others. The participants of the Board Meetings shall follow the principle of confidentiality, and no one shall disclose the contents of the Board Meeting that need to be kept confidential before the resolutions of the Board are publicly disclosed in accordance with the law, and the communication and implementation of the resolutions of the Board shall be carried out in accordance with the prescribed procedures.

Article 4 The Board of Directors shall be responsible to the Shareholders' Meeting and shall exercise its authority in accordance with the provisions of the Company Law and the Articles of Association and the authorization of the Shareholders' Meeting.

CHAPTER II COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

Article 5 The Board of Directors shall consist of nine directors, including three independent non-executive directors, one of whom shall be elected as the Chairman of the Board. The Board of Directors consists of Executive Directors, Non-Executive Directors and at least three Independent Non-Executive Directors.

Independent non-executive directors must constitute at least one-third of the Board of Directors and their composition must comply with the requirements of the SEHK Listing Rules and the GEM Listing Rules.

Article 6 The Board of Directors shall exercise the powers and functions conferred by the Articles of Association in accordance with the law.

Article 7 The Board of Directors shall determine the authority for investment, acquisition and sale of assets, pledge of assets, guarantees to others, entrusted finance management, related party transactions and external borrowings, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the Shareholders' Meeting for approval.

CHAPTER III ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS

Article 8 The Board of Directors may establish an office of the Board of Directors to handle the daily affairs of the Board of Directors. The Company shall have one Secretary of the Board of Directors, who is responsible for the preparation of Shareholders' Meetings and Board Meetings of the Company, the custody of documents and the management of the Company's shareholder data. The Secretary of the Board of Directors may also serve as the head of the Board of Directors' office and keep the seals of the Board of Directors and the Board of Directors' office. The Secretary of the Board of Directors may designate relevant personnel to assist him/her in daily affairs.

Article 9 The Board of Directors shall establish an Audit Committee and, as needed, a Remuneration and Appraisal Committee, a Nomination Committee, a Strategic Committee and other relevant special committees. The special committees are responsible to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and their proposals shall be submitted to the Board of Directors for consideration and decision. The members of the special committees shall all be directors, among which, the Audit Committee shall be composed of non-executive directors and shall have at least three members, among which one of the independent non-executive directors shall be an accounting professional and the chairman of the Audit Committee shall be an accounting professional. Independent non-executive directors shall be the majority of the members of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee and shall serve as the chairman of the Committee.

Article 10 The Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategic Committee and other special committees shall exercise the respective powers and functions granted by the Articles of Association in accordance with the law.

Article 11 Each special committee may engage professional parties to provide professional advice, and the related expenses shall be borne by the Company.

Article 12 The Board of Directors shall establish the rules of procedure of the aforementioned special committees. The special committees of the Board of Directors shall be special working bodies of the Board of Directors, and they shall be responsible to the Board of Directors, and the proposals of each special committee shall be submitted to the Board of Directors for consideration and decision.

CHAPTER IV CONVENING OF THE BOARD MEETINGS

Article 13 Board Meetings are categorised into regular meetings and interim meetings.

Article 14 The Board of Directors shall hold at least two meetings per year, which shall be convened by the Chairman of the Board and notified to all directors fifteen days prior to the meeting. Before giving notice of the regular Board Meetings, the office of the Board of Directors shall fully consult with the directors and prepare preliminary proposals for the meeting and submit them to the Chairman of the Board of Directors.

The Chairman of the Board shall consult with the General Manager and other senior management as necessary before preparing the proposals.

The Chairman of the Board, the directors, General Manager and other senior management to be consulted shall strictly fulfill the obligation of confidentiality of insider information.

Article 15 If there are circumstances specified in the Articles of Association, the chairman shall convene and chair an extraordinary meeting within the period agreed in the Articles of Association.

Article 16 If an extraordinary Board Meeting is proposed in accordance with the provisions of the preceding Article, a written proposal signed (sealed) by the proposer shall be submitted to the Chairman of the Board through the office of the Board of Directors or directly to the Chairman. The written proposal shall contain the following matters:

- (i) The name of the proposer.
- (ii) The reason for the proposal or the objective reason on which the proposal is based.
- (iii) The proposed time or time limit, place and form of meeting.
- (iv) Clear and specific proposals.
- (v) The contact information of the proposer and the date of the proposal, etc.

The content of the proposal shall fall within the terms of reference of the Board of Directors as stipulated in the Articles of Association, and the materials related to the proposal shall be submitted together with the proposal.

Upon receipt of the above written proposal and relevant materials, the office of the Board of Directors shall forward them to the Chairman of the Board on the same day. If the Chairman of the Board considers that the content of the proposal is not clear or specific or the relevant materials are not sufficient, he/she may request the proposer to amend or supplement it.

The Chairman shall convene a Board Meeting and preside over the meeting within 10 days from the receipt of the proposal or the request of the securities regulator.

Article 17 The Board Meeting shall be convened and presided over by the Chairman of the Board. If the Chairman of the Board is unable to perform his duties or fails to perform his duties, he/she may designate an executive director to act on his behalf. If both the Chairman of the Board and the executive director are unable to perform their duties or fail to perform their duties, more than half of the directors may jointly elect a director to act as Chairman of the Board.

CHAPTER V NOTICE OF BOARD MEETINGS

Article 18 The notice procedures for the regular and extraordinary Board Meetings shall be carried out in accordance with the provisions of the Articles of Association.

Article 19 The written notice of meetings shall include at least the following:

- (i) The date and place of the meeting.
- (ii) The duration of the meeting.
- (iii) The subject matter and topic.
- (iv) The date of notice.

Article 20 After the written notice of the regular Board Meeting is issued, if it is necessary to change the time and place of the meeting or to add, change or cancel the proposal of the meeting, a written notice of change shall be issued three days before the original date of the meeting, stating the situation and the relevant content of the new proposal and related materials. If there are less than three days, the meeting date shall be postponed accordingly or be held as scheduled after obtaining the approval of all participating directors.

If, after the notice of the extraordinary Board Meeting is issued, it is necessary to change the time and place of the meeting or to add, change or cancel the proposal of the meeting, the approval of all the directors present shall be obtained in advance and the corresponding records shall be made.

Article 21 The agenda and related meeting documents for regular Board Meetings shall be sent to all directors in a timely manner and at least three days prior to the date of the planned Board Meeting or a meeting of its committees (or within other times as agreed). The above arrangements shall also be adopted for all other meetings of the Board of Directors as far as practicable.

Article 22 All directors shall have the right of access to Board of Directors documents and related materials. Such documents and related materials shall be in such form and quality as to enable the Board to make an informed decision on the matters brought before the Board. The Company must respond as promptly and comprehensively as possible to questions raised by the directors.

CHAPTER VI CONVENING AND VOTING OF BOARD MEETINGS

Article 23 Except as otherwise provided in the Articles of Association, Board Meetings shall be held in the presence of at least one-half of the Directors. Each director shall be entitled to one vote.

When the votes against and for are equal, the Chairman of the Board shall have the right to cast an additional vote.

Supervisors shall attend the Board Meetings. The General Manager, Deputy General Manager and Secretary of the Board of Directors who are not concurrently directors shall attend the Board Meeting. If the presiding officer deems necessary, he/she may notify other relevant persons to attend the Board Meeting.

Article 24 A director who is related to the enterprise involved in the resolution of the board meeting shall not exercise the voting right on the resolution, nor shall he/she exercise the voting right on behalf of other directors. A Board Meeting may be held in the presence of a majority of non-interested directors, and resolutions made at a Board Meeting shall be passed by a majority of non-interested directors. If the number of non-interested directors present at the Board Meeting is less than three, the matter shall be submitted to the Shareholders' Meeting for consideration.

Article 25 Resolutions of the Board of Directors shall be voted on by a show of hands or by registered ballot.

Article 26 A Board Meeting shall be attended by the directors in person. If a director is unable to attend the Board Meeting for any reason, he/she may appoint other directors in writing to attend on his/her behalf, and independent non-executive directors shall appoint other independent non-executive directors to attend on his/her behalf. The scope of the delegation shall be set out in the appointment letter.

Article 27 Where other directors are appointed to sign written confirmation of periodic reports on behalf of the directors, special authorization shall be made in that appointment letter.

The proxy director shall submit a written power of attorney to the presiding officer of the meeting and state the attendance by proxy in the meeting sign-in book.

The director attending the meeting on his behalf shall exercise the rights of a director within the scope of the authorization. A director who does not attend a Board Meeting and does not attend by proxy shall be deemed to have abstained from voting at such meeting.

Article 28 The following principles shall govern the attendance of Board Meetings by proxy:

- (i) In the consideration of related party transactions, a non-connected director shall not appoint an connected director to attend on his or her behalf. Nor shall an connected director accept a proxy from a non-connected director.

- (ii) A director shall not delegate his or her full authority to another director without stating his or her own personal opinion on the proposal and voting intention, nor shall the director concerned accept a delegation with full authority and unclear authorization at a Board Meeting.

- (iii) A director shall not accept a proxy from more than two directors, nor shall a director appoint a director as proxy who has already accepted a proxy from two other directors to attend on his behalf.

Article 29 The Board Meetings shall in principle be held physically. When necessary, with the consent of the convener (presiding officer) and the proposer, the meeting may also be held via video, telephone, fax or e-mail voting, provided that the directors' opinions are fully expressed. Board Meetings may also be held physically and by other means simultaneously.

If the meeting is not held physically, the number of directors present at the meeting shall be counted according to the directors who are shown to be present by video, the directors who express their opinions during the teleconference, the actual receipt of valid votes such as fax or email within the prescribed period, or the written confirmation letter submitted by the directors afterwards that they have attended the meeting.

Article 30 The presiding officer of the meeting shall request the directors present at the Board Meeting to express their clear opinions on each proposal.

If a director obstructs the normal conduct of the meeting or affects the speech of other directors, the presiding officer shall promptly stop him/her.

Except with the unanimous consent of all directors present, no vote shall be taken at a Board Meeting on proposals not included in the notice of the meeting. A director who is entrusted by other directors to attend a Board Meeting on their behalf shall not vote on behalf of other directors on proposals not included in the notice of meeting.

Article 31 Directors shall read the relevant meeting materials carefully and express their opinions independently and prudently on the basis of a full understanding of the situation.

Directors may seek information necessary for decision-making from the office of the Board of Directors, the convener of the meeting, the General Manager and other senior management, each special committee, accounting firm and law firm, and other relevant persons and institutions before the meeting, and may also propose to the presiding officer to invite representatives of the aforementioned persons and institutions to attend the meeting to explain the relevant circumstances while the meeting is in progress.

Article 32 After each proposal has been fully discussed, the presiding officer shall call for a vote of the directors present at the meeting in due course.

Voting at the meeting shall be on a one-person-one-vote basis. The voting intentions of the directors are For, Against and Abstain from Voting. The participating directors shall choose one of the above-mentioned intentions, and if they fail to do so or choose two or more intentions at the same time, the presiding officer shall request the directors concerned to choose again, and if they refuse to do so, they shall be deemed to have abstained from voting. Those who leave the meeting venue in the middle of the meeting and do not return without making a choice shall be deemed to have abstained from voting.

Article 33 After the completion of voting by the directors attending the meeting, the relevant staff of the office of the Board of Directors shall collect the votes of the directors in a timely manner and deliver them to the Secretary of the Board of Directors and count them under the supervision of a supervisor.

If the meeting is held physically, the presiding officer shall announce the result on the spot. In other cases, the presiding officer shall request the Secretary of the Board of Directors to notify the directors of the voting results before the next business day after the expiration of the prescribed time limit for voting.

If a director votes after the presiding officer announces the voting result or after the expiration of the prescribed time limit for voting, his or her vote shall not be counted.

Article 34 Except as otherwise provided in these Rules, the approval of a majority of all directors is required for the Board of Directors to consider passing a proposal for a meeting and the formation of a relevant resolution. Where the laws, administrative regulations, the SEHK Listing Rules, the GEM Listing Rules and the Articles of Association provide that the Board of Directors should obtain the consent of a greater number of directors for the formation of a resolution, such provisions thereof shall apply.

Resolutions of the Board of Directors on guarantees within its authority must be passed with the consent of at least two-thirds of all directors.

In case of contradiction in content and meaning of different resolutions, the resolution formed at a later time shall prevail.

Article 35 The directors shall abstain from voting on the relevant proposal if the following circumstances arise:

- (i) Circumstances under which a director should abstain from voting as stipulated in the SEHK Listing Rules and the GEM Listing Rules.
- (ii) Circumstances in which the directors themselves consider that they should abstain from voting.
- (iii) Other circumstances stipulated in the Articles of Association that require the disqualification of a director due to his or her connection with the enterprise involved in the proposal of the meeting.

In the event of recusal of the directors, the Board Meeting may be held with the attendance of a majority of the non-interested directors, and the resolution shall be passed by a majority of the non-interested directors. If the number of non-interested directors present at the meeting is less than three, no vote shall be taken on the relevant proposal and the matter shall be submitted to the Shareholders' Meeting for consideration.

Article 36 The Board of Directors shall act strictly in accordance with the authorization of the Shareholders' Meeting and the Articles of Association and shall not exceed its authority in forming resolutions.

Article 37 If a proposal is not approved, the Board Meeting shall not consider another proposal with the same content within one month, if the relevant conditions and factors have not changed significantly.

Article 38 If more than one-half of the directors present at the meeting consider that the proposal is unclear or unspecific, or if they are unable to make a judgment on the relevant matter due to other reasons such as insufficient meeting information, the presiding officer shall request the meeting to suspend the vote on that issue. The director proposing to suspend the vote shall make a clear request for the conditions to be met for the proposal to be submitted for consideration again.

CHAPTER VII MINUTES OF BOARD MEETINGS AND ANNOUNCEMENT OF RESOLUTIONS

Article 39 The Board Meetings held physically and via video or telephone may be recorded in their entirety as necessary.

Article 40 The Board of Directors shall make minutes of the decisions on the matters discussed, and the directors present at the meeting and the recorder shall sign the minutes. The directors present at the meeting shall have the right to request a descriptive record of what they have said at the meeting on the minutes. The minutes of the Board Meetings shall be kept by the Secretary of the Board of Directors as the Company's records.

Article 41 The Secretary of the Board of Directors shall arrange for the staff of the Board of Directors' office to keep minutes of the Board Meetings. The minutes of the meetings shall include the contents specified in the Articles of Association.

The minutes of the Board Meetings and the meetings of special committees shall record in sufficient detail the matters considered and decisions reached at the meetings, which shall include any doubts raised or objections expressed by the directors. At the conclusion of the Board Meetings, a preliminary draft and a final draft of the minutes shall be sent to all directors within a reasonable period of time, with the preliminary draft being for the directors to express their opinions and the final draft being for their records.

The directors shall sign the resolutions of the Board of Directors and be responsible for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates laws, regulations or the Articles of Association and causes the Company to suffer losses, the directors who participated in the resolution shall be liable to the Company for compensation. However, if it is proved that he/she has expressed his/her dissent at the time of voting and recorded in the minutes of the meeting, such director is exempted from liability.

Article 42 In addition to the minutes of the meeting, the Secretary of the Board of Directors may arrange for the staff of the Board of Directors' office to make concise minutes of the meeting held as necessary, and to make a separate record of the resolutions formed at the meeting based on the statistical results of the voting.

Article 43 The directors present at the meeting shall sign the minutes of the meeting and the record of resolutions on their own behalf and on behalf of the directors attending the meeting on their behalf. If a director disagrees with the minutes of the meeting or the record of the resolution, he/she may make a written statement at the time of signing.

If a director neither signs and confirms as stipulated in the preceding paragraph nor makes a written explanation of his dissenting opinion or reports to the supervisory authority or makes a public statement, he shall be deemed to have fully agreed with the contents of the minutes and the minutes of resolutions.

Article 44 The announcement of the resolutions of the Board of Directors shall be handled by the Secretary of the Board of Directors in accordance with the relevant provisions of the relevant rules. Prior to the disclosure of the announcement of the resolution, the participating directors and persons attending the meeting, record and service personnel, etc. shall be obliged to keep the content of the resolution confidential.

Article 45 The Chairman of the Board shall supervise the relevant personnel to implement the resolutions of the Board of Directors, check the implementation of the resolutions and inform the implementation of the resolutions that have been formed at subsequent Board Meetings.

Article 46 The files of the Board Meetings, including meeting notices and meeting materials, meeting sign-in books, power of attorney for directors to attend by proxy, meeting recording data, votes, minutes of meetings signed and confirmed by the participating directors, minutes of meetings, records of resolutions, and announcements of resolutions, shall be kept by the Secretary of the Board of Directors.

If any director gives reasonable notice, the relevant minutes shall be made available for inspection at any reasonable time.

