

Articles of Association

of

Wuhan YZY Biopharma Co., Ltd.

(Applicable after the issuance of H Shares)

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CHAPTER I GENERAL PROVISIONS

Article 1 To safeguard the legitimate rights and interests of Wuhan YZY Biopharma Co., Ltd. (the “**Company**”), its shareholders and creditors, and regulate the organization and activities of the Company, the Articles of Association of the Company (the “**Articles of Association**”) are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “**Company Law**”), the Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “**Securities Law**”), the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法), the Guidelines on the Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other laws, regulations, departmental rules, regulatory documents and relevant regulations of the securities regulatory authorities at the place where the Company’s shares are listed, with reference to the actual situation of the Company.

Article 2 The Company is a joint stock limited company legally converted from Wuhan YZY Biopharma Limited Company in accordance with the Company Law and other relevant regulations.

The Company was established on January 13, 2022 by means of promotion according to laws based on Wuhan YZY Biopharma Limited Company. The Company was registered with the Administration for Market Regulation of Wuhan East Lake New Technology Development Zone (武漢東湖新技術開發區市場監督管理局) and obtained the Company’s business license. The unified social credit code of the Company is 91420100558404872J.

Article 3 With the approval of the China Securities Regulatory Commission (the “**CSRC**”) on March 30, 2023 and the approval of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on September 22, 2023, the Company issued 11,001,200 ordinary overseas listed foreign shares (H shares) of nominal value of RMB1.00 each to overseas investors for the first time, which were listed on the Main Board of the Hong Kong Stock Exchange on September 25, 2023, and the Company over-allotted [•] H shares of nominal value of RMB1.00 each, which were listed on the Main Board of the Hong Kong Stock Exchange on [•].

Article 4 The registered Company name (in Chinese): 武漢友芝友生物製藥股份有限公司, name in English: Wuhan YZY Biopharma Co., Ltd.

Article 5 Domicile of the Company: No. 666 Gaoxin Road, East Lake High Tech Development Zone, Wuhan, postal code: 430075.

Article 6 The registered capital of the Company is RMB[•].

Article 7 The Company is a joint stock limited liability company with perpetual existence.

Article 8 The chairman of the board (the “**Board**”) of directors (the “**Directors**”) shall be the legal representative of the Company.

Article 9 The assets of the Company are divided into equal shares. Shareholders shall bear liability for the Company to the extent of the shares they subscribe, and the Company shall bear liability for the debts of the Company with all its assets.

Article 10 From the date on which the Articles of Association come into effect, the Articles of Association shall constitute a legally binding document that regulates the organization and activities of the Company and the rights and obligations between the Company and its shareholders and between shareholders, and is binding upon the Company and its shareholders, Directors, supervisors (the “**Supervisors**”) and senior management members. Pursuant to the Articles of Association, shareholders may pursue action against other shareholders; shareholders may pursue action against Directors, Supervisors, the general manager and other senior management members; the shareholders may pursue action against the Company; and the Company may pursue action against its shareholders, Directors, Supervisors, the general manager and other senior management members.

Article 11 The senior management members referred to in the Articles of Association represent the Company’s general manager, deputy general manager, financial officer, the secretary to the Board and other senior management members appointed by the Board.

Article 12 The Company shall establish an organization of the Communist Party of China to carry out activities of the Communist Party of China in accordance with the constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the organization of the Communist Party of China.

CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS

Article 13 The operation objectives of the Company are: to adhere to the R&D concept of “tracing life and demystifying tumors” and vigorously promote the development and clinical application of biomedicine in immune-oncology therapies through independent innovation in new technologies, new targets and new products as well as close cooperation with domestic and overseas medical colleges and R&D institutions.

Article 14 Upon registration according to laws, the Company’s business scope is as follows: research and development of biotechnology, transfer of technology and technical advisory services, wholesale and retail of biological drugs (except for commodities subject to exclusive government operation and control) (excluding the development and application of human stem cells, gene diagnosis and therapeutic technologies); import and export of goods and technology (excluding goods or technology prohibited or restricted for import and export by the government). (The above business scope is not subject to the Special Management Measures for the Access of Foreign Investment; for projects subject to certain administrative approval, approval from the relevant authorities shall be obtained before carrying out operating activities).

CHAPTER III SHARES

Section 1 Issuance of Shares

Article 15 The shares of the Company shall be in the form of registered share certificates.

Article 16 Shares of the Company shall be issued in an open, fair and equal manner, and each of the shares of the same class shall carry the same rights.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Article 17 All share certificates issued by the Company have nominal values, and are denominated in Renminbi with a par value of Renminbi one yuan.