Article 47 The announcement of resolutions of the Board of Directors shall include the following information:

- (i) The time and manner in which notice of the meeting was given.
- (ii) A statement of the time, place and form of the meeting and whether it complied with the relevant laws, administrative regulations, departmental rules and regulations, the SEHK Listing Rules, the GEM Listing Rules and the Articles of Association of the Company.
- (iii) The number and names of directors present by proxy and absent, the reasons for their absence and the names of the directors so entrusted.
- (iv) The number of votes cast for, against and abstentions from each motion, and the reasons for the objection or abstention of the director concerned.
- (v) If related party transactions are involved, the names of directors who should recuse themselves from voting, the reasons and the recusal details.
- (vi) If the matter requires the prior approval or independent opinion of independent non-executive directors, sponsor institutions and other intermediary institutions, the prior approval or opinion expressed.
- (vii) The specific content of the matter under consideration and the resolution formed at the meeting.

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 48 The Board of Directors shall promptly amend these Rules in any of the following circumstances.

- (i) The relevant national laws, administrative regulations or regulatory documents are amended, or new laws, administrative regulations or regulatory documents are formulated and promulgated, but the matters provided for in these Rules are in conflict with the provisions of those aforementioned laws, administrative regulations or regulatory documents.
- (ii) After the amendment of the SEHK Listing Rules and the GEM Listing Rules, the matters prescribed in these Rules are in conflict with the provisions of the SEHK Listing Rules or the GEM Listing Rules.
- (iii) After the amendment of the Articles of Association, the matters prescribed in these Rules are in conflict with the provisions of the Articles of Association.
- (iv) The Shareholders' Meeting decides to amend these Rules.

The amendments to these Rules are information required to be disclosed under the laws, administrative regulations or regulatory documents, the SEHK Listing Rules and the GEM Listing Rules, so they shall be disclosed as required.

Article 49 In these Rules, “above”, “below” and “within” include the present number; “less than”, “beyond” and “lower than” and “more than” do not include the present number.

Article 50 These Rules shall be considered and approved by the Shareholders’ Meeting of the Company and shall take effect and be in force from the date of listing of the Company’s IPO of RMB ordinary shares (A shares) on the GEM of the Shenzhen Stock Exchange.

Article 51 The right to interpret these Rules shall rest with the Board of Directors.

Article 52 In case of any matters not covered by these Rules or any inconsistency between these Rules and relevant laws, codes, relevant regulations of regulatory bodies, or the Articles of Association, the relevant laws, codes, relevant regulations of regulatory bodies, and the Articles of Association shall prevail.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED**THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE
(APPLICABLE AFTER THE LISTING OF A SHARES)****CHAPTER I GENERAL PROVISIONS**

Article 1 In order to further standardize the proceedings and voting procedures of the Supervisory Committee of Changmao Biochemical Engineering Company Limited (hereinafter referred to as “the Company”), urge the Supervisors and the Supervisory Committee to effectively perform their supervisory duties and improve the corporate governance structure of the Company, the Company has hereby formulated these Rules in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Provisions of the State Council on the Overseas Offering of Shares and Listing of Companies Limited by Shares, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including relevant appendices, hereinafter referred to as the “SEHK Listing Rules”), Shenzhen Stock Exchange GEM Stock Listing Rules (hereinafter referred to as the “GEM Listing Rules”), and other relevant laws, regulations and regulatory documents, as well as the Articles of Association of Changmao Biochemical Engineering Company Limited (Draft) (hereinafter referred to as the “Articles of Association”).

Article 2 The Supervisory Committee of the Company is responsible to the Shareholders’ Meeting and exercises its supervisory powers within the terms of reference granted by the Company Law, the SEHK Listing Rules, the GEM Listing Rules, the Articles of Association and the Shareholders’ Meeting.

Article 3 The Supervisory Committee of the Company shall exercise its supervisory power in accordance with the law and exercise supervisory functions over the Board of Directors and its members and the General Manager, Deputy General Manager and other management personnel as well as the operation and management of the Company so as to protect the rights and interests of shareholders, the interests of the Company and the legitimate rights and interests of employees.

CHAPTER II COMPOSITION AND POWERS OF THE SUPERVISORY COMMITTEE

Article 4 The Company shall set up a Supervisory Committee. The Supervisory Committee is composed of three supervisors, and there is one Chairman of the Supervisory Committee. The term of office of the supervisors shall be three years, and they may be re-elected.

The Supervisory Committee shall have shareholders’ representatives and an appropriate proportion of the Company’s staff representatives, of which the proportion of staff representatives shall not be less than one-third. The shareholders’ representatives in the Supervisory Committee shall be elected and dismissed by the Shareholders’ Meeting, and the staff representatives shall be democratically elected and dismissed by the employees through the workers and employees’ congress, the staff meeting or other forms.

The appointment and removal of the Chairman of the Supervisory Committee shall be approved by a vote of at least two-thirds of the members of the Supervisory Committee, and the Chairman of the Supervisory Committee may be re-elected.

Article 5 The Supervisory Committee shall exercise the powers and functions conferred by the Articles of Association in accordance with the law.

Article 6 Supervisors have the right to know the operation of the Company and bear the corresponding obligation of confidentiality. When exercising its powers, the Supervisory Committee may independently engage law firms, accounting firms and other professional institutions to provide professional advice when necessary, and the reasonable costs incurred therein shall be borne by the Company.

CHAPTER III CONVENING AND NOTIFICATION OF MEETINGS OF THE SUPERVISORY COMMITTEE

Article 7 The Supervisory Committee shall convene a meeting at least once every six months. Notice of the meeting shall be sent to all supervisors in writing no less than 10 days and no more than 30 days prior to the meeting.

Supervisors may propose to convene extraordinary meetings of the Supervisory Committee. The notice of the extraordinary meeting of the Supervisory Committee shall be sent to all supervisors in writing 3 days prior to the meeting.

Article 8 Before giving notice of the regular meeting of the Supervisory Committee, the office of the Supervisory Committee shall solicit proposals for the meeting from all supervisors and spend at least two days to solicit opinions from the Company's employees. When soliciting proposals and opinions, the office of the Supervisory Committee shall explain that the Supervisory Committee focuses on the supervision of the standard operation of the Company and the functional conduct of the directors and senior management rather than the decision-making of the Company's operation and management.

Article 9 If a supervisor proposes to convene an extraordinary meeting of the Supervisory Committee, he/she shall submit a written proposal signed by the proposing supervisor through the office of the Supervisory Committee or directly to the Chairman of the Supervisory Committee. The written proposal shall contain the following matters:

- (i) The name of the proposing supervisor.
- (ii) The reason for the proposal or the objective reason on which the proposal is based.
- (iii) The proposed time or time limit, place and form of meeting.
- (iv) Clear and specific proposals.
- (v) The contact information of the proposing supervisor and the date of the proposal, etc.

Within 3 days after the office of the Supervisory Committee or the Chairman of the Supervisory Committee receives the written proposal of the supervisor, the office of the Supervisory Committee shall issue a notice to convene an interim meeting of the Supervisory Committee.

If the office of the Supervisory Committee fails to give notice of the meeting, the proposing supervisor shall urge it to give notice of the meeting.

Article 10 For regular and extraordinary meetings of the Supervisory Committee, the office of the Supervisory Committee shall submit a written notice of the meeting with the seal of the Supervisory Committee to all supervisors by hand, registered mail, fax or other written means 10 days and 3 days in advance, respectively. If the notice is not delivered directly by hand, it shall also be confirmed by telephone and recorded accordingly.

If the situation is urgent and it is necessary to convene an extraordinary meeting of the Supervisory Committee as soon as possible, the notice of the meeting can be given orally or by telephone at any time, but the convener shall make a statement at the meeting.

Article 11 The written notice of meetings shall include at least the following:

- (i) The date, place (including the form of the meeting) and duration of the meeting;
- (ii) The subject matter and topics;
- (iii) the date of the notice.

The oral notice of the meeting shall include at least (i) and (ii) above, as well as a statement that the urgency of the situation requires an interim meeting of the Supervisory Committee to be held as soon as possible.

CHAPTER IV CONVENING AND VOTING OF THE MEETING OF THE SUPERVISORY COMMITTEE

Article 12 The meeting of the Supervisory Committee shall be held on site.

If necessary, with the consent of the convener (presiding officer) and the proposer, the meeting may also be held via video, telephone, fax or e-mail voting, provided that the supervisors fully express their opinions. The meeting of the Supervisory Committee may also be held physically and in other ways at the same time.

If the meeting is not held physically, the number of supervisors present at the meeting shall be counted according to the supervisors who are shown to be present by video, the supervisors who express their opinions during the teleconference, the actual receipt of valid votes such as fax or email within the prescribed period, or the written confirmation letter submitted by the supervisors afterwards that they have attended the meeting.

Article 13 Meetings of the Supervisory Committee shall be convened and chaired by the Chairman of the Supervisory Committee. If the Chairman of the Supervisory Committee is unable to or fails to perform his duties, the Vice Chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. If the Vice Chairman of the Supervisory Committee is unable to or fails to perform his duties, a supervisor shall be jointly elected by more than half of the supervisors to convene and preside over the meeting.

Article 14 The meeting of the Supervisory Committee shall be held in the presence of more than 2 supervisors. Each supervisor shall have one vote, and resolutions made by the Supervisory Committee must be approved by two-thirds of all supervisors and signed by the supervisors present at the meeting.

If the relevant supervisor refuses to attend or is negligent in attending the meeting so that the minimum number of supervisors required for the meeting cannot be met, the other supervisors shall urge him/her to attend.

Article 15 Supervisors shall attend the meeting of the Supervisory Committee in person. If he/she is unable to attend the meeting for any reason, he/she may appoint other supervisors in writing to attend the meeting on his/her behalf.

The power of attorney shall contain: the name of the proxy, the matters involved, authority and validity period of the proxy, and shall be signed by the principal.

Article 16 The Supervisory Committee may request the directors, General Manager and other senior management, internal and external auditors of the Company to attend the meeting of the Supervisory Committee to answer questions of concern.

Article 17 The presiding officer of the meeting shall request the participating supervisors to express their clear opinions on each proposal.

Article 18 Voting on the resolutions of the Supervisory Committee shall be by a show of hands or by registered ballot. Each supervisor shall have one vote.

The voting intentions of the supervisors are For, Against and Abstain from Voting. The participating supervisors shall choose one of the above-mentioned intentions, and if they fail to do so or choose two or more intentions at the same time, the presiding officer shall request the supervisors concerned to choose again, and if they refuse to do so, they shall be deemed to have abstained from voting. Those who leave the meeting venue in the middle of the meeting and do not return without making a choice shall be deemed to have abstained from voting.

Article 19 The meeting of the Supervisory Committee can be recorded throughout the meeting as necessary.

Article 20 The staff of the office of the Supervisory Committee shall keep a record of the on-site meeting. The minutes of the meeting shall include the following:

- (i) The session and the time, place and form of the meeting;
- (ii) The issuance of notice of the meeting;
- (iii) The convener and presiding officer of the meeting;
- (iv) The attendance of the meeting;
- (v) The proposals considered at the meeting, the speech highlights of each supervisor on the relevant matters, and the intention to vote on the proposals;
- (vi) The voting method and voting results of each proposal (indicating the specific number of votes for, against and abstentions)
- (vii) Other matters that the participating supervisors consider should be recorded.

For meetings of the Supervisory Committee held by correspondence, the office of the Supervisory Committee shall compile minutes of the meetings with reference to the above provisions.

Article 21 Supervisors present shall sign the minutes of the meeting to confirm them. If a supervisor has a different opinion on the minutes, he/she may make a written statement when signing them.

If the supervisor neither signs and confirms the minutes in accordance with the preceding paragraph nor makes a written explanation of his dissenting opinion or reports to the supervisory authority or makes a public statement, he shall be deemed to have fully agreed with the contents of the minutes.

CHAPTER V IMPLEMENTATION AND ANNOUNCEMENT OF RESOLUTIONS OF THE SUPERVISORY COMMITTEE

Article 22 Following the listing of the Company on The Stock Exchange of Hong Kong Limited and Shenzhen Stock Exchange, the announcement of resolutions of the Supervisory Committee shall be handled by the Secretary of the Board of Directors in accordance with the relevant provisions of the SEHK Listing Rules and the GEM Listing Rules.

Article 23 The supervisors shall supervise the implementation of the resolutions of the Supervisory Committee by the relevant persons. The Chairman of the Supervisory Committee shall inform the implementation of the resolutions at subsequent meetings of the Supervisory Committee.

Article 24 The files of the meetings of the Supervisory Committee, including meeting notices and meeting materials, meeting sign-in books, meeting recordings, votes, meeting minutes confirmed by the signatures of the participating supervisors, and announcements of resolutions, shall be kept by persons specially designated by the Chairman of the Supervisory Committee.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 25 Matters not covered by these Rules shall be handled with reference to the relevant provisions of the Company's Articles of Association.

Article 26 In these Rules, "above", "within" and "below" include the present number; "beyond", "less than", "over" and "more than" do not include the present number.

Article 27 These Rules shall be considered and approved by the Shareholders' Meeting of the Company and shall take effect and be in force from the date of listing of the Company's initial public offering of RMB ordinary shares (A shares) on the GEM of the Shenzhen Stock Exchange.

Article 28 The right to interpret these Rules shall rest with the Supervisory Committee.

Article 29 In case of any inconsistency between these Rules and relevant laws, codes, relevant regulations of regulatory bodies, or the Articles of Association, the relevant laws, codes, relevant regulations of regulatory bodies, and the Articles of Association shall prevail.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

THE MANAGEMENT POLICY FOR PROCEEDS RAISED

In order to regulate the management and use of proceeds by Changmao Biochemical Engineering Company Limited (hereinafter referred to as the “Company”) and protect the rights and interests of investors, these measures are specially formulated according to the “Company Law of the People’s Republic of China” (中華人民共和國公司法), “Securities Law of the People’s Republic of China” (中華人民共和國證券法), “Administrative Measures for the Registration of Initial Public Offerings on the Growth Enterprise Market (Trial Implementation)” (創業板首次公開發行股票註冊管理辦法(試行)), “Listed Company Supervision Guidelines No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies” (上市公司監管指引第2號 — 上市公司募集資金管理和使用的監管要求), Growth Enterprise Market of the Shenzhen Stock Exchange Listing Rules (深圳證券交易所創業板股票上市規則) (hereinafter referred to as the “Securities Listing Rules”), Shenzhen Stock Exchange Guidelines for Self-Regulatory Regulation of Listed Companies No. 2 - Standardised operation of Growth Enterprise Market listed companies (深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作) (hereinafter referred to as the “Guidelines for Standardised Operation“).

CHAPTER 1 GENERAL PROVISIONS

Article 1 The proceeds as mentioned in these measures refers to the proceeds by the Company through the issuance of securities to unspecified parties or securities (including shares, convertible corporate bonds, etc.) to specific targets and used for specific purposes but excluding the proceeds from issuance of shares by the Company under share option scheme.

Article 2 The Company should establish and improve the internal control system for the storage, use, change, supervision and accountability of proceeds, specify the hierarchical of approval authority, decision-making procedures, risk control measures and information disclosure requirements for the use of proceeds, to ensure the normal progress of projects financed by proceeds.

Article 3 The directors, supervisors and senior managers of the Company shall be diligent and responsible, urge the Company to standardise the use of proceeds, consciously maintain the safety of the Company’s proceeds, and shall not participate in, assist or condone the Company’s unauthorised or disguised changes in the use of proceeds.

Article 4 The Company’s controlling shareholders and actual controllers shall not directly or indirectly occupy or misappropriate the Company’s proceeds, and shall not obtain illegitimate benefits by using the Company’s proceeds and investment projects financed by proceeds (hereinafter referred to as “Investment Projects”).

Article 5 The sponsor shall carry out sponsorship duties and conduct continuous supervision for the management and use of the Company’s proceeds in accordance with the “Guidelines for the Supervision of Listed Companies No. 2 - Regulatory Requirements for the Management and Use of proceeds by Listed Companies” (上市公司監管指引第2號 — 上市公司募集資金管理和使用的監管要求) and the “Guidelines for Standardised Operations” (規範運作指引) and other relevant regulations.

CHAPTER 2 STORAGE OF PROCEEDS

Article 6 The Company should carefully select a commercial bank and open a Special Account for Proceeds (hereinafter referred to as the “Special Account for Proceeds”). The proceeds should be deposited in a special account for proceeds which is established with the approval of the board of Directors for centralised management and use, Special Account for Proceeds shall not deposit funds that are no proceeds or use it for other purposes.

If the Company has two or more times of financings, it shall set up special accounts for proceeds respectively.