Article 18 Subject to the approval and registration from the securities regulatory authorities of the State Council as well as the approval from the Hong Kong Stock Exchange, all or part of domestic unlisted shares of the Company may be converted into foreign shares, and the converted foreign shares may be listed and traded on overseas stock exchanges. The listing and trading of the converted shares on overseas stock exchanges shall also comply with the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock market.

The conversion of domestic unlisted shares into foreign shares for listing and trading on overseas stock exchanges is not subject to voting at the shareholders' general meeting (the "**General Meeting**").

Article 19 The domestic unlisted shares issued by the Company shall be centrally deposited with China Securities Depository and Clearing Corporation Limited. The overseas listed foreign shares issued by the Company shall be held in custody mainly at the authorized depository company under the Hong Kong Securities Clearing Company Limited, and may also be held by the shareholders under individual names.

Article 20 At the promotion and establishment of the Company, the share capital amounted to RMB168,000,000 with 168,000,000 shares in total, which were all ordinary shares. At the establishment of the Company, the name of each promoter and its shareholding number, shareholding percentage, method of capital contribution and time of capital contribution are as follows:

No.	Name of promoter	Shareholding number (share)	Shareholding percentage (%)	Method of capital contribution	Time of capital Contribution
1	CSPC NBP Pharmaceutical Co., Ltd. (石藥集團恩必普藥業有限公司)	51,241,785	30.5011	shares converted from net assets	January 8, 2022
2	Yuan Qian (袁謙)	20,399,933	12.1428	shares converted from net assets	January 8, 2022
3	Wuhan Caizhi Investment Management Partnership (Limited Partnership) (武漢才智投資管理合夥企業(有限合夥))	16,792,707	9.9956	shares converted from net assets	January 8, 2022
4	Nanjing Caizhi No. 2 Enterprise Management Partnership (Limited Partnership) (南京才智二號企業管理合夥企業(有限合夥))	11,620,411	6.9169	shares converted from net assets	January 8, 2022
5	Zhou Hongfeng (周宏峰)	10,199,921	6.0714	shares converted from net assets	January 8, 2022
6	Nanning Huiyou Xingyao Equity Investment Fund Partnership (Limited Partnership) (南寧匯友興曜股權投資基金合夥企業(有限合夥))	10,142,797	6.0374	shares converted from net assets	January 8, 2022

No.	Name of promoter	Shareholding number (share)	Shareholding percentage (%)	Method of capital contribution	Time of capital Contribution
7	Long Star Growth Group Limited (長星成長集團有限公司)	7,916,510	4.7122	shares converted from net assets	January 8, 2022
8	Hainan Boyou Enterprise Management Consulting Center (Limited Partnership) (海南博友企業管理諮詢中心(有限合夥))	7,628,713	4.5409	shares converted from net assets	January 8, 2022
9	Ningbo Meishan Bonded Port Area Guangrui Hongxiang Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區廣瑞弘祥股權投資合夥企業(有限合夥))	7,196,835	4.2838	shares converted from net assets	January 8, 2022
10	PENGFEI ZHOU	6,869,744	4.0891	shares converted from net assets	January 8, 2022
11	Nanning Zhongheng Tongde Pharmaceutical Industry Investment Fund Partnership (Limited Partnership) (南寧中恒同德醫藥產業投資基金合夥企業(有限合夥))	3,700,872	2.2029	shares converted from net assets	January 8, 2022
12	Gongqingcheng Huiyou Xingyao Phase II Equity Investment Partnership (Limited Partnership) (共青城匯友興曜二期股權投資合夥企業(有限合夥))	3,038,340	1.8085	shares converted from net assets	January 8, 2022
13	Nanjing BGI Co-win Fund I Venture Capital Enterprise (Limited Partnership) (南京華大共贏一號創業投資企業(有限合夥))	1,919,166	1.1424	shares converted from net assets	January 8, 2022
14	Hainan Weifeng Network Technology Partnership (Limited Partnership) (海南偉豐網絡科技合夥企業(有限合夥))	1,919,166	1.1424	shares converted from net assets	January 8, 2022
15	Guangdong Xingyao No.4 Equity Investment Partnership (Limited Partnership) (廣東星耀四號股權投資合夥企業(有限合夥))	1,620,448	0.9646	shares converted from net assets	January 8, 2022