Article 7 The Company shall sign a tripartite supervisory agreement in relation to the Special Account for Proceeds with the sponsor and the commercial bank where the proceed is placed (hereinafter referred to as the “Commercial Bank”) within one month after the proceeds is in place. The foregoing agreement shall at least include the followings:

- (1) The Company shall centrally deposit the proceeds in a Special Account for Proceeds;
- (2) The account number of the Special Account for Proceeds, the Investment Projects involved in the special account, and the deposit amount;
- (3) The Company and the Commercial Bank shall promptly notify the sponsor if the Company has accumulatively withdrawn more than RMB50 million from the Special Account for Proceeds at one time or within 12 months, or 20% of the net amount after deducting the issuance expenses from the total amount of proceeds (hereinafter referred to as “Net Proceeds”);
- (4) The Commercial Bank issues a bank statement to the Company every month, and sends a copy to the sponsor;
- (5) The sponsor can enquire the Commercial Bank about the information on the Special Account for Proceeds at any time;
- (6) The supervisory duties of the sponsor, the notification and cooperation duties of the Commercial Bank, and the supervision methods of the sponsor and the Commercial Bank over the use of the Company’s proceeds;
- (7) The rights, obligations and liabilities for breach of contract by the Company, Commercial Bank and sponsor;
- (8) If the Commercial Bank fails to issue a statement of account to the sponsor institution in time or notify large-amount withdrawals form the special account for three times, or fails to cooperate with the sponsor on its enquiry and obtain the information of the Special Account for Proceeds, the Company may terminate the agreement and cancel the Special Account for Proceeds.

The Company shall announce the main contents of the agreement in a timely manner after the aforesaid agreement is signed.

If the Company raise funding through a subsidiary, the Company, the subsidiary implementing the projects that are financed by proceeds, the Commercial Bank, and the sponsor shall jointly sign a tripartite supervision agreement, and the Company and its subsidiary shall be regarded as a joint party.

If the aforesaid agreement is terminated before the expiration, the Company shall sign a new agreement with the relevant parties within one month from the date of termination of the agreement and make an announcement in a timely manner.

Article 8 If the sponsor finds that the Company or the Commercial Bank have not fulfilled the tripartite supervision agreement on depositing funds in the Special Account for Proceeds as agreed, it shall report in writing to the Shenzhen Stock Exchange (hereinafter referred to as the “Shenzhen Stock Exchange”) in a timely manner after knowing the relevant facts.

CHAPTER 3 USE OF PROCEEDS

Article 9 The use of proceeds by the Company shall comply with the following requirements:

- (1) The Company shall make clear regulations on the application for the use of proceeds, establish hierarchical approval authority, decision-making procedures, risk control measures and information disclosure procedures;
- (2) The Company shall prudently use the proceeds, ensure that the use of the proceeds is consistent with the commitments made in the prospectus or public offering documents, and shall not arbitrarily change the investment intention of the proceeds, and shall not change the use of the proceeds;
- (3) The Company shall truthfully, accurately and completely disclose the actual use of proceeds. In the event that normal progress of the plan for the use of proceeds is seriously affected, the Company shall promptly report to the Shenzhen Stock Exchange and make an announcement;
- (4) If any of the following situations occurs in the Investment Projects, the Company shall re-assess the feasibility of and expected income form the Investment Projects, decide whether to continue to the Investment Projects, and disclose the progress of the Investment Projects in the latest periodic report and the reasons for the abnormality there of. If it is necessary to adjust the investment plan of proceeds, the adjusted investment plan of proceeds shall be disclosed at the same time:
 1. Significant changes occur in the market environment involved in the project that is financed by proceeds;

2. The Investment Projects has been put on hold for more than one year;
3. Exceeding the completion deadline of the latest investment plan of proceeds and the amount of proceeds invested has not reached 50% of the relevant planned amount;
4. There are other abnormal circumstances in the Investment Projects.

Article 10 Proceeds of the Company shall, in principle, be used for its main business. The Company shall not engage in any of the following behaviors when using the proceeds:

- (1) Except for financial institutes, the Investment Projects are financial investments such as holding transactional financial assets and financial assets available for sale, lending to others, entrusted wealth management (except cash management), entrusted loans, securities investment, derivatives, etc., high-risk investments such as derivative product investment, direct or indirect investment in companies of which main business is securities trading;
- (2) Changing the use of proceeds in a disguised form through pledge, entrusted loan or other means;
- (3) Provide proceeds directly or indirectly to controlling shareholders, actual controllers and their affiliates, and provide convenience for affiliates to use the Investment Projects to obtain illegitimate benefits;
- (4) Other acts in violation of the regulations on the management of proceeds.

Article 11 The Company invests in advance in Investment Projects with internal fundings, it may replace the internal fundings with the proceeds within 6 months after the proceeds are in place in the account.

The replacement shall be reviewed and approved by the Company's board of directors, and the auditor shall issue a verification report, and the independent non-executive directors, the board of supervisors, and the sponsor shall issue explicit consent opinions and the consents shall be disclosed. The Company shall make an announcement within 2 trading days after the meeting of the board of Directors.

If the Company has disclosed in the application documents for issuance of securities that it intends to replace the internal fundings that has been used investment in Investment Projects in advance with proceeds and the pre-invested amount is determined, it shall make an announcement before the implementation of the replacement.

Article 12 The Company may conduct cash management on temporarily idle proceeds, and the term of its investment products shall not exceed 12 months, and shall meet the requirements of high security and good liquidity, and shall not affect the normal progress of the proceeds investment plan.

In principle, the Company should only invest in investment products whose issuer is a commercial bank, and it should be reviewed and approved by the board of Directors, independent non-executive Directors. The board of supervisors and sponsors shall express their consents, which should be submitted to the general meeting for consideration if it shall be submitted to the general meeting for consideration in accordance with Chapter VII of the Securities Listing Rules.

If the issuer of an investment product is a financial institution other than a commercial bank, it shall be considered and approved by the board of Directors. The independent non-executive Directors, the board of supervisors and sponsors shall express their consents, and shall be submitted to the general meeting for consideration.

Investment products shall not be pledged, and non-proceeds shall not be placed in the product-specific settlement account (if applicable) or the account shall not be used for other purposes. When opening or canceling a product-specific settlement account, the Company shall promptly report to the Shenzhen Stock Exchange for filing and make an announcement.

Article 13 When the Company uses idle proceeds for cash management, it shall be considered and approved by the Company's board of directors. The independent non-executive Directors, the board of supervisors and sponsors shall issue explicit consent opinions and the consents shall be disclosed. The Company shall announce the following within two trading days after the meeting of the board of directors:

- (1) The basic information on the proceeds at the time, including the time when the proceeds will be in place, the amount of proceeds, the net amount of proceeds, and the investment plan, etc.;
- (2) The use of proceeds, idle conditions and reasons, whether there is any act of changing the use of proceeds in a disguised form, and measures to ensure that the normal progress of the Investment Projects will not be affected;
- (3) The name, issuer, type, amount, terms, income distribution method, investment scope, estimated annualised rate of return (if any) of the investment product invested with idle proceeds, and the specific details on the safety and liquidity of the investment product. analysis and explanation by the board of directors;
- (4) Opinions issued by independent non-executive directors, the board of supervisors and sponsors.

When the Company discovers major risk situations such as the deterioration of the financial status of the investment product issuer and loss of the invested product occurred, it shall promptly disclose a risk warning announcement and explain the risk control measures the Company has taken to ensure the safety of proceeds.

Article 14 A Company may temporarily use idle proceeds to supplement working capital, limited to use for production and operation related to its main business, and shall meet the following requirements:

- (1) It shall not change the use of proceeds in a disguised form or affect the normal progress of Investment Projects;
- (2) The previously proceeds temporarily used as working capital have been returned (if applicable);
- (3) The time for a single return of working capital shall not exceed twelve months;
- (4) It shall not be used for allotment and subscription of new shares through direct or indirect arrangements, or for high-risk investments such as stocks and their derivatives, and convertible corporate bonds.

If the Company temporarily uses idle proceeds to supplement working capital, it should be considered and approved by the Company's board of directors. The independent non-executive Directors, the board of supervisors and sponsors shall issue explicit consent opinions and the consents shall be disclosed. The Company shall announce the followings within two trading days after the meeting of the board of Directors:

- (1) The basic information on the proceeds at the time, including the time when the proceeds from will be in place, the amount of proceeds, the net amount of proceeds, and the investment plan, etc.;
- (2) The use of proceeds, idle conditions and reasons;
- (3) The reasons for the shortage of working capital, the amount and time limit for using idle proceeds as working capital;
- (4) The amount of estimated savings in financial expenses for using idle proceeds as working capital, whether there is any act of changing the investment direction of proceeds in a disguised form, and measures to ensure that the normal progress of the Investment Projects will not be affected;
- (5) Opinions issued by the independent non-executive directors, the board of supervisors and the sponsor;
- (6) Other contents required by the Shenzhen Stock Exchange.

Before the due date of returning the proceeds that used as working capital, the Company shall return the funds to the Special Account for Proceeds, and make an announcement within two trading days after all the funds are returned. If the Company expects that it will be unable to return the funds to the Special Account for Proceeds on schedule, it shall conduct procedures for approval in accordance with the requirements of the preceding paragraphs and make an announcement before the due date include in the announcement where the proceeds are used, reasons for unable to return the funds, reasons and deadlines for using the proceeds as working capital in a timely manner.

Article 15 The Company shall, according to its development plan and actual production and operation needs, properly arrange the use plan for the actual net proceeds amounts that exceeds the planned amount of proceeds (hereinafter referred to as “Excess Proceeds”), and scientifically and prudently carry out projects that are feasible. The performance analysis shall be submitted to the board of Directors for consideration and approval and shall be disclosed in a timely manner. The announcement shall include the following contents:

- (1) Basic information on the proceeds, including the time when the proceeds be in place in the account, the amount of the proceeds, the amount of Excess Proceeds, the names and amounts of the projects that have been invested, the cumulative planned investment amount, and the actual amount used;
- (2) Introduction of the projects to be invested, including the basic information of each project, whether related party transactions are involved, feasibility analysis, economic benefit analysis, investment progress plan, explanations that the projects have been obtained or are yet to be approved by relevant departments, and risk warnings (if applicable);
- (3) The independent opinions of the independent non-executive Directors and the sponsor on the rationality, compliance and necessity investment plan of the Excess Proceeds.

If the planned single use of Excess Proceeds reaches RMB50 million and reaches more than 10% of the total Excess Proceeds, it shall also be submitted to the general meeting for consideration and approval.

Article 16 The Company may use the Excess Proceeds to permanently as working capital or repay bank loans according to actual needs, but the cumulative amount within each 12-month period shall not exceed 30% of the total amount of Excess Proceeds, and the Company shall clearly promise to use the Excess Proceeds as working capital. Within 12 months after applying Excess Proceeds as working capital, the Company shall not investment in high-risk investments such as securities investment and derivatives transactions. Providing financial assistance to parties other than subsidiaries are prohibited and shall be disclosed.

Article 17 If the Excess Proceeds are permanently used as working capital or repay bank loans, it shall be considered and approved by the Company's board of directors and shareholders' meeting, and provide shareholders with online voting methods. Independent non-executive Directors, the board of supervisors and sponsors shall issue explicit consent opinions and the consents shall be disclosed.

Article 18 After the completion of a single or all Investment Projects, if the Company uses the remaining proceeds (including interest income thereon) for other purposes, it should be considered and approved by the board of directors. The independent non-executive Directors, board of supervisors and sponsors shall issue explicit consent opinions.

If the amount of surplus proceeds (including interest income thereon) is less than RMB5 million and less than 5% of the net proceeds of the project, it may be exempted from performing the procedures in the preceding paragraphs, and its use shall be disclosed in the annual report.

If the amount of surplus proceeds (including interest income thereon) exceeds RMB10 million and reaches or exceeds 10% of the net proceeds of the project, it shall also be considered and approved by the shareholders' meeting.

CHAPTER 4 CHANGES IN THE INVESTMENT DIRECTION OF PROCEEDS

Article 19 The proceeds of the Company shall be used according to the purposes listed in the prospectus or public offering documents. Under the following circumstances, the Company shall be deemed to have changed the use of proceeds:

- (1) canceling or terminating the original Investment Projects and implementing new projects;
- (2) Changing the implementation subject of the Investment Projects (except for the change of the implementation subject between the Company and its wholly-owned subsidiaries);
- (3) Changing the implementation method of Investment Projects;
- (4) Other circumstances identified by the Shenzhen Stock Exchange as a change in the use of proceeds.

Any change in the Company's the Investment Projects shall be considered and approved by the board of directors and the general meeting, and can only be changed after the independent non-executive Directors, sponsors, and the board of supervisors express their explicit consent.

If the Company only changes the implementation location of the Investment Projects, it may be exempted from performing the procedures in the preceding paragraphs, but it shall be reviewed and approved by the Company's board of directors, and an announcement shall be made within 2 trading days, explaining the changes, reasons, impact on the implementation of the Investment Projects, and opinion from the sponsor.

Article 20 Chang of use of proceeds by the Company shall be invested in the main business in principle.

The Company's board of directors shall scientifically and prudently select new Investment Projects, conduct feasibility analysis on new Investment Projects, ensure that Investment Projects have good market prospects and profitability, effectively prevent investment risks, and improve the efficiency of the use of proceeds.

Article 21 If the Company intends to transfer or replace an Invested Project (except that the Investment Project has been completely transferred or replaced during the Company's major asset reorganisation), it shall submit it to the board of directors for consideration and report to the Shenzhen Stock Exchange and announce in a timely manner.

Article 22 If the Company intends to change the Investment Project into a joint venture, it shall carefully consider the necessity of the joint venture on the basis of fully understanding the basic conditions of the joint venture party. The Company shall hold a controlling stake to ensure effective control over the Investment Projects.

Article 23 If the Company intends to change the use of proceeds, it shall announce the following within two trading days after submitting to the board of directors for consideration:

- (1) The basic situation of the original Investment Project and the specific reasons for the change;
- (2) The basic situation, feasibility analysis and risk warning of new Investment Projects;
- (3) The investment plan of the new Investment Project;
- (4) Explanation on whether approval on the new Investment Project has been obtained from the relevant department (if applicable);
- (5) Opinions of independent non-executive Directors, the board of supervisors, and sponsors on changing the use of proceeds;
- (6) A statement that the change in the use of proceeds still needs to be submitted to the general meeting for consideration;
- (7) Other contents required by the Shenzhen Stock Exchange.

If a new Investment Project involves related party transactions, asset purchases, or external investment, it shall also be disclosed in accordance with the provisions of relevant rules.

Article 24 If the Company changes the Investment Project to acquire the assets (including equity) of the controlling shareholder or actual controller, it shall ensure that it can effectively avoid competition within the same industry and reduce related transactions after the acquisition.

The Company shall disclose the reasons for the transaction with the controlling shareholder or actual controller, the pricing policy and pricing basis of the related party transactions, the impact of the related party transactions on the Company, and the solutions to related problems.

CHAPTER 5 MANAGEMENT AND SUPERVISION OF PROCEEDS

Article 25 The Company shall truthfully, accurately and completely disclose the actual use of proceeds. The accounting department of the Company shall set up a ledger for the use of proceeds, and record in detail the expenditure of proceeds and how the proceeds are invested. The Company's internal audit department shall inspect the deposit and use of proceeds at least once a quarter, and report the inspection results to the board of Directors in a timely manner.

The board of directors of the Company shall comprehensively check the progress of the Investment Project every half year, issue a special semi-annual and annual report on the storage and use of the proceeds, and disclose it at the same time as the regular reports, until the proceeds are used up and there are no proceeds usage in the reporting period.

If there is a discrepancy between the actual investment progress and the investment plan of the Investment Projects, the Company shall provide the specific reasons. If the Company uses idle proceeds for cash management in the current period, the Company shall disclose the income in the reporting period and the investment share at the end of the period, contracting parties, product names, and expiry date. If the difference between the actual use of proceeds in the year and the estimated amount in the latest disclosed investment plan of proceeds for the year exceeds 30%, the Company shall adjust the investment plan of proceeds and report them in the special report and regular report on the deposit and use of proceeds, the annual investment plan for the latest fundraising, the current actual investment progress, the adjusted annual investment plan and the reasons for changes in the investment plan should be disclosed in the reports.

If the Company used the proceeds in the current year, it should engage an accounting firm to conduct a special review of the actual Investment Projects, actual investment amount, actual investment time and project completion progress, etc. at the same time the annual audit is conducted. Whether the special report prepared by the board of Directors has been compiled with the relevant format guidelines of the Shenzhen Stock Exchange and whether it truthfully reflects the actual deposit and use of the annual proceeds should be reasonably verified, and a verification conclusion be made. The Company shall disclose the verification conclusion on the deposit and use of proceeds for the year in the special report.

If the verification conclusion is "reserved conclusion", "negative conclusion" or "no conclusion can be made", the Company's board of directors shall analyse the reasons for the conclusion by the certified public accountant in the verification report, propose corrective measures and disclose it in the annual report.

Article 26 The independent non-executive Directors, the audit committee of the board of Directors, and the board of supervisors should continue to pay attention to whether there is a major difference between the actual management and use of proceeds and the Company's information disclosure. More than half of the independent non-executive Directors, the audit committee of the board of Directors or the board of supervisors may hire an accounting firm to issue an verification report on the deposit and use of proceeds. The Company should actively cooperate and bear the necessary expenses.

The board of Directors shall make an announcement within 2 trading days after receiving the verification report specified in the preceding paragraphs. If the verification report finds that there are violations in the management and use of the Company's proceeds, the board of Directors shall also announce the violations on the deposit and use of proceeds, the consequences that have been or may be caused, and the measures that have been or are to be taken.

Article 27 The sponsor shall conduct an on-site inspection on the storage and use of the Company's proceeds at least every half year.

After the end of each fiscal year, the sponsor shall issue and disclose a special inspection report on the deposit and use of the Company's proceeds for the year. The verification report should include the following:

- (1) The deposit and use of proceeds and the balance of special accounts;
- (2) The progress of the proceeds Investment Project, including the difference from the progress and the investment plan;
- (3) The use of proceeds to replace internal funds that have been invested Investment Projects in advance (if applicable);
- (4) The situation and effect of using idle proceeds as working capital (if applicable);
- (5) Use of Excess Proceeds (if applicable);
- (6) Changes in the investment direction of proceeds (if applicable);
- (7) Conclusive opinions on whether the deposit and use of the Company's proceeds are in compliance;
- (8) Other contents required by the Shenzhen Stock Exchange.

If the accounting firm issues a "reserved conclusion", "negative conclusion" or "no conclusion" verification conclusion on the deposit and use of the Company's proceeds, the sponsor shall carefully analyse the above verification conclusion issued by the accounting firm in its verification report and give a clear verification opinion.

If the sponsor discovers major violations or major risks in the management of the Company's proceeds during the on-site inspection of the Company, it shall report to the Shenzhen Stock Exchange and disclose it in a timely manner.

After the end of each fiscal year, the board of directors of the Company shall disclose the conclusive opinions of the special verification report of the sponsor and the verification report of the accounting firm in the "Special Report on Proceeds".

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 28 These measures shall apply to the Investment Project implemented through subsidiaries of the Company or other enterprises controlled by the Company.

Article 29 The term "above" in these measures includes the original number, and "lower than" and "higher than" do not include the original number.

Article 30 These measures do not apply to the management of the use of proceeds by companies issuing overseas-listed foreign shares. The use of proceeds by issuing overseas-listed foreign shares shall be in accordance with relevant laws and regulations, regulatory documents and the listing rules of the stock exchange are enforced.

Article 31 These measures should be interpreted by the board of directors of the Company.

Article 32 These measures have been reviewed and approved by the Company's general meeting and will become effective and formally implemented after the Company's initial public offering and listing of RMB ordinary shares. Amendments to these measures will also come into effect after being considered and approved by the Company's general meeting.

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED**THE MANAGEMENT POLICY FOR RELATED PARTY TRANSACTIONS
(APPLICABLE AFTER THE LISTING OF A SHARES)****CHAPTER I GENERAL PROVISIONS**

Article 1 In order to regulate the management of the Related party transactions of Changmao Biochemical Engineering Company Limited (the “Company”), ensure that the Related party transactions between the Company and its related parties comply with the principles of fairness, justice and equity, and ensure that the Related party transactions of the Company do not harm the interests of the Company, all shareholders and creditors, especially the legitimate interests of medium and small investors, the Company has hereby formulated these Measures in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as “Securities Law”), the Accounting Standards for Business Enterprises No. 36 - Related Party Disclosures, the Articles of Association of Changmao Biochemical Engineering Company Limited (Draft) (hereinafter referred to as “Articles of Association”), the provisions of the rules governing the listing of shares on the stock exchange where the Company’s shares are listed (“Listing Rules”), and other relevant laws, regulations and regulatory documents.

Article 2 The related party transaction of the Company refers to the matter of transferring resources or obligations or any other transaction between the Company or its controlled subsidiaries and the related parties.

Article 3 The Related party transactions of the Company shall follow the following basic principles:

- (i) The principles of equality, voluntariness, equal in value and compensation.
- (ii) The principle of fairness, impartiality and equitability.
- (iii) If a related party has voting rights at a Shareholders’ Meeting, it shall abstain from voting on related party transactions, except under special circumstances.
- (iv) Directors who have any interest in a related party shall abstain from voting when the Board of Directors votes on the related party transaction. If they cannot abstain from voting due to special circumstances, they shall participate in the voting in accordance with the procedures set forth herein, but must issue a separate statement.
- (v) The Board of Directors of the Company shall judge whether the related party transaction is beneficial to the Company based on objective criteria, and shall engage a professional appraisal institution or independent financial adviser to express an opinion if necessary. (vi) The Board of Directors of the Company shall stipulate that the audit committee under it shall perform the duties on control and daily management of the Related party transactions of the Company.
- (vi) Independent non-executive directors shall express an independent opinion on related party transactions on which they are required to express an opinion by laws, regulations, regulatory documents, the Articles of Association and these measures.

CHAPTER II AFFILIATES AND SCOPE OF RELATED PARTY TRANSACTIONS

Article 4 The related parties of the Company include related legal persons and related natural persons, as well as related as defined in the Listing Rules.

Article 5 A legal person or other organization that falls into one of the following circumstances is a related legal person of the Company:

- (i) A legal person or other organization that directly or indirectly controls the Company;
- (ii) Legal persons or other organizations, other than the Company and its controlled subsidiaries, directly or indirectly controlled by the entities listed in item (i) above.
- (iii) Legal persons or other organizations other than the Company and its controlled subsidiaries that are directly or indirectly controlled by related natural persons of the Companies listed in Article 6, or by related natural persons serving as directors (except independent directors) or senior management.
- (iv) Legal persons or other organizations (and persons acting in concert) holding more than 5% of the shares of the Company.
- (v) Other legal persons or other organizations that have special relationship with the Company and may cause the interests of the Company to be tilted towards them as determined by China Securities Regulatory Commission (“CSRC”), the Securities and Futures Commission of Hong Kong (“SFC”), the stock exchange where the shares are listed or the Company under the principle of “Substance over Form”.

Article 6 A natural person who falls into one of the following circumstances is an related natural person of the Company.

- (i) Natural person shareholders who directly or indirectly hold more than 5% of the Company’s shares.
- (ii) Directors, supervisors and senior management of the Company.
- (iii) The directors, supervisors and senior management of the affiliated legal persons listed in Article 5 (i)
- (iv) Close family members of the persons mentioned in items (i) to (iii) of this Article, including spouses, parents and parents of spouses, siblings and their spouses, children who have reached the age of 18 and their spouses, siblings of spouses and parents of spouses of children
- (v) Other natural persons who have a special relationship with the Company that may result in tilting the interests of the Company in their favor, as determined by the CSRC, the SFC and the stock exchange where the shares are listed, or by the Company in accordance with the principle of substance over form.

Article 7 A legal person, other organization or natural person who falls into one of the following circumstances is deemed to be an affiliate of the Company:

- (i) According to the agreement or arrangement signed with the Company or its affiliates, after the agreement or arrangement takes effect, or within the next twelve months, it falls into one of the circumstances specified in Article 5 or Article 6
- (ii) Within the past twelve months, it fell into one of the circumstances specified in Article 5 or Article 6.

Article 8 Related party transactions of the Company, which are matters that may result in the transfer of resources or obligations between the Company or its controlled subsidiaries and the Company's related parties, including:

- (i) Purchase or sale of assets (including deemed sales as stated in the Listing Rules)
- (ii) Investment (including entrusted finance management, investment in subsidiaries, etc., except for the establishment of or increase of capital in wholly-owned subsidiaries)
- (iii) Provision of financial assistance (including entrusted loans).
- (iv) Provision of guarantees (refers to the guarantees provided by the Company for others, including the guarantee for controlled subsidiaries);
- (v) Leasing in or leasing out assets;
- (vi) The signing of management contracts (including entrusted operation, entrusted to operate, etc.);
- (vii) Granting or receiving assets;
- (viii) Restructuring of debts and liabilities;
- (ix) The transfer of research and development projects;
- (x) The signing of licensing agreements;
- (xi) Waiver of rights (including waiver of pre-emptive rights, preferential subscription rights, etc.)
- (xii) Purchase of raw materials, fuel, and power;
- (xiii) Sale of products, commodities;

- (xiv) Provision or receipt of labor services;
- (xv) Entrusted sale or entrusted sales;
- (xvi) Joint investment with related parties;
- (xvii) Other matters that may result in the transfer of resources or obligations by agreement as determined by the Listing Rules.

The following activities of the Company do not fall into the matters specified in the preceding paragraph:

- (i) Purchase of raw materials, fuel and power related to daily operations (excluding the purchase or sale of such assets involved in asset swaps);
- (ii) The sale of products, commodities and other assets related to daily operations (excluding the purchase and sale of such assets in an asset swap);
- (iii) Transactions specified in the preceding paragraph but are part of the Company's main business activities;

Article 9 Under the Listing Rules, subject to the exceptions set out therein, affiliates of the Company and its subsidiaries normally include the following parties:

- (i) A director, supervisor, chief executive or substantial shareholder (i.e. a person entitled to exercise or control the exercise of 10% or more of the voting power at Shareholders' Meetings of the Company) of the Company or any of its subsidiaries (as defined in the Listing Rules).
- (ii) Any person who has been a director of the Company or any of its subsidiaries within the past 12 months (together with the persons in (i) of this Article, the "Underlying related party");
- (iii) Any contact person of Underlying related party, including

1. In the case of an individual who is an Underlying related party.

- (1) The individual's spouse, and the individual's or his or her spouse's children or stepchildren (natural or adopted) under the age of 18 (hereinafter referred to as "immediate family members")
- (2) In the case of a trustee of any trust acting in a fiduciary capacity, the trust shall be for the benefit of such individual or any immediate family member of such individual or, in the case of a discretionary trust, the trust shall be for the benefit of such individual as a discretionary trustee (to the best of his or her knowledge);

- (3) A 30% controlled Company (as defined in the Listing Rules), or any subsidiary of such a Company, held directly or indirectly by the underlying affiliate, his immediate family members and/or trustees (individually or jointly);
- (4) Any person, child, stepchild, parent, step-parent, sibling, step-sibling (hereinafter referred to as “Family”) with whom he/she is cohabiting as a spouse; or any family member who, individually or collectively, directly or indirectly, holds or is held by a family member together with himself/herself, his/her immediate family members and/or trustees, in majority control of a Company or any subsidiary of such Company;
- (5) A joint venture partner of any cooperative or contractual joint venture (whether or not such joint venture Company is a separate legal entity) is an associate of the Underlying related party if the Underlying related party, its immediate family members and/or trustees together hold, directly or indirectly, 30% (or such other percentage as may be applicable under PRC law with respect to the triggering of a mandatory public offer or the establishment of legal or managerial control over the business) or more of the contributed capital or assets of, or a contractual interest in the earnings or other income of, the joint venture.

2. In the case where the Underlying related party is a corporation (i.e., the main corporate shareholder):

- (1) A subsidiary or holding Company of the main corporate shareholder or a subsidiary of the same group of such holding Company (hereinafter referred to as a “related Company”).
- (2) The trustee of any trust acting in a fiduciary capacity for the benefit of the main corporate shareholder or, in the case of a discretionary trust, for the benefit of a discretionary trust (to the knowledge of the main corporate shareholder).
- (3) A 30% controlled company held directly or indirectly by such underlying affiliate, its affiliated companies/or trustees (individually or jointly), or any subsidiary of such company. and (4) A joint venture partner of any cooperative or contractual joint venture (whether or not such joint venture company is a separate legal entity) is an associate of the underlying affiliate if the underlying affiliate, its affiliated companies and/or trustees together hold, directly or indirectly, 30% (or such other percentage as may be applicable under PRC law with respect to the triggering of a mandatory public offer or the establishment of legal or managerial control over the business) or more of the contributed capital or assets of, or a contractual interest in the earnings or other income of, the joint venture.

- (iv) A non-wholly owned subsidiary of the Company, where any corporate-level related party is entitled, individually or collectively, to exercise or control the exercise of 10% or more of the voting power at a Shareholders' Meeting of such non-wholly owned subsidiary, and a subsidiary of such non-wholly owned subsidiary.
- (v) Other related party as stipulated from time to time in the listing rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "SEHK") or as recognized by SEHK.

CHAPTER III REPORTING ON AFFILIATES

Article 10 The directors, supervisors and executives of the Company, shareholders holding more than 5% of the shares, the actual controller and persons acting in concert shall promptly inform the Company of the existence of their related party relationship with the Company.

Article 11 The Office of the Board of Directors of the Company shall formulate and update from time to time as necessary the format of the related party declaration form, send and collect the related party declaration form on a regular basis, and urge the related party to report the relevant information to the office of the Board of Directors of the Company immediately after he/she takes office or becomes a major shareholder of the Company. The Audit Committee of the Company shall confirm the list of related party of the Company and report to the Board of Directors and the Board of Supervisors in a timely manner.

Article 12 The Company shall disclose the list of the Company's related parties and the information on the related relationship in a timely manner in accordance with the requirements of the stock exchange where the shares are listed.

Article 13 The Company shall distinguish the types of related party transactions in accordance with the tests of the Listing Rules and comply with (or be exempted from) the reporting, announcement and independent shareholders' approval requirements when entering into agreements. In general, any related party transaction not expressly exempted under the Listing Rules is subject to the reporting, announcement and independent shareholders' approval requirements, wherein:

- (i) Reporting means disclosing the relevant details in the Company's annual report and financial statements after listing.
- (ii) Announcement includes notification to SEHK and public announcement on the Exchange's website and the Company's website.
- (iii) If the approval of independent shareholders is required, the Company shall establish an committee of independent non-executive directors and appoint an independent financial adviser. The Company shall prepare a circular to the Shareholders and send it to the Shareholders prior to the Shareholders' Meeting in accordance with the timing stipulated in the Listing Rules. All related parties who have a material interest in the transaction shall abstain from voting at the Shareholders' Meeting.

Article 14 A continuing related party transaction is a related party transaction that is expected to continue or be conducted on a regular basis over a period of time. In addition to the need to determine whether the relevant transaction requires reporting, announcement and shareholders' approval at the time of entering into the agreement, it is necessary to continuously monitor its execution and whether the amount exceeds the pre-determined annual cap, and to re-comply with the relevant provisions of the Listing Rules when there is a material change in the terms of the agreement, when the amount exceeds the annual cap or when the agreement is renewed.

Article 15 The Company is required to enter into written agreements with related parties for each related party transaction (including exempted Related party transactions), setting out the criteria for calculating the payments, in accordance with the relevant regulations. The term of the agreement must be fixed and reflect general business terms. Except as permitted under the Listing Rules, the term of a continuing related party transaction agreement cannot exceed three years. Each continuing related party transaction has a maximum annual amount (the "Cap") and the Company must disclose the basis for its calculation. The Annual Cap must be expressed in exact currency and not as a percentage of the Company's annual revenue. The Company must refer to historical transactions and data identified in its published information in setting the Cap. If the Company has not had such transactions in the past, it must establish the Cap based on reasonable assumptions and disclose details of the assumptions. If the Cap is exceeded in the middle of a related party transaction or if the agreement needs to be changed or renewed upon expiry, it should be re-approved in accordance with the procedures set out in the Listing Rules and these Measures and must again comply with the relevant Listing Rules.

CHAPTER IV MANAGEMENT OF PRICING OF RELATED PARTY TRANSACTIONS

Article 16 The Company shall enter into written agreements for related party transactions to clarify the pricing policy of related party transactions. In the course of execution of related party transactions, if there is a significant change in the main terms of the agreement such as the transaction price, the Company shall re-execute the corresponding approval procedures according to the changed transaction amount.

Article 17 The pricing of the Company's Related party transactions shall be fair and implemented with reference to the following principles.

- (i) Where the transaction is priced by the government, the price may be applied directly.
- (ii) Where the transaction is subject to governmental guidance, the transaction price may be reasonably determined within the scope of the governmental guidance.
- (iii) In addition to the implementation of government pricing or government guidance price, the transactions have comparable independent third-party market prices or rates, you can give priority to the price or standard to determine the transaction price.
- (iv) Where there is no comparable independent third-party market price of related party transaction, the transaction pricing can be determined by reference to the price of unrelated party transactions between the related party and a third party independent of the related party.

- (v) Where neither the market price of an independent third party nor the price of an independent non-related party transaction is available for reference, a reasonable component price may be used as the basis for pricing, with the component price being reasonable costs and expenses plus a reasonable profit.

Article 18 When determining the price of a related party transaction in accordance with paragraph (iii), (iv) and (v) of the preceding Article, the Company may adopt the following pricing methods depending on the circumstances of the affiliated transaction.

- (i) Cost-plus method, where the price is set at the reasonable cost incurred for the related party transaction plus the gross profit of a comparable unrelated party transaction.
- (ii) The re-sale price method, in which the price of goods purchased by a related party and re-sold to an unrelated party less the gross profit of a comparable non-related party transaction is used as the arm's length transaction price for goods purchased by a related party.
- (iii) Comparable non-controlled price method, where transaction is priced at the price charged for the same or similar business activities as the related party transaction conducted between non-related parties.
- (iv) The net profit from transactions method, which determines the net profit from related party transactions using the profit level indicators of comparable unrelated party transactions.
- (v) The profit split method, which calculates the amount of profit that should be allocated to each of the Company and its related parties based on their contribution to the consolidated profit of the related party transaction.