No.	Name of promoter	Shareholding number (share)	Shareholding percentage (%)	Method of capital contribution	Time of capital Contribution
16	Heilongjiang Qianshan Xinrong Equity Investment Partnership (Limited Partnership) (黑龍江千山信榮股權投資合夥企業(有限合夥))	1,296,358	0.7716	shares converted from net assets	January 8, 2022
17	Hangzhou Sanhua Hongdao Venture Capital Partnership (Limited Partnership) (杭州三花弘道創業投資合夥企業(有限合夥))	1,247,458	0.7425	shares converted from net assets	January 8, 2022
18	Shaoshan Hongyu Technology Co., Ltd (韶山鴻宇科技有限公司)	959,583	0.5712	shares converted from net assets	January 8, 2022
19	Wuhan Baiying Huizhi Venture Capital Fund Partnership (Limited Partnership) (武漢百贏匯智創業投資基金合夥企業(有限合夥))	959,583	0.5712	shares converted from net assets	January 8, 2022
20	Zhuhai Shengyi Investment Partnership (Limited Partnership) (珠海盛溢投資合夥企業(有限合夥))	959,583	0.5712	shares converted from net assets	January 8, 2022
21	Guo Hongwei (郭宏偉)	370,087	0.2203	shares converted from net assets	January 8, 2022
Total		168,000,000.00	100.0000	/	/

Article 21 With the approval of the CSRC on March 30, 2023 and the approval of the Hong Kong Stock Exchange on September 22, 2023, the Company may issue no more than 60,666,800 overseas listed foreign shares (assuming that the Over-allotment Option is not exercised) to overseas investors. If the Over-allotment Option is exercised, the Company may issue no more than 69,766,800 overseas listed foreign shares. The shareholders of unlisted shares will convert 99,619,614 domestic unlisted shares of the Company held by them into overseas listed foreign shares.

After the abovementioned issuance of overseas listed foreign shares (assuming that the Over-allotment Option is not exercised) and the conversion of domestic unlisted shares into overseas listed foreign shares, the share capital structure of the Company is: 193,001,200 ordinary shares, including 82,380,386 domestic unlisted shares and 110,620,814 overseas listed foreign shares (including 99,619,614 overseas listed foreign shares converted from domestic unlisted shares). After the abovementioned issuance of overseas listed foreign shares (assuming that the Over-allotment Option is fully exercised) and the conversion of domestic unlisted shares into overseas listed foreign shares, the share capital structure of the Company is: 194,651,200 ordinary shares, including 82,380,386 domestic unlisted shares and 112,270,814 overseas listed foreign shares (including 99,619,614 overseas listed foreign shares converted from domestic unlisted shares).

The total number of shares of the Company upon the completion of the issuance of H shares and the listing is [•], all of which are ordinary shares.

Article 22 The Company or its subsidiaries (including affiliated enterprises of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who purchases or intends to purchase the shares of the Company.

Section 2 Increase, Reduction and Purchase of Shares

Article 23 Based on its operating and development needs, the Company may, pursuant to the laws and regulations and resolutions made at the General Meetings, increase its capital in the following ways:

- (1) public offering of shares;
- (2) private placement of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of funds in the capital reserve to share capital;
- (5) any other means permitted by laws and administrative regulations or approved by the CSRC and the Hong Kong Stock Exchange.

Article 24 The Company may reduce its registered capital. The reduction of registered capital shall be made in accordance with the Company Law and other relevant regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, as well as procedures stipulated in the Articles of Association.

Article 25 The Company shall not purchase its shares, except in one of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) mergers with another company holding shares of the Company;
- (3) use of shares for employee stock ownership plans or equity incentives;
- (4) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the General Meeting on the merger or division of the Company;
- (5) use of shares for conversion of corporate bonds convertible into shares issued by the Company;
- (6) necessity for maintaining company value and protecting shareholders' equity.

Article 26 The Company may purchase its shares in the manner of open and centralized trading method or other methods approved by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the CSRC (if required). The purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) under the first paragraph of Article 25 of the Articles of Association shall be subject to the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and shall be proceeded by an open and centralized trading method.

Article 27 The purchase by the Company of its own shares for the reasons of items (1) and (2) under the first paragraph of Article 25 of the Articles of Association shall require a resolution of the General Meeting. The purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) under the first paragraph of Article 25 of the Articles of Association may be approved by a meeting of the Board attended by more than two-thirds of the Directors pursuant to the provisions of the Articles of Association or the authorization by the General Meeting.

After the Company purchases the shares pursuant to the provisions under the first paragraph of Article 25 of the Articles of Association, such shares shall be cancelled within ten days from the date of purchase under the circumstance as described in item (1); such shares shall be either transferred or cancelled within six months under the circumstances as described in items (2) and (4); the aggregate number of the Company's shares held by the Company shall not exceed 10% of the entire issued shares of the Company, and such shares shall be either transferred or cancelled within three years under the circumstances as described in items (3), (5) and (6).