Article 19 Management of the prices of related party transactions

- (i) Both parties to the transaction shall calculate the transaction price based on the price agreed in the related party transaction agreement and the actual number of transactions, settle monthly, liquidate in a timely manner, and pay in accordance with the payment method and time agreed in the related party transaction agreement.
- (ii) The finance department of the Company shall track the changes in market prices and costs of the Company's related party transactions and report the changes to the Board of Directors for the record.
- (iii) If the independent non-executive directors have doubts about the price changes of the related party transactions, they may hire an independent financial adviser to issue an opinion on the fairness of the price changes of the related party transactions.
- (iv) If the Company is unable to price the related party transaction in accordance with the above principles and methods, it shall disclose the principles of determining the price of the related party transaction and its method, and explain the fairness of such pricing.

CHAPTER V APPROVAL AUTHORITY AND DECISION-MAKING PROCEDURES FOR
RELATED PARTY TRANSACTIONS

Article 20 According to the Listing Rules, the Company shall conduct a ratio test (hereinafter referred to as “Ratio Test”) in accordance with the requirements of the Listing Rules in respect of the proposed related party transaction, including (i) asset ratio, i.e. the percentage of the total value of the assets involved in the transaction to the total value of the assets of the Company; (ii) Earnings ratio, i.e. earnings attributable to the assets involved in the transaction as a percentage of the Company’s earnings. (iii) Consideration ratio, which is the consideration involved in the transaction as a percentage of the total market value of the Company. and (iv) Equity ratio, which is the nominal value of the share capital issued as consideration by the Company as a percentage of the nominal value of the issued share capital of the Company before the relevant transaction was carried out. The figures used in the above ratio tests are subject to adjustment in accordance with the Listing Rules in individual cases and are calculated with reference to the provisions of the Listing Rules.

Article 21 The Related party transactions between the Company and related natural persons with a transaction amount exceeding RMB300,000 (excluding the provision of guarantee and financial assistance), related party transactions between the Company and related legal persons with a transaction amount exceeding RMB3 million and representing more than 0.5% of the absolute value of the latest audited net asset value of the Company (excluding the provision of guarantee), as well as partially exempted related party transactions as stipulated in the Listing Rules and non-exempt related party transactions shall be submitted to the Board of Directors by the General Manager and shall become effective after consideration and approval by the Board of Directors. If they meet the criteria for consideration by the Shareholders’ Meeting, they shall also be submitted to the Shareholders’ Meeting for consideration.

Article 22 A related party transaction (other than the provision of guarantee) between the Company and a related party in an amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the Company’s latest audited net assets, or a related party transaction not exempted under the Listing Rules as amended from time to time, shall be submitted by the Board of Directors to the Shareholders’ Meeting for consideration and approval by the Shareholders’ Meeting and become effective. According to the existing Listing Rules, when the result of the ratio test of a non-exempt related party transaction in accordance with the provisions of this policy does not meet the condition: (1) less than 5%, or (2) less than 25% and the annual consideration of the transaction is less than HK\$10 million, the transaction is subject to the reporting, announcement and independent shareholders’ approval requirements.

The following transactions between the Company and its related parties are exempted from submission to the Shareholders' Meeting for consideration.

- (i) Where the Company participates in public tenders or public auctions for unspecified objects (excluding restricted methods such as invitation to tender).
- (ii) Transactions in which the Company receives benefits unilaterally, including receiving gifts of cash assets, obtaining debt relief, accepting guarantees and financing, etc.
- (iii) The pricing of related party transactions is stipulated by the state.
- (iv) The related party provides funds to the Company at an interest rate not higher than the standard loan interest rate stipulated by the People's Bank of China for the same period.
- (v) Where the Company provides products and services to directors, supervisors and executives on the same trading terms as non-related parties.

Article 23 If the Company provides guarantees for related parties, regardless of the amount, it shall be submitted to the Shareholders' Meeting for consideration after consideration and approval by the Board of Directors. If the Company provides guarantee for the controlling shareholder, the actual controller and their related parties, the controlling shareholder, the actual controller and their related parties shall provide counter guarantee.

The Company shall not provide funds and other financial assistance to the directors, supervisors, executives, controlling shareholders, actual controllers and their controlled subsidiaries and other related party. The Company shall be prudent to provide financial assistance or entrust finance management to related party.

Article 24 When related party transactions involve "financial assistance", "guarantee" and "entrusted finance management", the transaction amount shall be used as the calculation standard for disclosure, and the amount shall be calculated by the type of transaction within twelve consecutive months. When the transaction amount calculated by the cumulative amount reaches the standard stipulated in Article 20, Article 21 or Article 22, the provisions of the above articles shall apply respectively. If the relevant obligations have been fulfilled in accordance with Article 20, Article 21 or Article 22, they shall no longer be included in the relevant cumulative calculation.

Article 25 Where the Company conducts the following related party transactions, the amount of the related party transactions shall be calculated in accordance with the principle of cumulative calculation within a period of twelve consecutive months.

- (i) Transactions with the same related party.
- (ii) Transactions with different related party related to the subject category of the transaction.

The same related party includes other related parties who are controlled by the same entity or have a mutual equity control relationship with the related party. Those who have fulfilled the relevant obligations in accordance with Article 20, Article 21 or Article 22 shall no longer be included in the relevant cumulative calculation.

Article 26 The SEHK is entitled to consolidate the relevant related party transactions. In determining whether to consolidate related party transactions or not, the factors to be taken into account include whether such transactions: (i) are entered into by the Company with the same party or with persons who are related or otherwise related to each other (ii) involves the acquisition or sale of securities or interests in, or components of an asset of, a particular company or group of companies, or (iii) results in the Company's substantial involvement in a business that was not previously part of the Company's principal business. The Company shall follow the relevant provisions of the category to which such related party transactions belong after cumulative calculation.

Article 27 Where there are special provisions on the approval authority and procedures for matters involved in related party transactions based on relevant provisions of laws, administrative regulations, departmental rules and regulations, the Listing Rules and the Articles of Association, such provisions shall apply.

Article 28 The related party transactions which are determined to be submitted to the Shareholders' Meeting for consideration in accordance with the Listing Rules shall be approved by the independent non-executive directors and submitted to the Board of Directors for discussion. Before making their judgment, the independent non-executive directors may engage a professional party to issue an independent financial adviser's report as the basis for their judgment. The Audit Committee of the Company shall simultaneously review such related party transactions, form a written opinion and submit it to the Board of Directors for consideration, and at the same time report to the Board of Supervisors for an opinion.

CHAPTER VI RECUSAL SYSTEM FOR RELATED PARTY TRANSACTIONS

Article 29 When the Board of Directors of the Company considers matters of related party transactions, the related directors shall recuse themselves from voting and shall not exercise voting rights on behalf of other directors. Such board meeting may be held with the attendance of a majority of non-related directors, and resolutions made at the board meeting shall be passed by a majority of non-related directors. If the number of non-related directors present at the Board Meeting is less than three, the Company shall submit the transaction directly to the Shareholders' Meeting for consideration.

The related directors include the following directors or directors with one of the following circumstances:

1. He is the counterparty to the transaction;
2. He is serving in the counterparty to the transaction or serving in a legal entity that can directly or indirectly control the counterparty to the transaction or a legal entity directly or indirectly controlled by the counterparty to the transaction;

3. He has direct or indirect control of the counterparty to the transaction;
4. He is a close family member of the counterparty or its direct or indirect controller (refer to the provisions of Article 6(iv) of this policy for the specific scope)
5. He is a close family member of directors, supervisors and executives of the counterparty or its direct or indirect controllers (refer to the provisions of Article 6(iv) of these Measures for the specific scope)
6. He is a person whose independent business judgment may be affected for other reasons as determined by the CSRC, the SFC or the stock exchange where the shares are listed or by the Company.

Article 30 When matters of related party transactions are considered at the Shareholders' Meeting of the Company, the related shareholders shall abstain from voting and the number of voting shares represented by them shall not be counted as the total number of voting shares. The announcement of resolutions of the Shareholders' Meeting shall fully disclose the votes of non-related shareholders.

Related shareholders include the following shareholders or shareholders with one of the following circumstances:

1. He is the counterparty to the transaction;
2. He/it has direct or indirect control of the counterparty to the transaction;
3. He/it is directly or indirectly controlled by the counterparty to the transaction;
4. He/it is directly or indirectly controlled by the same legal or natural person as the counterparty to the transaction;
5. He/it is a close family member of the counterparty or its direct or indirect controller (refer to the provisions of Article 6(iv) of this policy for the specific scope)
6. He/it is serving in the counterparty, or in a legal entity that can directly or indirectly control the counterparty or a legal entity directly or indirectly controlled by the counterparty (applicable to the case where the shareholder is a natural person)
7. His/its voting rights are restricted or affected by the existence of outstanding equity transfer agreements or other agreements with the counterparty or its related parties;
8. Legal or natural persons that may cause the Company to tilt its interests as determined by the CSRC, the SFC or the stock exchange where the shares are listed.

Article 31 The recusal and voting procedures of the related directors shall be

- (i) The related directors shall apply for recusal on their own initiative, otherwise the other directors shall have the right to request their recusal.
- (ii) When a dispute arises as to whether a director is an related director, a majority of the Board of Directors shall pass a resolution at an extraordinary meeting to decide whether the director is an related director and whether he or she shall recuse himself or herself.
- (iii) When the Board of Directors votes on matters relating to related party transactions, after deducting the number of voting rights represented by the related directors, the non-related directors present at the Board of Directors shall vote in accordance with the provisions of the Articles of Association and the Rules of Procedure for the Board of Directors.

Article 32 The recusal and voting procedures of the affiliated shareholders shall be as follows:

- (i) The related shareholder shall take the initiative to apply for recusal, otherwise other shareholders shall have the right to apply to the Shareholders' Meeting for recusal of the affiliated shareholder.
- (ii) When a dispute arises as to whether a shareholder is an related shareholder, a majority of the Board of Directors of the Company shall pass a resolution at an extraordinary meeting to decide whether the shareholder is an related shareholder and to decide whether he or she shall recuse himself or herself, and such resolution shall be final.
- (iii) When voting on matters relating to related party transactions at the Shareholders' Meeting, after deducting the number of voting shares represented by the related shareholders, the non-related shareholders present at the Shareholders' Meeting shall vote in accordance with the provisions of the Articles of Association and the Rules of Procedure for Shareholders' Meetings.

CHAPTER VII ROUTINE RELATED PARTY TRANSACTIONS

Article 33 In the event that the Company enters into Related party transactions with a related party listed in Article 8(12) to (15) that are related to its daily operations, the Company shall perform the corresponding consideration procedures in accordance with the following provisions and comply with the information disclosure obligations in accordance with the relevant provisions.

- (i) When the Company and the related party conduct for the first time a related party transaction related to daily operations, the Company shall enter into a written agreement with the related party and disclose it in a timely manner, and submit it to the Board of Directors or the Shareholders' Meeting for consideration according to the amount of the transaction involved in the agreement applying the provisions of Article 20, Article 21 or Article 22, respectively. If the agreement does not have a specific transaction amount, it shall be submitted to the Shareholders' Meeting for consideration.

- (ii) For agreements on daily related party transactions that have been considered by the Board of Directors or the Shareholders' Meeting of the Company and are being executed, if there are no significant changes in the main terms during the execution process, the Company shall disclose the actual performance of the relevant agreement in the periodic report as required and state whether it is in compliance with the provisions of the agreement. (iii) If there are significant changes in the main terms of the agreement in the course of execution or if the agreement needs to be renewed upon expiry, the Company shall submit the newly revised or renewed daily related party transaction agreement to the Board of Directors or the Shareholders' Meeting for consideration by applying the provisions of Article 20, Article 21 or Article 22, respectively, depending on the amount of the transaction involved in the agreement. If the agreement does not have a specific transaction amount, it shall be submitted to the Shareholders' Meeting for consideration.

- (iii) For a large number of daily related party transactions occurring each year, if it is difficult to submit each agreement to the Board of Directors or the Shareholders' Meeting for consideration in accordance with the provisions of paragraph (i) of this Article because of the need to frequently enter into new daily related party transaction agreements, the Company may, prior to the disclosure of the previous annual report, make a reasonable estimate of the total amount of daily related party transactions to be incurred by the Company in the current year, and make consideration and disclosure according to the estimated amount while applying the provisions of Articles 20, 21 or 22, respectively. The Company shall disclose the daily related party transactions within the estimated scope in the periodic report. If the amount of daily related party transactions exceeds the estimated total amount in actual implementation, the Company shall re-submit to the Board of Directors or Shareholders' Meeting for consideration and disclosure in accordance with the provisions of Article 20, Article 21 or Article 22, respectively, depending on the amount of the excess.

Article 34 The daily related party transaction agreements shall include at least the following main contents:

- (i) Pricing policy and basis;
- (ii) Transaction price;
- (iii) The total transaction volume range or the method of determining the total transaction volume;
- (iv) Payment method and time, etc.

If the agreement does not determine the specific transaction price but only states the reference market price, the Company shall disclose the actual transaction price, the market price and its determination method, and the reasons for the difference between the two prices when fulfilling its disclosure obligations.

CHAPTER VIII DISCLOSURE OF RELATED PARTY TRANSACTIONS

Article 35 According to the regulations of Shenzhen Stock Exchange (“SZSE”), the Company shall submit the following documents to SZSE when disclosing the related party transactions:

- (i) The text of the announcement;
- (ii) The agreement or letter of intent relating to the transaction;
- (iii) Resolutions of the Board of Directors, opinions of independent non-executive directors and the text of the announcement of board resolutions (if applicable);
- (iv) Government approvals related to the transaction (if applicable);
- (v) Professional reports issued by professional parties (if applicable);
- (vi) Written documents of prior approval of the transaction by the independent non-executive directors;
- (vii) Opinions of the independent non-executive directors;
- (viii) Opinions of the Audit Committee of the Board of Directors (if applicable);
- (ix) Other documents required to be provided by the stock exchange where the shares are listed.

Article 36 As stipulated by the SZSE, the announcement of related party transaction disclosed by the Company shall include the following content:

- (i) Overview of the transaction and the basic information of the subject of the transaction;
- (ii) The prior approval of the independent non-executive directors and the independent opinions expressed;
- (iii) Voting by the Board of Directors (if applicable);
- (iv) Description of the relationship of the parties to the transaction and the basic information of the related party;
- (v) The pricing policy and pricing basis of the transaction, including the relationship between the transaction price and the book value, appraised value and clear and fair market price of the subject matter of the transaction, and other specific matters related to pricing that need to be explained due to the special nature of the subject matter of the transaction. If the transaction price differs significantly from the book value, appraised value or market price, the reason shall be stated. If the transaction is unfair, it should also disclose the direction of the transfer of benefits arising from this related party transaction;

- (vi) The main contents of the transaction agreement, including the transaction price, the settlement method of the transaction, the nature and proportion of the related party's interest in the transaction, the conditions for the agreement to take effect, the effective time, and the period of performance, etc.;
- (vii) The purpose of the transaction and the impact on the Company, including the necessity and true intention of conducting the related party transaction, the impact on the current and future financial position and operating results, etc.;
- (viii) The total amount of the various types of related party transactions that have occurred in aggregate with the affiliate from the beginning of the year to the date of disclosure;
- (ix) A description of the related party transactions that may arise after the completion of the transaction;
- (x) Other contents required by the CSRC, the SFC and the stock exchange where the shares are listed that will help to explain the substance of the transaction.

Article 37 In accordance with the provisions of the SZSE, the Company is exempted from consideration and disclosure in accordance with the related party transactions when it enters into the following Related party transactions with related parties:

- (i) A party subscribes in cash to publicly issued shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives of the other party;
- (ii) Receipt of dividends, bonuses or remuneration by a party pursuant to a resolution at a Shareholders' Meeting of the other party;
- (iii) Underwriting by a party as a member of an underwriting syndicate of stocks, corporate bonds or corporate bonds, convertible corporate bonds or other derivatives publicly issued by the other party;
- (iv) Other circumstances as determined by the stock exchange where the shares are listed.

Article 38 Announcements, circulars and annual reports of the Company disclosing related party transactions on the SEHK should include at least the information required by Rules 14A.68 to 14A.72 of the Listing Rules.

CHAPTER IX REQUIREMENTS AND WAIVERS OF THE SEHK

Article 39 According to the relevant business rules of the SEHK, there are two types of exemptions for related party transactions, namely full exemption (i.e. exemption from independent shareholders' approval, annual review and all disclosure requirements) and partial exemption (i.e. exemption from the requirements relating to independent shareholders' approval).

Article 40 The following related party transactions are fully exempted Related party transactions:

- (i) Issuance of new securities by the Company or its subsidiaries;
- (ii) Stock exchange transactions;
- (iii) Repurchase of its own securities or those of its subsidiaries;
- (iv) Directors' service contracts and insurance;
- (v) Consumer goods or consumer services;
- (vi) Shared administrative services;
- (vii) Transactions with contacts of passive investors;
- (viii) Transactions with related parties at the subsidiary level.
- (ix) In accordance with the provisions of Article 22 of these measures, the results of the ratio test of the transaction (excluding the issuance of new securities by the Company to an affiliate) meets one of the following criteria: (1) less than 0.1%. (2) less than 1%, where the transaction in question is a related party transaction solely because of the related party at the subsidiary level; or (3) less than 5%, where the total consideration (in the case of financial assistance, the total amount of the financial assistance together with any pecuniary benefit paid to the affiliate or jointly held entity) is also less than HK\$3 million. This Article does not apply to the issue of new securities by a Company to an affiliate.

Article 41 Financial assistance provided by a Company or a group member to a related party or a jointly held entity (as defined in the Listing Rules) will be fully exempted if:

- (i) The financial assistance is on normal commercial terms or better terms; and
- (ii) The relevant financial assistance provided by the Company or a group member is in proportion to the direct equity interest held by the Company or its subsidiaries in the affiliate or jointly held entity. Any guarantee provided by the Company or group member must be an individual guarantee (and not a joint and several guarantee).

Financial assistance received by the Company or group member from an affiliate or jointly held entity will be fully exempted if:

- (i) The financial assistance is on normal commercial terms or better terms; and
- (ii) The financial assistance is not secured by the assets of the Company or any group member.

Article 42 Partially exempted one-off related party transactions and continuing related party transactions are subject to the relevant announcement and reporting treatment principles under the Listing Rules. Partially exempted financial assistance is subject to the treatment of partially exempted one-off related party transactions or partially exempted continuing related party transactions, depending on whether the financial assistance is a one-off or a continuing related party transaction.

One-off related party transactions on general business terms and meeting the following conditions are partially exempted one-time related party transactions, and the results of the ratio test in accordance with the provisions of Article 20 of these Measures meet one of the following criteria: (i) less than 5%; or (ii) less than 25%, and the total consideration is also less than HK\$10 million. This Article does not apply to the issue of new securities by a Company to an affiliate.

Financial assistance provided by the Company to a related party or a jointly held entity under general business terms is partially exempted financial assistance and the result of the ratio test in accordance with Article 20 of these Measures is one of the following criteria: (i) less than 5%; or (ii) less than 25%, while the aggregate total value of the financial assistance together with any preferential benefit received by the related party is less than HK\$10 million.

Article 43 Non-exempt one-off related party transactions are treated in accordance with the following principles:

- (i) They must first be approved by the Board of Directors of the Company and an announcement must be made on the SEHK before the opening of the market on the first business day after the approval of the Board of Directors. The announcement is processed in accordance with the following principles: An announcement is published on the website of the SEHK to disclose relevant information as required by the Listing Rules after the terms of the transaction have been agreed. The content of the announcement must clearly reflect the following:
 - (1) Whether the directors consider the transaction to be a transaction in the ordinary course of business of the listed issuer on normal commercial terms; (2) The opinion of the independent non-executive directors; and (3) Whether any director has a material interest in the transaction and whether they have waived their voting rights at the Board Meeting.

- (ii) After approval by the Board of Directors and announcement, the independent financial adviser shall confirm that the related party transaction is fair and reasonable and in the interests of the Company and all shareholders, and submit such opinion to the Committee of Independent Directors for review, which shall then hold a separate meeting to confirm that the related party transaction is fair and reasonable and in the interests of the Company and all shareholders. The above opinions of the Independent Financial Adviser and the Committee of Independent Directors shall be included in the shareholders' circular to the shareholders.
- (iii) Within 15 business days after the release of the announcement, the expected final version of the circular must be sent to the SEHK for review and approval, and then a copy of the circular confirmed by the SEHK to be in compliance with the Listing Rules must be sent to the shareholders, and the circular must be available in both English and Chinese. Any amendment or supplement to the circular and/or provision of relevant information shall be sent to shareholders not less than 10 business days prior to the Shareholders' Meeting.
- (iv) Submission of related party transactions to the Shareholders' Meeting for consideration. Any related party transaction shall not be conducted until it has been approved by the Shareholders' Meeting. At such Shareholders' Meeting, the related parties with material interests shall abstain from voting. A statement that the materially interested affiliates must abstain from voting shall be included in the shareholders' circular to be issued to shareholders. The approval by "independent shareholders" shall be made by poll. The Company shall publish an announcement of the results of the poll before the opening of the market on the first business day following the meeting.
- (v) Declaration. The following principles shall apply: the date of the transaction, the relationship between the parties to the transaction and each other, the transaction and its purpose, the consideration and terms, and the nature and extent of the related party's interest in the transaction shall be disclosed in the first annual report and accounts following the related party transaction.

Article 44 Non-exempt continuing related party transactions shall be treated in accordance with the following principles:

- (i) Establish a maximum limit for each related party transaction for the whole year and disclose the basis for calculating such limit.
- (ii) Enter into a written agreement with the related party for each related party transaction, the content of which shall reflect the general business terms and set forth the basis for calculation of the payment amount, and the term of the agreement shall be fixed and shall not exceed three years. If the term of the agreement must exceed three years due to the nature of the transaction, a written confirmation from the independent financial adviser shall be obtained and the consideration procedures shall be re-executed in accordance with the provisions of this policy.

- (iii) The declaration, announcement and independent shareholders' approval must be made in accordance with the provisions of the Listing Rules and approved in accordance with the relevant internal authorization of the Company.
- (iv) Follow the relevant provisions of the Listing Rules regarding the annual review of continuing related party transactions.
- (v) If the Company enters into an agreement involving continuing transactions which subsequently become continuing related party transactions (for whatever reason, for example, one of the parties becomes a director of the Company), the Company must comply fully with all applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for all continuing related party transactions that become effective after the occurrence of any modification or updating of which the Company becomes aware.
- (vi) If a continuing related party transaction exceeds the prescribed cap or if the terms are materially updated or revised, the Company must comply again with the reporting, announcement and independent shareholders' approval requirements set forth herein.

CHAPTER X SUPPLEMENTARY PROVISIONS

Article 45 Matters not covered by this policy shall be carried out in accordance with the relevant national laws and regulations, the listing rules of the stock exchange where the Company's shares are listed and the provisions of the Articles of Association of the Company. In case of conflict with the laws and regulations promulgated by the State or the Articles of Association amended by legal procedures, the provisions of the relevant laws and regulations of the State and the Articles of Association shall be implemented, and these Measures shall be amended in a timely manner and reported to the Shareholders' Meeting for consideration and approval.

The meaning of "related party transaction", "related shareholder" and "related director" referred to in this policy is the same as that of "connected transaction" and "connected shareholder" in the Listing Rules.

Article 46 The right to interpret this policy shall rest with the Board of Directors of the Company or its authorized organization.

Article 47 This policy shall be considered and approved by the Shareholders' Meeting of the Company and shall take effect and be in force from the date of listing of the Company's initial public offering of RMB ordinary shares (A shares) on the GEM of the Shenzhen Stock Exchange.

(No text below)

**APPENDIX XII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL INVESTMENTS**

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

**THE MANAGEMENT POLICY FOR EXTERNAL INVESTMENTS
(APPLICABLE AFTER THE LISTING OF A SHARES)**

CHAPTER I GENERAL PROVISIONS

Article 1 In order to regulate the investment activities of Changmao Biochemical Engineering Company Limited (“the Company “), improve the investment efficiency, reasonably avoid the risks arising from the investments, and use the funds effectively and reasonably, the Company has hereby formulated these Measures in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), and other relevant laws, regulations, administrative rules and regulatory documents, as well as the listing rules of the stock exchange where the Company’s shares are listed and the provisions of the Articles of Association of the Company.

Article 2 The investment referred to in this policy refers to all forms of investment activities in which the Company contributes a certain amount of monetary funds, equity, and evaluated real or intangible assets for future income.

Article 3 According to the length of the investment period, the Company’s investment is divided into short-term investment and long-term investment. Short-term investments mainly refer to investments acquired by the Company that can be readily realized and held for less than one year (including one year). Long-term investments mainly refer to various investments that have an investment term of more than one year and cannot be readily realized or are not intended to be realized. The Company’s investments include, but are not limited to:

- (i) Investments in subsidiaries, joint ventures, associates and cooperative projects, including but not limited to the following types:
 - 1. Enterprises solely established by the Company or business projects solely funded by the Company.
 - 2. The Company-funded joint ventures, cooperative companies or development projects with other domestic (foreign) independent legal entities and/or natural persons.
 - 3. The Company’s participation in other domestic (foreign) independent legal entities.
 - 4. The Company’s operation of assets for lease, entrusted operation or joint operation with others.
- (ii) Investment in trading financial assets, available-for-sale financial assets, held-to-maturity investments, etc., including but not limited to investment in various stocks, bonds, funds, insurance with dividends, etc.
- (iii) Entrusted finance management, entrusted loans, etc.

Article 4 The basic principles that should be followed for investment management: conforming to the development strategy of the Company, rationalizing the allocation of enterprise resources, promoting the optimal combination of factors and creating good economic benefits.

Article 5 This policy shall apply to all investments of the Company and its wholly-owned subsidiaries and controlled subsidiaries (hereinafter referred to as “subsidiaries”).

Article 6 The Strategic Committee of the Board of Directors is appointed by the Company to conduct special research and evaluation on the feasibility, investment risks and investment returns of the Company’s major investment projects, supervise the progress of the implementation of the major investment projects and report to the Board of Directors in a timely manner if any abnormal signs are found in the investment projects.

CHAPTER II APPROVAL AUTHORITY OF INVESTMENT

Article 7 The Company shall implement professional management and level-by-level approval system for investment.

Article 8 The approval of the Company’s investment shall be carried out in strict accordance with the authority stipulated in relevant national laws and regulations, the Listing Rules, the Articles of Association, the Rules of Procedure for the Shareholders’ Meeting, the Rules of Procedure for the Board of Directors, the Rules of Work of the General Manager, and these Measures.

Article 9 The Company shall submit to the Shareholders’ Meeting for consideration any investment (except for the provision of guarantees and financial assistance) that meets one of the following criteria:

- (i) The total assets involved in the investment transaction (if both book value and appraised value exist, the higher one shall be used as the calculation data) accounts for more than 50% of the Company’s latest audited total assets.
- (ii) The operating revenue of the subject of the investment transaction (e.g. equity interest) in the latest fiscal year accounts for more than 50% of the audited operating revenue of the Company in the latest fiscal year, and the absolute amount exceeds RMB50 million.
- (iii) The relevant net profit of the subject of the investment transaction (e.g. equity interest) in the latest fiscal year accounts for more than 50% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB5 million.
- (iv) The transaction amount of the investment transaction (including the assumption of debts and expenses) accounts for more than 50% of the audited net assets of the Company in the latest fiscal year, and the absolute amount exceeds RMB50 million.
- (v) The profit generated from the investment transaction accounts for more than 50% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB5 million.
- (vi) The relevant investment transaction is a major transaction, a very substantial sale, a very substantial acquisition or an anti-takeover action under the regulations as required by Chapter 14 of the Listing Rules.

APPENDIX XII PROPOSED FORMULATION OF THE MANAGEMENT POLICY FOR EXTERNAL INVESTMENTS

If the data involved in the above indicators are negative, the absolute value is taken for calculation.

If the transaction occurred by the Company only meets the criteria of paragraph 1 (iii) or (v) of this Article and the absolute value of the Company's earnings per share for the latest fiscal year is less than RMB0.05, the Company is exempted from the consideration procedure of the Shareholders' Meeting.

Article 10 The Company shall submit to the Board of Directors for consideration any investment that meets one of the following criteria:

- (i) The total amount of assets involved in the transaction accounts for more than 10% of the total audited assets of the Company in the latest period, and if both book value and appraised value of the total amount of assets involved in the transaction exist, the higher one shall be used as the calculation data.
- (ii) The relevant operating revenue of the subject of the transaction (such as equity interest) in the latest fiscal year accounts for more than 10% of the audited operating revenue of the Company in the latest fiscal year, and the absolute amount exceeds RMB10 million.
- (iii) The relevant net profit of the subject of the transaction (such as equity interest) in the latest fiscal year accounts for more than 10% of the Company's audited net profit in the latest fiscal year, and the absolute amount exceeds RMB1 million.
- (iv) The transaction amount (including the debts and expenses) of the transaction accounts for more than 10% of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million.
- (v) The profit generated by the transaction accounts for more than 10% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB1 million.
- (vi) The investment transaction in question is a share transaction, a discloseable transaction, a major transaction, a very substantial disposal, a very substantial acquisition or an anti-takeover action under the requirements of Chapter 14 of the Listing Rules.

If the data involved in the above indicators are negative, the absolute value is taken for calculation.

Article 11 The Board of Directors authorizes the General Manager to decide on the following investments of the Company between Board meetings.

- (i) The total amount of assets involved in the investment transaction (if both book value and appraised value exist, the higher shall be used as the calculation data) is less than 10% of the Company's latest audited total assets.
- (ii) Where the operating revenue of the subject of the outward investment transaction (e.g. equity interest) in the latest fiscal year is less than 10% of the audited main business revenue of the Company in the latest fiscal year, or the absolute amount does not exceed RMB10 million.

- (iii) The net profit of the subject of the outward investment transaction (such as equity interest) in the latest fiscal year is less than 10% of the audited net profit of the Company in the latest fiscal year, or the absolute amount does not exceed RMB1 million.
- (iv) Where the transaction amount of the outward investment transaction (including the assumption of debts and expenses) is less than 10% of the Company's latest audited net assets, or the absolute amount does not exceed RMB10 million.
- (v) The profit generated from the investment transaction is less than 10% of the audited net profit of the Company in the latest fiscal year, or the absolute amount does not exceed RMB1 million.
- (vi) The investment transaction in question is a share transaction, a discloseable transaction, a major transaction, a very substantial disposal, a very substantial acquisition or an anti-takeover action under the requirements of Chapter 14 of the Listing Rules.

If the data involved in the above indicators are negative, the absolute value is taken for calculation.

Although the investment matters are within the General Manager's decision-making authority on investment, the General Manager may submit the investment matters to the Board of Directors for collective decision if the Company needs to issue an announcement on the relevant investment transactions or if the General Manager considers that the investment involves significant interests of the Company.

The Company's investment in securities, entrusted finance management or investment in derivative products such as futures, options and warrants that based on stocks, interest rates, exchange rates and commodities shall be considered and approved by the Board of Directors or the Shareholders' Meeting of the Company, and the authority to approve entrusted financial management shall not be delegated to others.

Article 12 For the Company to invest in liquid stocks, futures, options, foreign exchange and investment funds and other financial derivatives or make other forms of risky investments within the scope permitted by laws, regulations and other applicable regulatory documents, and the listing rules of the stock exchange where the Company's shares are listed, the Company shall be prudent and shall establish strict decision-making procedures, reporting systems and monitoring measures, and limit the scale of the Company's entrusted finance management or derivative investments according to the Company's risk tolerance. Such investment shall be considered and approved by the Board of Directors and submitted to the Shareholders' Meeting for consideration, with the consent of at least two-thirds of all directors and at least two-thirds of independent non-executive directors.

Article 13 If the Company entrusts finance management, it shall select qualified professional finance management organizations with good credit standing and financial status (no bad credit record) and strong profitability as the trustee, and sign a written contract with the trustee, specifying the amount, term, investment varieties, rights and obligations of both parties and legal responsibilities of such finance management. The Board of Directors of the Company shall assign a person to track the progress and safety of such finance management funds, and shall require him to report in a timely manner in case of abnormal signs discovered, so that the Board of Directors can immediately take effective measures to recover the funds and avoid or reduce the Company's losses.

CHAPTER III ORGANIZATIONAL MANAGEMENT STRUCTURE OF INVESTMENT

Article 14 The Shareholders' Meeting and the Board of Directors of the Company are the decision-making bodies for the Company's investments, and each makes decisions on the Company's investments within the scope of its authority. Except as otherwise provided in relevant laws and regulations, regulatory documents, the Listing Rules, the Articles of Association and these Measures, no other department or individual has the right to make decisions on investments.

Article 15 The Board of Directors of the Company shall be regularly informed of the progress of the execution of major investment projects and the effectiveness of the investments, and in the event that the investments are not made as planned, the expected returns from the projects are not realized, or losses occur in the investments, the Board of Directors of the Company shall ascertain the reasons and hold the relevant personnel responsible.

Article 16 The Board of Directors of the Company has a Strategic Committee as a special committee of the Board of Directors responsible for investment, which is responsible for arranging, coordinating and organizing the analysis and research of investment projects and providing recommendations for decision-making.

Article 17 The General Manager of the Company is the main person in charge of the implementation of investment and is responsible for collecting information, collating and preliminary assessment of new investment projects, making investment proposals, etc., and shall report the progress of investment to the Board of Directors in a timely manner so as to facilitate the Board of Directors and the Shareholders' Meeting to make timely decisions on investment.

Article 18 The relevant centralized management department of the Company is the handler of the investment projects and is specifically responsible for the information collection, preparation of project proposal and feasibility study report, project declaration and establishment, supervision and coordination in the process of project implementation and evaluation after the completion of project implementation.

Article 19 The finance department of the Company is the daily financial management department of investment. After the Company's investment projects are determined, the Finance Department is responsible for raising funds, coordinating with relevant parties to handle capital contribution procedures, business registration, tax registration, bank account opening and other related procedures, and implementing strict borrowing, approval and payment procedures.