For the purchase by the Company of its own shares, the Company shall perform the obligation of information disclosure pursuant to the relevant provisions of laws, administrative regulations, departmental rules, regulatory documents and the Hong Kong Listing Rules. The relevant regulatory rules of the place where the Company's shares are listed shall prevail if the matters related to the repurchase of shares are otherwise governed thereunder.

Section 3 Transfer of Shares

Article 28 The shares of the Company can be transferred in accordance with laws. All transfers of H shares shall be executed with a written transfer document in a general or ordinary form or in any other forms acceptable by the Board (including the standard transfer format or form of transfer that the Hong Kong Stock Exchange may provide from time to time); the said written transfer document may be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in the laws of Hong Kong effective from time to time, or any of its agents, the written transfer document may be signed by hand or print. All transfer documents shall be kept at the legal address of the Company or another place designated by the Board from time to time.

Article 29 The Company shall not accept any of its own shares as the subject of pledge right.

Article 30 Shares of the Company held by promoters shall not be transferred for a period of one year after the Company's establishment. Shares issued prior to the Company's public offering of shares shall not be transferred for a period of one year from the date of listing and trading of the Company's shares on the stock exchange.

The Directors, Supervisors and senior management members of the Company shall declare to the Company the shares (including preference shares (if any)) and changes therein, and shall not transfer more than 25% of their shares of the same class per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year from the date of listing and trading of the Company's shares. The shares of the Company held by the above-mentioned persons shall not be transferred within six months after their departure from office.

The Hong Kong Listing Rules or relevant provisions of the securities regulatory authorities at the place where the Company's shares are listed shall prevail if the transfer restriction of overseas listed shares is otherwise governed thereunder.

Article 31 If the Directors, Supervisors, senior management members of the Company and shareholders holding 5% or more of shares of the Company, Directors, Supervisors, senior management members sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains belong to the Company and the Board shall recover the resulting gains. However, securities companies holding 5% or more of the Company's shares as a result of the purchase of the remaining shares under underwriting, and other circumstances stipulated by the CSRC and securities regulatory authorities at the place where the Company's shares are listed are excluded.

The shares or other equity securities held by Directors, Supervisors, senior management members and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouses, parents, children, and those held through the accounts of others.

Shareholders may require the Board of Directors to comply with the requirement set out in the first paragraph of this Article within thirty days if the Board of Directors fails to do so. In the event that the Board of Directors fails to rectify the situation within the said time limit, shareholders may file a legal action to the court in their own name for safeguarding the interests of the Company.

If the Board of Directors does not enforce the provision of the first paragraph of this Article, the responsible Directors shall be joint and severally liable in accordance with the laws.

CHAPTER IV SHAREHOLDERS AND THE GENERAL MEETING

Section 1 Shareholders

Article 32 The Company shall establish a register of shareholders. The Company shall prepare a register of shareholders based on the evidence provided by share registrars, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. A shareholder shall enjoy rights and bear obligations according to the class and ratio of his or her shares. The shareholder holding the same class shall enjoy the same rights and bear the same obligations.

Article 33 Transfer and assignment of shares shall be recorded in the register of shareholders. The original register of shareholders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of shareholders of overseas listed foreign shares at its domicile. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the register of shareholders of overseas listed foreign shares. The register of shareholders kept in Hong Kong must be accessible to shareholders, but the Company may be allowed to suspend the registration of shareholders under the same terms of Article 632 of the Company Ordinance.

A shareholder of overseas listed foreign shares who has lost the share certificate and applies for a replacement certificate to be issued may comply with the laws, the rules of the stock exchange or other relevant requirements of the place where the register of shareholders of overseas listed foreign shares is maintained.

In the case of joint shareholders of any share, only the joint shareholder whose name stands first in the register of shareholders shall be entitled to receive from the Company a certificate for the relevant shares and to receive notices from the Company, and any notice served on such person shall be deemed to have been served on all the joint shareholders of the relevant shares. Any one of such joint shareholders may sign a form of proxy provided that, if more than one joint shareholder is present in person or by proxy, the vote of the joint shareholders having a higher priority, whether in person or by proxy, shall be accepted as the sole vote on behalf of the remaining joint shareholders. For this purpose, the order of precedence of shareholders shall be determined by the order in which the names of joint shareholders stand in the register of shareholders of the Company in relation to the relevant shares.