Article 20 For highly professional or large investment projects, the preliminary work should be completed by a special project feasibility research team.

Article 21 The General Manager shall review and evaluate the project plan or analysis report and decide to organize and implement it within the authorization of the Board of Directors or report it to the Board of Directors/Shareholders' Meeting for approval.

CHAPTER IV DECISION-MAKING MANAGEMENT OF INVESTMENTS

Section I Investment in subsidiaries, joint ventures, associates and cooperative projects

Article 22 The centralized management department, in cooperation with the Finance Department, shall make preliminary assessment of investment projects, raise investment proposals and submit them to the General Manager for preliminary examination.

Article 23 After the preliminary examination is approved, the centralized management department is responsible for researching and demonstrating the projects according to the investment proposal, preparing the feasibility study reports and relevant documents such as the letter of intent for cooperation ("Investment Plan"), and sending them to the Strategic Committee of the Board of Directors.

Article 24 The General Manager and the Strategic Committee of the Board of Directors shall review and approve the Investment Plan and submit it to the Secretary of the Board of Directors. The Secretary of the Board of Directors is responsible for carrying out the approval procedures of the Investment Plan in accordance with the approval authority. The Investment Plan shall not be implemented until it has been approved in accordance with the relevant authority and procedures.

Article 25 The relevant departments of the Company shall be authorized by the investment approval authority to be responsible for the implementation of approved investment projects. Once an investment project is approved, no additional investment shall be made without authorization. If additional investment is required, the investment plan information such as investment intention letter and feasibility study report of the investment project shall be re-submitted the corresponding approval authority according to the accumulated investment amount after that additional investment.

Article 26 The General Manager and the management of the Company are responsible for supervising the operation of the projects and their operation and management.

Article 27 The finance department of the Company is responsible for cooperating with the centralized management department and personnel, and investing cash, physical or intangible assets according to the investment contracts or agreements. Handover procedures must be carried out for investment in kind.

Article 28 For major investment projects, experts or intermediaries may be hired for professional justification.

**APPENDIX XII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL INVESTMENTS**

Article 29 According to the investment projects determined by the Company, the General Manager of the Company shall prepare and implement the investment construction and development plan accordingly, guide, supervise and control the implementation of the projects, participate in the special audit of the investment projects, termination (suspension) liquidation and handover, and arrange investment evaluation and summary.

Article 30 Investment projects are reported on a quarterly basis. The finance department of the Company shall prepare quarterly reports on the progress of investment projects, the implementation and use of investment budgets, the situation of cooperative parties, the operation status, problems and suggestions, etc. and report to the General Manager in a timely manner. The General Manager shall report the progress of the investment project, the execution and use of the investment budget, the situation of the cooperating parties, the operation status, problems and suggestions to the strategy committee of the Board of Directors in a timely manner within one month after the end of each quarter. During the execution of the project in investment and construction, the investment budget may be reasonably adjusted according to the changes in implementation, and the adjustment of the investment budget shall be approved by the original investment approval authority.

Article 31 The Board of Supervisors, Audit Department and finance department shall supervise the investment projects according to their duties, propose timely correction of irregularities and make special reports on major issues and bring them to the project investment approval body for discussion and handling.

Article 32 Establish and improve the file management system of investment projects, and the file information from project pre-selection to project completion and transfer (including project suspension) shall be organized and filed by the office of the Board of Directors.

Section II Investment in securities, entrusted finance management and derivative products

Article 33 The decision-making procedures for the Company's investment in securities, entrusted finance management, and derivative products are:

- (i) The Company's centralized management department is responsible for pre-selecting investment opportunities and investment objects, and preparing investment plans according to the profitability of the investment objects.
- (ii) The Company's finance department is responsible for providing the Company's capital flow status.
- (iii) The investment plan shall be implemented after fulfilling the approval procedures according to the approval authority.

Article 34 The finance department is responsible for timely registration of the type of investment, quantity, unit price, accrued interest, date of purchase, etc., and arrangement of relevant accounting processing.

Article 35 The Company, when involved in securities investment, must implement a joint control system participated by the General Manager's Office Meeting and the Board of Directors' Strategy Committee. such system must be operated by at least two persons, and the securities investment operators shall be separated from the fund and financial management personnel, but they are subject to mutual control; moreover, one person alone may not have access to the investment assets, and the deposit or withdrawal of any investment assets must be signed jointly by two persons who are subject to such mutual control.

Article 36 The securities purchased by the Company must be credited to the Company on the day of purchase.

Article 37 The Company's Finance Department is responsible for regularly checking the use of securities investment funds and their balance. Interest and dividends received should be recorded in the accounts in a timely manner.

CHAPTER V TRANSFER AND RECOVERY OF INVESTMENT

Article 38 Upon the occurrence of or in one of the following circumstances, the Company may, upon consideration and approval by the Company's original approval body, recover the investment:

- (i) The investment project (enterprise) expires in accordance with the Articles of Association;
- (ii) The investment project (enterprise) is unable to repay its debts as they fall due to poor operation and bankruptcy is in process according to law;
- (iii) The project (enterprise) is unable to continue its operation due to force majeure;
- (iv) When other circumstances stipulated in the contract for termination of investment occur or arise.

Article 39 The Company may transfer the investment upon consideration and approval by the original approval body of the Company when one of the following circumstances occurs or arises:

- (i) The investment project has been clearly contrary to the direction of the Company's operation.
- (ii) The investment project has suffered continuous losses and there is no hope of reversing the losses and no market prospect;
- (iii) When there is an urgent need for additional funds due to the lack of its own operating capital;
- (iv) Other circumstances deemed necessary by the Company.

Article 40 The transfer of investments shall be handled in strict accordance with the Company Law and the Company's Articles of Association regarding the transfer of investments. The disposal of investments must comply with the relevant laws and regulations of the State and the relevant listing rules of the stock exchange where the Company's shares are listed.

Article 41 The procedures and authority for approving the disposal of investments are the same as the authority for approving the implementation of investments.

Article 42 The finance department is responsible for the asset evaluation of investment recovery and transfer to prevent the loss of Company assets.

CHAPTER VI PERSONNEL MANAGEMENT OF INVESTMENTS

Article 43 The Company shall send directors and supervisors elected by its statutory procedures to participate in and supervise the decisions affecting the operation of the new company when it invests to form cooperative or joint venture companies. The Company shall send project managers or Company representatives to participate in the operation and management of the cooperative projects.

Article 44 For a controlled subsidiary formed by investment, the Company shall send directors elected by its statutory procedures and send corresponding operation and management personnel (including CFO, etc.) to play an important role in the operation and decision making of that controlled subsidiary.

Article 45 The assigned personnel shall, in accordance with the provisions of the Company Law and the Articles of Association of the invested company, effectively perform their duties, safeguard the interests of the Company in the operation and management activities of the newly established company and the cooperative project, and realize the preservation and appreciation of the Company's investment.

The relevant personnel assigned by the Company to serve as directors of the investee shall get more information about the investee by attending board meetings and other forms, and shall report the investment situation to the Company in a timely manner.

CHAPTER VII FINANCIAL MANAGEMENT AND AUDIT OF INVESTMENT

Article 46 The finance department of the Company shall keep comprehensive and complete financial records of the Company's investment activities, make detailed accounting, establish separate detailed books for each investment item and record relevant information in detail. The accounting method of investment shall be in accordance with the accounting standards and accounting system.

Article 47 The finance department of the Company is responsible for the financial management of investment. The finance department shall obtain financial reports of the investee according to the needs of analysis and management so as to analyze the financial status of the investee, safeguard the rights and interests of the Company and ensure that the interests of the Company are not damaged.

Article 48 The Company's Audit Department shall conduct a comprehensive inspection of the Company's investment projects on a quarterly basis. The Audit Department shall also conduct regular or special audits of subsidiaries. The Company's Audit Department shall include the audit of important investments in the annual internal control work plan and as the focus of internal control inspection and evaluation.

Article 49 The accounting methods and accounting policies and accounting estimates and changes adopted in the financial management of the Company's subsidiaries shall follow the relevant provisions of the Company's accounting management system.

Article 50 The subsidiaries of the Company shall submit financial and accounting statements to the finance department of the Company on a monthly basis and shall submit accounting statements and provide accounting information in a timely manner in accordance with the requirements of the Company for the preparation of consolidated statements.

Article 51 The Company may assign a chief financial officer to a subsidiary to supervise the authenticity and legality of the financial position of that Company in which he/she works.

Article 52 For all investment assets of the Company, internal auditors or other personnel not involved in investment business shall conduct regular inventory or check with the entrusted custodian, so as to check whether they are owned by the Company and cross-check the inventory records against the book records.

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 53 The Company shall comply with national laws, regulations, applicable regulatory documents, these Measures, the Listing Rules and the Company's Measures for the Administration of Funds Raised when using the funds raised for investment.

Article 54 Matters not covered by these Measures shall be handled in accordance with the relevant national laws and regulations, the Listing Rules and the Articles of Association of the Company.

In case of inconsistency between these Measures and the relevant provisions of state laws and regulations, the Listing Rules and the Articles of Association of the Company, the relevant provisions of state laws and regulations, the Listing Rules and the Articles of Association of the Company shall prevail.

Article 55 The right to interpret this policy shall rest with the Board of Directors of the Company.

Article 56 These Measures shall be considered and approved by the Shareholders' Meeting of the Company and shall take effect and be in force from the date of listing of the Company's initial public offering of RMB ordinary shares (A shares) on the GEM of the Shenzhen Stock Exchange.

**APPENDIX XIII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL GUARANTEES**

CHANGMAO BIOCHEMICAL ENGINEERING COMPANY LIMITED

**THE MANAGEMENT POLICY FOR EXTERNAL GUARANTEES
(APPLICABLE AFTER THE LISTING OF A SHARES)**

CHAPTER I GENERAL

Article 1 These Regulations on External Guarantee are hereby compiled under *Securities Law of the People's Republic of China* (the "Securities Law"), *Companies Law of the People's Republic of China* (the "Companies Law"), *Civil Code of the People's Republic of China* (the "Civil Code"), *Guidelines No.2 for Self-Discipline and Regulation of Listed Companies on Shenzhen Stock Exchange GEM – Good Practice of Listed Companies on GEM*, *Guidelines No.8 for Regulation of Listed Companies – Regulation Requirements on Current Funds and Guarantee of Listed Companies*, relevant provisions on the listing of the seat where the stock exchange is situated, and other relevant laws, rules, normative documents and Articles of Association of Changmao Biochemical Engineering Company Limited (Draft) (the "Articles of Association") and according to the actual conditions of the Company to standardize the guarantee management of the Company, strictly control the debt risk incurred by guarantee, and protect legal interests of the Company, its shareholders and other stakeholders.

Article 2 The External Guarantee referred to in this policy means, the guarantee provided by the Company as a third party for a debtor against the debts of the debtor, and when the debtor fails to perform obligations, the Company shall perform the obligations or assume the liabilities as agreed. The forms of guarantee include, security, mortgage, pledge and other forms of guarantee.

Article 3 This policy are applicable to the Company and the controlling subsidiaries within the scope of that are consolidated.

The External Guarantee includes the guarantee provided by the Company to its controlling subsidiary (including the controlling subsidiary of a subsidiary under the actual control of the Company); the total amount of the External Guarantee provided by the Company and its controlling subsidiaries means, the sum of the total amount of the External Guarantee provided by the Company to any other person including its controlling subsidiaries and the total amount of the External Guarantee provided by the controlling subsidiaries of the Company.

Where any controlling subsidiary of the Company provides guarantee to any legal person or other organization within the range of the consolidated statements of the Company, the Company shall disclose such guarantee on a timely basis after the controlling subsidiary performs its consideration procedures.

Where any controlling subsidiary of the Company provides guarantee to any entity other than the ones within the range of the consolidated statements of the Company, it shall be deemed as a guarantee provided by the Company, and such guarantee shall be subject to this policy. The provision of any counter-guarantee by the Company or its controlling subsidiary shall be subject to relevant provisions on guarantee, and relevant consideration procedures and disclosure obligation shall be performed by the Company and its controlling subsidiary on the basis of the amount of counter-guarantee, except for the counter-guarantee provided by the Company and its controlling subsidiary for any guarantee provided on the basis of their own debts.

Article 4 The External Guarantee of the Company shall strictly follow relevant laws, rules, normative documents, the Articles of Association and other relevant provisions, and the debt risk incurred by the External Guarantee shall be strictly controlled.

CHAPTER II MANDATORY PROVISIONS FOR THE EXTERNAL GUARANTEE

Article 5 The Company shall strictly perform the consideration procedures for the External Guarantee, submit to the board of directors or general meeting for the purpose of consideration under the Articles of Association and Listing Rules. No external guarantee shall be provided by the Company without consideration and approval of the board of directors or general meeting.

Article 6 The Company shall implement strict assets preservation measures to control the risk of guarantee.

- (1) Where the Company provides any guarantee to any of its controlling subsidiary or investment company, other shareholders of such controlling subsidiary or shareholding Company shall, in principle, take action for risk control, such as providing equivalent guarantee or counter-guarantee proportionally to their contributions.
- (2) Where relevant shareholders fail to take action for risk control, such as providing equivalent guarantee or counter-guarantee proportionally to their contributions:
 - (a) No guarantee shall be provided to any investment company in principle, in case of special circumstance, special proposal shall be submitted to the board of directors or general meeting for considerations;
 - (b) With regards to any controlling subsidiary, other assets preservation actions shall be sought, such as, third-party guarantee, property mortgage or pledge, cash collateral, credit guaranty, equity pledge and other forms of guarantee. Where all the above actions are infeasible, special proposal shall be submitted to the board of directors or general meeting for considerations to decide whether the guarantee can be provided. Where the guarantee is necessary, the board of director of the Company shall disclose the main reason and fully explain whether the risk of such guarantee is controllable or harmful to the interests of the Company on the basis of the analysis of the business condition and solvency of the object.

Article 7 The Company shall seriously perform the disclosure obligation for its External Guarantee, and provide all the matters about the External Guarantee of the Company to certified public accountant in charge of the financial audit of the Company exactly as required.

Any External Guarantee approved through considerations of the board of directors or general meeting of the Company shall be disclosed on a timely basis at the website of stock exchange and CSRC qualified media, and the disclosure shall cover the resolution of the board of directors or general meeting, the total amount of the External Guarantee provided by the Company and its controlling subsidiaries until the date of disclosure, and the total amount of the guarantee provided by the Company to its controlling subsidiaries.

**APPENDIX XIII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL GUARANTEES**

Article 8 The Company shall carry out self-check against the External Guarantees and other security which have been provided by it to any controlling shareholder, actual controller and other associated party, and shall disclose guarantee which violates these Regulations, if any, and the board of directors shall take reasonable and effective actions to cancel or correct such violation, minimize the loss of the Company, protect the interests of the Company and medium-small shareholders, and hold relevant persons accountable.

Where the Company performs guarantee liabilities as any controlling shareholder, actual controller or its associated party fails to pay its debts on a timely basis, the board of directors of the Company shall take protective actions such as chasing, filing a suit, property preservation, ordering the provision of guarantee to avoid or minimize the loss and hold relevant persons accountable.

Article 9 With regards to the guarantee provided by the Company to its controlling subsidiary, where there are many guarantees every years and guarantee agreements are made frequently, so that it is difficult to submit every agreement to the board of directors or general meeting for considerations, the Company can estimate the new increases of the total amount of the guarantees of the subsidiaries with debt ratio above and below 70% in the next twelve months respectively and submit the same to the general meeting for considerations.

The Company shall disclose the guarantee mentioned in the preceding paragraph on a timely basis when it has occurred in practice, the balance of the guarantees at any time shall not exceed the ceiling approved by the considerations of the general meeting.

Article 10 In case of any change of the range of the consolidated statements of the Company caused by any transaction or related party transaction, where the original guarantee becomes a guarantee provided to any related party after any transaction is completed, the Company shall perform consideration procedures and disclosure obligation accordingly on a timely basis for relevant related party guarantee. Where the Board of Directors or General Meeting rejects the above related party guarantee, each party of the transaction shall take effective action, such as terminating the guarantee in advance or cancelling relevant transaction or associated transaction, to avoid any violating associated guarantee.

**CHAPTER III ACCEPTANCE AND EXAMINATION PROCEDURES FOR
EXTERNAL GUARANTEE APPLICATION**

Article 11 The fund management department of the Company is in charge of the External Guarantee application, and in principle, the application and its attachments shall be filed by the guaranteed person with the fund management department of the Company at least 30 working days (consideration will be given as appropriate in case of special circumstance) in advance. The application shall at least cover:

- (1) Basic particulars of the guaranteed person;
- (2) Description of the guaranteed principal debt;
- (3) Type and term of the guarantee;

**APPENDIX XIII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL GUARANTEES**

- (4) Major terms of the guarantee agreement;
- (5) Liabilities of the guaranteed person to the guaranteed debt;
- (6) Payment schedule and funding;
- (7) Counter-guarantee program;
- (8) Other contents which the fund management department of the Company deems as necessary.

Article 12 The guaranteed person shall attach the documents related to the guarantee to the application, which shall include:

- (1) Photocopy of the business license of the guaranteed person;
- (2) Audited financial statements of the last period and of the previous year of the guaranteed person;
- (3) Principal debt contract of the guarantee;
- (4) Format of the guarantee contract provided by the creditor;
- (5) Other documents which the fund management department of the Company deems as necessary.

Article 13 Upon acceptance of the guaranteed person's application, the fund management department of the Company shall carry out an investigation to the credit standing of the guaranteed person and assess the risk of the provision of guarantee. After a written report is made, the report (together with the photocopies of the application and its attachments) shall be submitted to the secretary of the Board of Directors.

Article 14 Upon receipt of the written report and the documents related to the application, the secretary of the Board of Directors shall carry out a compliance review and a control auditing of the total amount of the External Guarantee together with relevant departments of the Company.

Article 15 The secretary of the Board of Directors shall, after the application passes the compliance review and control auditing, organize to implement the examination and approval procedures at the Board of Directors or General Meeting under the Articles of Association.

Article 16 The Board of Directors shall, before considering any external guarantee proposal, adequately investigate the operation and credit standing of the guaranteed person, deliberately consider and analyze the financial condition, operation condition, industrial prosperity and credit standing of the guaranteed person and make a resolution under relevant laws prudently. The Company can, when necessary, appoint an external professional agency to assess the guarantee risk as the basis for decision-making by the Board of Directors or General Meeting.

Article 17 The discussion and voting on any external guarantee matter by the Board of Directors and General Meeting shall be documented in details by the secretary of the Board of Directors, and disclosure obligation shall be performed on a timely basis.

Article 18 The independent non-executive directors, sponsor or independent financial advisor (if applicable) of the Company shall, when any external guarantee matter is considered by the Board of Directors (except the guarantee provided to any subsidiary within the range of consolidation), give independent advice on its legality, compliance, influence on the Company and risk existence, when necessary, accountancy firm can be appointed to check the cumulative and current external guarantees of the Company. In case of any abnormality, the Board of Directors and regulatory authority shall be informed and an announcement shall be released on a timely basis.

Article 19 The independent non-executive directors of the Company shall, in the annual report, make specific statement on the unfulfilled and current external guarantees at the end of the reporting period of the Company and the performance of this policy, and give independent advice.

CHAPTER IV DAILY MANAGEMENT AND CONTINUAL RISK CONTROL FOR EXTERNAL GUARANTEE

Article 20 A written contract shall be made for any external guarantee provided by the Company. The guarantee contract shall comply with relevant laws and rules, and its major terms shall be explicit without ambiguity.

Article 21 A special officer shall be designated by the Company to safeguard seals and document their use, the access to the seals related to guarantee matters shall be clarified, and the use of the seals related to guarantee matters shall be properly documented.

Article 22 The fund management department of the Company is the daily management department for the external guarantees of the Company and is responsible for centralized documentation and management of the external guarantee matters of the Company and its controlling subsidiaries.

Article 23 All the guarantee contracts and relevant original documents shall be properly managed, arranged and examined on a timely basis by the Company, the Company shall check with banks and any other relevant institutions regularly to ensure that the documentation is complete, accurate and valid, and it shall also show concern on the validity and term of the guarantees.

Any abnormal guarantee contract which has not been approved through the consideration procedures of the Board of Director or General Meeting found in the case of contract management shall be reported to the Board of Directors and Supervisory Committee by the secretary office of the Board of Directors and an announcement shall be released on a timely basis

Article 24 The Company shall show concern on the financial condition and solvency of the guaranteed person consistently, effective actions shall be taken by the Board of Directors on a timely basis to minimize the losses where it is found that the operation condition of the guaranteed person is severely worsened, its debts are overdue, it is insolvent or bankrupt, or enters liquidation procedures, or any other circumstance which significantly affects its solvency occurs.

**APPENDIX XIII PROPOSED FORMULATION OF THE MANAGEMENT
POLICY FOR EXTERNAL GUARANTEES**

Article 25 The Company shall, upon expiry of the debt of any external guarantee, urge the guaranteed person to perform its payment obligation within a specific time limit. Necessary remedy shall be provided on a timely basis by the Company in case of failure of the guaranteed person to perform its obligation as scheduled.

Article 26 Where the debt of any guarantee provided by the Company needs to be renewed and the Company continue to provide guarantee for such debt, such guarantee shall constitute a new external guarantee, and the examination and approval procedures and disclosure obligation shall be re-performed under the Articles of Association, these Regulations and other relevant provisions.

CHAPTER V LEGAL LIABILITY

Article 27 The external guarantees provided by the Company shall be strictly subject to this policy. Any defaulting person who shall be held accountable will be disciplined by the Board of Directors according to the losses and risk to the Company and the severance of the default.

Article 28 Any person accountable for the External Guarantee shall be called to account for the losses of the Company incurred by any guarantee contract made by any director or senior management of the Company beyond his/her authority in violation with this policy.

Article 29 Any officer of the department in charge of the External Guarantee or any other person in charge of the External Guarantee shall be called to account for the losses of the Company incurred by any guarantee provided in violation with laws or this policy and by virtue of disregard for risk.

Article 30 Any officer of the department in charge of the External Guarantee or any other person in charge of the External Guarantee shall be called to account for the losses of the Company incurred by failure to perform his/her duties.

CHAPTER VI SUPPLEMENTARY

Article 31 For any matter not mentioned in these Regulations, or in case of conflict between this policy and relevant provisions, or where otherwise is enacted after these Regulations are put into force, relevant national laws, rules, regulatory rules of the territory where the shares of the Company are listed and other relevant provisions shall prevail.

Article 32 This policy are interpreted by the Board of Directors.

Article 33 This policy is approved by considerations at the General Meeting and come into force from the date when the Renminbi ordinary shares (A-shares) of the Company provided in its initial public offering are listed at the SZSE's GEM.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“EGM”) of Changmao Biochemical Engineering Company Limited* (“Company”) will be held at 9:30 a.m. on Friday, 5 May 2023 at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the proposal on the plan for application for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange:
 - 1.1. Types of shares to be issued
 - 1.2. Par value of shares to be issued
 - 1.3. Pricing method
 - 1.4. Offering method
 - 1.5. Offer size
 - 1.6. Target subscribers
 - 1.7. Underwriting method
 - 1.8. Listing Venue
 - 1.9. Time of Offering
 - 1.10. Offering expenses
 - 1.11. Conversion to a joint stock limited company with shares offered and listed both domestically and overseas
 - 1.12. Validity of resolution

* For identification purpose only

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

2. To consider and approve the proposal on the authorisation to the board of directors of the Company and its authorised person(s) to deal with matters related to the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
3. To consider and approve the proposal on the projects to be financed by the proceeds of the initial public offering of ordinary shares denominated in RMB (A shares) of the Company and their feasibility;
4. To consider and approve the proposal on the plan for stabilisation of the price of A shares for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
5. To consider and approve the proposal on the profit distribution policy and shareholder dividend plan for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
6. To consider and approve the proposal on the remedial measures regarding the dilution of immediate returns due to initial public offering of ordinary shares denominated in RMB (A shares);
7. To consider and approve the proposal on the relevant undertakings and restrictive measures for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
8. To consider and approve the proposal on the undertaking of the directors, senior management and the controlling shareholders and actual controllers of the Company for the earnest performance of the remedial measures regarding the dilution of immediate returns due to initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
9. To consider and approve the proposal on the arrangement with regard to the retained profits rolled forward prior to the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;
10. To consider and approve the proposal on amendments to the articles of association of the company and proposed adoption of the articles of association of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;
11. To consider and approve the proposal on adoption of the rules of procedure for the general meeting of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

12. To consider and approve the proposal on adoption of the rules of procedure for the board of directors of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;
13. To consider and approve the proposal on adoption to the rules of procedure for the supervisory committee of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;

ORDINARY RESOLUTIONS

14. To consider and approve the proposal on the formulation of the management policy for proceeds raised applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
15. To consider and approve the proposal on formulation of the management policy for related party transactions of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange;
16. To consider and approve the proposal on formulation of the management policy for external investments of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange; and
17. To consider and approve the proposal on formulation of the management policy for external guarantees of the Company applicable after the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange.

By order of the Board
Rui Xin Sheng
Chairman

The PRC, 18 April 2023

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive directors of the Company, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive directors of the Company, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive directors of the Company.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

1. Holders of H Shares are advised that the register of members of the Company will close from 3 May 2023 to 5 May 2023 (both days inclusive), during which time no transfer of H Shares will be effected and registered. Shareholders whose names appear on the register of members of the Company at the close of business on 2 May 2023 are entitled to attend the EGM. In order to qualify for attendance at the EGM, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's share registrar and transfer office for H Shares, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 2 May 2023.
2. Every shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are shareholders of the Company, to attend and vote on his behalf at the EGM.
3. A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited, in the case of holders of Domestic Shares and Foreign Shares, at the Company's principal place of business in Hong Kong; in the case of holders of H Shares, at the Company's H Share registrar not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy, in the case of holders of Domestic Shares and Foreign Shares, at the Company's principal place of business in Hong Kong; in the case of holders of H Shares, at the Company's H Share registrar.
4. Shareholders and their proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
5. According to the Article 63 of the Articles of Association of the Company, when the Company convenes a shareholders' extraordinary general meeting, shareholder(s) holding 3% or more of the total shares carrying voting rights of the Company are entitled to propose new matters in writing to be considered and the Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the general meeting provided that the proposal is delivered to the Company 10 working days prior to the date of the EGM.
6. The address of Computershare Hong Kong Investor Services Limited is:
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel No.: (852) 2862 8555
Fax No.: (852) 2865 0990

The address of the Company's principal place of business in Hong Kong is:
Room 54, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong
Tel No.: (852) 2525 2242
Fax No.: (852) 2525 6994
7. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning is in effect at any time after 7:00 am on the EGM date, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.



常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

**NOTICE OF THE CLASS MEETING OF HOLDERS OF
DOMESTIC SHARES AND FOREIGN SHARES**

NOTICE IS HEREBY GIVEN that the class meeting of holders of domestic shares and foreign shares of Changmao Biochemical Engineering Company Limited* (“Company”) will be held at 10:00 a.m. (or as soon as the EGM to be convened on the same date and at the same place at 9:30 a.m. shall conclude or adjourn) on Friday, 5 May 2023 at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the proposal on the plan for application for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange:
 - 1.1. Types of shares to be issued
 - 1.2. Par value of shares to be issued
 - 1.3. Pricing method
 - 1.4. Offering method
 - 1.5. Offer size
 - 1.6. Target subscribers
 - 1.7. Underwriting method
 - 1.8. Listing Venue
 - 1.9. Time of Offering
 - 1.10. Offering expenses
 - 1.11. Conversion to a joint stock limited company with shares offered and listed both domestically and overseas
 - 1.12. Validity of resolution

* For identification purpose only

NOTICE OF THE CLASS MEETING OF HOLDERS OF DOMESTIC SHARES AND FOREIGN SHARES

2. To consider and approve the proposal on the authorisation to the board of directors of the Company and its authorised person(s) to deal with matters related to the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
3. To consider and approve the proposal on the projects to be financed by the proceeds of the initial public offering of ordinary shares denominated in RMB (A shares) of the Company and their feasibility;
4. To consider and approve the proposal on the price stabilisation plan for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
5. To consider and approve the proposal on the profit distribution policy and shareholder dividend plan for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
6. To consider and approve the proposal on the remedial measures regarding the dilution of immediate returns due to initial public offering of ordinary shares denominated in RMB (A shares);
7. To consider and approve the proposal on the relevant undertakings and restrictive measures for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
8. to consider and approve the proposal on the undertaking of the directors, senior management and the controlling shareholders and actual controllers of the Company for the earnest performance of the remedial measures regarding the dilution of immediate returns due to initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange; and
9. To consider and approve the proposal on the arrangement with regard to the retained profits rolled forward prior to the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange.

By order of the Board
Rui Xin Sheng
Chairman

The PRC, 18 April 2023

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive directors of the Company, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive directors of the Company, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive directors of the Company.

NOTICE OF THE CLASS MEETING OF HOLDERS OF DOMESTIC SHARES AND FOREIGN SHARES

Notes:

1. Holders of Domestic Shares and Foreign Shares are advised that the register of members of the Company will close from 3 May 2023 to 5 May 2023 (both days inclusive), during which time no transfer of Domestic Shares and Foreign Shares will be effected and registered. Shareholders whose names appear on the register of members of the Company at the close of business on 2 May 2023 are entitled to attend the Class Meeting of Holders of Domestic Shares and Foreign Shares (the “Class Meeting”).
2. Every shareholder who has the right to attend and vote at the Class Meeting is entitled to appoint one or more proxies, whether or not they are shareholders of the Company, to attend and vote on his behalf at the Class Meeting.
3. A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person’s seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company’s principal place of business in Hong Kong not less than 24 hours before the time appointed for the holding of the Class Meeting. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company’s principal place of business in Hong Kong.
4. Shareholders and their proxies attending the Class Meeting shall be responsible for their own travelling and accommodation expenses.
5. The address of the Company’s principal place of business in Hong Kong is:
Room 54, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong
Tel No.: (852) 2525 2242
Fax No.: (852) 2525 6994
6. If tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons or a black rainstorm warning is in effect at any time after 7:00 am on the Class Meeting date, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES



常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that the class meeting of holders of H shares (“H Shares Class Meeting”) of Changmao Biochemical Engineering Company Limited* (“Company”) will be held at 10:30 a.m. (or as soon as the class meeting of holders of Domestic Shares and Foreign Shares to be convened on the same date and at the same place at 10:00 a.m. shall conclude or adjourn) on Friday, 5 May 2023 at Capital Conference Services Limited, Suite 3318, 33/F, Jardine House, 1 Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the proposal on the plan for application for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange:
 - 1.1. Types of shares to be issued
 - 1.2. Par value of shares to be issued
 - 1.3. Pricing method
 - 1.4. Offering method
 - 1.5. Offer size
 - 1.6. Target subscribers
 - 1.7. Underwriting method
 - 1.8. Listing Venue
 - 1.9. Time of Offering
 - 1.10. Offering expenses
 - 1.11. Conversion to a joint stock limited company with shares offered and listed both domestically and overseas
 - 1.12. Validity of resolution

* For identification purpose only

NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES

2. To consider and approve the proposal on the authorisation to the board of directors of the Company and its authorised person(s) to deal with matters related to the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
3. To consider and approve the proposal on the projects to be financed by the proceeds of the initial public offering of ordinary shares denominated in RMB (A shares) of the Company and their feasibility;
4. To consider and approve the proposal on the price stabilisation plan for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
5. To consider and approve the proposal on the profit distribution policy and shareholder dividend plan for the three years after the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
6. To consider and approve the proposal on the remedial measures regarding the dilution of immediate returns due to initial public offering of ordinary shares denominated in RMB (A shares);
7. To consider and approve the proposal on the relevant undertakings and restrictive measures for the initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange;
8. to consider and approve the proposal on the undertaking of the directors, senior management and the controlling shareholders and actual controllers of the Company for the earnest performance of the remedial measures regarding the dilution of immediate returns due to initial public offering and listing of ordinary shares denominated in RMB (A shares) of the Company on the Growth Enterprise Market of the Shenzhen Stock Exchange; and
9. To consider and approve the proposal on the arrangement with regard to the retained profits rolled forward prior to the initial public offering and listing of ordinary shares denominated in RMB (A shares) on the Growth Enterprise Market of the Shenzhen Stock Exchange.

By order of the Board
Rui Xin Sheng
Chairman

The PRC, 18 April 2023

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive directors of the Company, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive directors of the Company, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive directors of the Company.

NOTICE OF THE CLASS MEETING OF HOLDERS OF H SHARES

Notes:

1. Holders of H Shares are advised that the register of members of the Company will close from 3 May 2023 to 5 May 2023 (both days inclusive), during which time no transfer of H Shares will be effected and registered. Shareholders whose names appear on the register of members of the Company at the close of business on 2 May 2023 are entitled to attend the Class Meeting of Holders of H Shares (the “**Class Meeting**”). In order to qualify for attendance at the Class Meeting, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company’s share registrar and transfer office for H Shares, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 2 May 2023.
2. Every shareholder who has the right to attend and vote at the Class Meeting is entitled to appoint one or more proxies, whether or not they are shareholders of the Company, to attend and vote on his behalf at the Class Meeting.
3. A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person’s seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company’s H Share registrar not less than 24 hours before the time appointed for the holding of the Class Meeting. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company’s H Share registrar.
4. Shareholders and their proxies attending the Class Meeting shall be responsible for their own travelling and accommodation expenses.
5. The address of Computershare Hong Kong Investor Services Limited is:
17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Tel No.: (852) 2862 8555
Fax No.: (852) 2865 0990
6. If tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons or a black rainstorm warning is in effect at any time after 7:00 am on the Class Meeting date, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.