Article 34 When the Company needs to confirm the identity of shareholders for holding the General Meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convener of the General Meeting shall determine the record date. Shareholders registered in the register of members after close of market on the record date shall be those shareholders entitled to the relevant rights and interests of shareholders of the Company.

Article 35 The shareholders of the Company shall enjoy the following rights:

- (1) to receive distribution of dividends and other forms of benefits according to the number of shares held;
- (2) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the General Meeting and exercise corresponding rights to speak and vote;
- (3) to supervise the Company's business operations, put forward proposals or raise enquiries;
- (4) to transfer, grant or pledge the shares held in accordance with the laws, administrative regulations and the Articles of Association;
- (5) to access to the Articles of Association, the register of shareholders, bond counterfoils of the Company, minutes of the General Meetings, minutes of the Board meetings, minutes of Supervisors' meetings and financial and accounting reports;
- (6) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

- (7) with respect to shareholders who voted against any resolution adopted at the General Meeting on the merger or demerger of the Company, to demand the Company to repurchase the shares held by them;
- (8) shareholders individually or jointly holding 3% or more of the Company's shares are entitled to make a provisional proposal and submit it in writing to the convener 10 business days before the date of the General Meeting;
- (9) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Article 36 The shareholder who asks to review the information mentioned in the preceding Article or makes a request for information, he or she shall provide the Company with written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after verifying his or her identity.

Article 37 Where the content of a resolution of the General Meeting or the Board meeting of the Company violates laws or administrative regulations, the shareholders shall be entitled to request the People's Court to hold it invalid.

If the convening procedure or voting method of the General Meeting or Board meeting violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days from the date it was made.

Article 38 In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management when performing their duties in the Company, the shareholders holding 1% or more shares of the Company individually or jointly for over 180 consecutive days may submit a written request to the Supervisory Committee of the Company (the "**Supervisory Committee**") to file an action with the People's Court. Where Supervisors violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the above shareholders may submit a written request to the Board of Directors to file an action with the People's Court.

In the event that the Supervisory Committee or the Board of Directors refuses to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fails to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action to the People's Court for the interest of the Company.

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in the first paragraph of this Article may file an action with the People's Court pursuant to the provisions of the preceding two paragraphs.

Article 39 In the event that a Director or senior management violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may file an action with the People's Court.

Article 40 The shareholders of the Company shall have the following obligations:

- (1) to comply with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (2) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (3) not to withdraw shares unless required by the laws and regulations;
- (4) not to abuse shareholders' rights to impair the legal interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the legal interests of the creditors of the Company;
- (5) to fulfill other obligations as stipulated by laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause loss to the Company or other shareholders shall be liable for indemnity according to the law. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Article 41 Where a shareholder holding more than 5% of voting shares of the Company pledges any of his or her shares, he or she shall make a written report to the Company on the day on which he or she pledges his or her shares.

Article 42 The controlling shareholder and the de facto controller shall not use their connected relationships to impair the interests of the Company. They shall be liable for damages if, as a result of violating this provision, they cause the Company to sustain a loss.

The controlling shareholder and the de facto controller of the Company bear the fiduciary duty toward the Company and other shareholders of the Company. The controlling shareholder shall exercise his or her rights as an investor in strict compliance with relevant laws. The controlling shareholder may not use such means as a profit distribution, assets restructuring, investment in a third party, appropriation of funds, loan security, connected transactions, etc., to impair the legal interests of the Company and other shareholders of the Company, and may not use its connected relationships to impair the interests of the Company and other shareholders of the Company.

Section 2 General Provisions for the General Meeting

Article 43 The General Meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and change a Director or Supervisor who is not an employee representative, and decide on matters relating to the remuneration of the Director and Supervisor;

- (3) to consider and approve the report of the Board;
- (4) to consider and approve the report of the Supervisory Committee;
- (5) to consider and approve the annual financial budgets and the final accounts of the Company;
- (6) to consider and approve the profit distribution plans and the loss recovery plans of the Company;
- (7) to decide on any increase or reduction of the Company's registered capital;
- (8) to decide on the issue of corporate bonds or other securities and listing scheme of the Company;
- (9) to decide on issues such as merger, division, dissolution, liquidation and change of form of the Company;
- (10) to amend the Articles of Association;
- (11) to decide on the engagement, dismissal or non-renewal of the accounting firm of the Company;
- (12) to consider and approve the external guarantees subject to the approval of the General Meeting as provided for in the Articles of Association;
- (13) to consider the purchase or disposal of substantial assets of the Company with an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (14) to consider and approve major transactions and connected transactions that should be considered and approved by the General Meeting under the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (15) to consider and approve any change in the use of proceeds;
- (16) to consider any share incentive scheme;
- (17) to consider other matters required to be approved or resolved at the General Meeting under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Article 44 The following external guarantees given by the Company (except for the guarantee accepted by the Company or provided by the Company to its holding subsidiaries) shall be considered and approved by the General Meeting.

- (1) the total amount of the external guarantees provided by the Company and its holding subsidiaries reaching or exceeding 50% of the latest audited net assets;

- (2) the total amount of the external guarantees provided by the Company reaching or exceeding 30% of the latest audited total assets;
- (3) the amount of the guarantees provided by the Company within one year exceeding 30% of the latest audited total assets;
- (4) any guarantees provided to companies with an asset-liability ratio exceeding 70%;
- (5) a single guarantee with the amount exceeding 10% of the latest audited net assets of the Company;
- (6) any guarantees provided for shareholders, de facto controllers and their related parties;
- (7) other external guarantees required to be considered and approved at the General Meeting under the laws, regulations, regulatory documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken. The abovementioned total amount of external guarantee of the Company and its subsidiaries refers to the sum of the total external guarantee provided by the Company including those provided by the Company for its subsidiaries and the total amount of external guarantees provided by the subsidiaries of the Company.

The abovementioned external guarantees that should be approved at the General Meeting must be reviewed and approved by the Board before being submitted to the General Meeting for consideration and approval.

The Board has the right to consider and approve the external guarantees other than those subject to approval at the General Meeting. Guarantee related affairs within the authority of the Board shall be subject to the approval of more than half of all the Directors and more than two thirds of the Directors present at the Board meeting.

The guarantees as mentioned in item (3) of the first paragraph herein submitted to the General Meeting for consideration shall be passed with more than two thirds of the votes held by the shareholders present at the meeting.

When the proposal for providing a guarantee to a shareholder, de facto controller and its related parties is considered at the General Meeting, the shareholder or the shareholders controlled by the de facto controller shall not participate in the voting, and this proposal shall be passed by more than half of the voting right held by other shareholders present at the General Meeting.

Where the Hong Kong Listing Rules or the securities regulatory authority of the place where the shares of the Company are listed have other provisions on the abovementioned matters, such provisions shall prevail.

Those who violate the abovementioned authority of review and approval on external guarantees and cause damages to the interests of the shareholders of the Company shall be liable for compensation according to laws.

Article 45 The General Meeting includes annual General Meetings and extraordinary General Meetings. The annual General Meeting shall be held once a every year, within six months following the end of the previous fiscal year.

Article 46 The Company shall convene an extraordinary General Meeting within 2 months upon the occurrence of the following events:

- (1) the number of Directors is less than the minimum number specified in the Company Law, or less than two-thirds of the number specified in the Articles of Association;
- (2) the unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;
- (3) shareholders that hold, individually or collectively, more than 10% of the shares in the Company request to convene the General Meeting in writing;
- (4) the Board considers it necessary;
- (5) the Supervisory Committee proposes to convene such a meeting; or
- (6) other circumstances under relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Article 47 The venue of the General Meeting shall be the domicile of the Company or the venue explicitly notified in the notice of the General Meeting.

A meeting venue will be established for the General Meeting and the meeting shall be held on site. The Company will also enable shareholders to have access to the General Meeting through communications or other means. The shareholders that have participated in the meeting through access of any aforesaid means shall be deemed as present at the meeting.

After the notice of the General Meeting is issued, the venue of the on-site meeting of the General Meeting shall not be changed without proper reasons. If it is necessary to change, the convener shall make an announcement and give the reasons at least two business days before the date of the meeting.

Article 48 If the Company is explicitly required to engage a legal adviser to witness and issue legal opinions at the General Meeting, during the General Meeting under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, the Company will engage a legal adviser to issue legal opinions on the following matters and publish the same:

- (1) whether the procedures of convening and holding the meeting comply with relevant laws or administrative regulations and the Articles of Association;
- (2) whether the qualifications of the attendants and the convener are legal and valid;
- (3) whether the voting procedure and results are legal and valid;
- (4) legal opinions on other matters as requested by the Company.

Section 3 Assembling of General Meetings

Article 49 The independent non-executive Directors shall have the right to propose to the Board to convene an extraordinary General Meeting. The Board shall, in accordance with relevant laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary General Meeting within 10 days after receiving the written proposal from the independent non-executive Directors to call such meeting.

If the Board agrees to convene an extraordinary General Meeting, it shall issue a notice calling such a meeting within 5 days after the resolution of the Board is passed. Any change made to the original proposal in the notice shall be approved by the Supervisory Committee.

Article 50 The Supervisory Committee shall have the right to propose to the Board in writing to convene an extraordinary General Meeting. The Board shall, in accordance with relevant laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary General Meeting within 10 days after receiving the proposal from the independent Directors to call such meeting.

If the Board agrees to convene an extraordinary General Meeting, it shall issue a notice calling such meeting within 5 days after the resolution of the Board is passed. Any change made to the original proposal in the notice shall be approved by the Supervisory Committee.

If the Board does not agree to convene an extraordinary General Meeting, or fails to make a response within 10 days after the receipt of the proposal, the Supervisory Committee may convene and preside over an extraordinary General Meeting on its own.

Article 51 Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to request in writing the Board to convene an extraordinary General Meeting and add resolutions to a meeting agenda. The Board shall, in accordance with relevant laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary General Meeting within 10 days after receiving the proposal from the abovementioned shareholders to call such meeting.

If the Board agrees to convene the extraordinary General Meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change made to the original request in the notice shall be approved by the relevant shareholders.

If the Board does not agree to convene the extraordinary General Meeting, or fails to make a response within 10 days upon receipt of the request, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to propose to the Supervisory Committee to convene the extraordinary General Meeting. Such request shall be made to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary General Meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any change made to the original request in the notice shall be approved by the relevant shareholders.

If the Supervisory Committee fails to issue the notice calling such a meeting within the period specified hereinabove, it shall be deemed to have failed to convene and preside over such meeting. The shareholders that hold, individually or collectively, 10% of the shares in the Company for 90 consecutive days or longer period may convene and preside over such meeting.

Article 52 The Supervisory Committee or the shareholders that decide to hold the General Meeting by itself or themselves must notify the Board thereof in writing.

The shareholders that convene the General Meeting shall hold at least 10% of the shares in the Company prior to the resolutions of such meeting.

Article 53 For the General Meetings convened by the Supervisory Committee or the shareholders, the Board and the secretary to the Board shall coordinate accordingly. The Board will provide the register of shareholders as of the equity registration date. The register of shareholders provided to the convener shall not be used for purposes other than convening the General Meeting.

Article 54 All necessary expenses incurred by the Supervisory Committee or the shareholders to convene the General Meeting shall be assumed by the Company.

Section 4 Proposals and Notices of General Meetings

Article 55 The contents of a proposal shall be within the scope of the duties and powers of the General Meeting, have definite themes and specific matters for resolutions, as well as be in compliance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the relevant requirements set forth in the Articles of Association.

Article 56 The Board, the Supervisory Committee and shareholders that hold, individually or collectively, 3% or more of the shares in the Company shall have the right to make proposals to the Company at the General Meeting.

Shareholders that hold, individually or collectively, 3% or more of the shares in the Company may make provisional proposals in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the General Meeting and announce the contents of such provisional proposals within two days after receipt thereof.

Except as provided by the preceding paragraph, the convener of the General Meeting shall not amend the proposals already specified in the notice of the General Meeting or add new proposals subsequent to the issuance of the notice of the General Meeting.

Any proposal that is not stated on the notice of the General Meeting or that is incompliant with the Articles of Association will not be considered or approved by the General Meeting.

Article 57 The convener shall inform each shareholder the annual General Meeting by way of announcement 21 days before the meeting, and shall inform each shareholder the extraordinary General Meeting by way of announcement 15 days before the meeting.

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

Article 58 Notice of General Meeting shall be made in writing and include the following contents:

- (1) specifying the date, venue, method and duration of the meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) an express statement that a shareholder is entitled to attend the General Meeting, and to appoint proxy(ies) to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (4) the record date on which the shareholders are entitled to attend the General Meeting;
- (5) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (6) the voting time and procedure via internet or through other means (if any);
- (7) such information and explanation as necessary for shareholders to make informed decisions in connection with the matters to be discussed. This principle shall apply (but not be limited to) when proposals are made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to effect any other reorganization of the Company, and specific conditions and contracts (if any) of the proposed transaction together with proper explanations of the causes and consequences of any such proposals shall be provided;
- (8) the nature and extent of the material conflict of interest, if any, of any Director, Supervisor, general manager and other senior management in the matters to be considered; and an explanation of the differences, if any, between the way in which the matter to be considered will affect such Director, Supervisor, general manager and other senior management in his/her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;
- (9) the full text of any special resolution proposed to be passed at the meeting;
- (10) the time and venue of serving a power of attorney of the voting proxy;
- (11) other circumstances stipulated under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice and the supplementary notice, if any, of the General Meeting shall fully and completely disclose the contents of all proposals. If the matters to be discussed require the opinions of the independent non-executive Directors, the opinions of the independent non-executive Directors and the reasons therefor shall be disclosed at the same time when the notice of General Meeting or its supplementary notice is issued. The time to start voting via internet or through other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite General Meeting or later than 9:30 a.m. of the date of the onsite General Meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite General Meeting. The commencing time of voting online or through other means (if any) of any General Meeting shall not be earlier than 3:00 p.m. on the date preceding the convening of physical General Meeting and shall not be later than 9:30 a.m. on the convening date of physical General Meeting. Its conclusion time shall not be earlier than 3:00 p.m. on the conclusion date of physical General Meeting.

The interval between the record date and the date of the General Meeting shall not be more than seven business days. Once the record date is confirmed, no change may be made thereto.

Article 59 If the elections of Directors and Supervisors are intended to be discussed at the General Meeting, the notice of the meeting shall fully disclose the details of the candidates for the role of Directors and Supervisors, and shall at least include the following particulars:

- (1) personal information, such as education level, working experiences and any part-time work undertaken;
- (2) whether there is any connected relationship with the Company or its controlling shareholder or de facto controller of the Company;
- (3) disclosure of their shareholding in the Company;
- (4) whether or not the candidate has been subject to penalties by the CSRC or other relevant authorities as well as sanctions by any stock exchange;
- (5) disclosable information in relation to the new appointment, re-election or re-designation of Directors and Supervisors as required by the Hong Kong Listing Rules.

Except for the election of Directors and Supervisors by cumulative voting mechanism, the nomination proposal on each candidate for Director or Supervisor shall submit in the form of independent motion.

Article 60 After the notice on convening the General Meeting sent out, the General Meeting shall not be postponed or cancelled and the proposal listed in the notice of General Meeting shall not be cancelled without justifiable causes. In the case of any circumstance for postponement or cancellation of the General Meeting, the convener shall make an announcement and explain the reasons at least two business days before the date for the planned General Meeting.

Section 5 Holdings of General Meetings

Article 61 The Board and other conveners shall take necessary measures to ensure the normal order of the General Meeting. They shall take measures to prevent any interference with the General Meeting, disturbance and violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

Article 62 When the General Meeting is held, all shareholder registered on the register of shareholders on the record date or their proxy(ies) shall be entitled to attend the General Meeting, speak at the General Meeting and exercise their voting rights in accordance with relevant laws, regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association unless the individual shareholders are required to abstain from voting on individual matters in accordance with the Hong Kong Listing Rules.

Any shareholder entitled to attend and vote at the General Meeting may attend the General Meetings in person or appoint one or several persons (who may not be shareholders) to act as his/her proxy to attend and vote at the General Meeting on his/her behalf.

Shareholders who have appointed proxy(ies) to attend any meeting on their behalf shall be deemed to attend in person. Such proxy so appointed may exercise the following rights pursuant to the authorization from such shareholder:

- (1) such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others.

Article 63 An individual shareholder that attends the meeting in person should produce his/her own ID card or other valid documents or certificates that can prove his/her identity; if a proxy who attends the meeting upon entrustment by a shareholder should produce his/her own valid ID card and the power of attorney issued by the shareholder.

Shareholders that are legal persons or institutions should assign their legal representative (principal)/executive partner or a proxy authorized by the legal representative (principal)/executive partner. If the legal representative (principal)/executive partner attends the meeting, he/she should produce his/her own valid ID card, and the valid certificate proving that he/she has the qualification of legal representative (principal). If a proxy has been authorized to attend the meeting, such proxy should procure his/her valid ID card, and a written power of attorney issued by the legal representative (principal)/executive partner of the shareholder as a legal person or institution (saved for a recognized clearing house or its nominee).

Where shareholder is a recognized clearing house (or its proxy) defined by the relevant ordinances stipulated in Hong Kong from time to time, it may authorize its representative(s) of the Company or one or more persons it considers appropriate as its representative(s) at any General Meeting; however, if more than one person is so authorized, the power of attorney shall specify the involved 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 can represent the recognized clearing house (or its proxy) to attend the meeting (without the need of producing any documents of title, notarized authorization and/or further evidence to substantiate that he/she is so authorized) and exercise the same legal rights (including right to speak and vote) as other shareholders, as if he/she was an individual shareholder of the Company.

Article 64 A proxy of attorney issued by a shareholder to entrust another person as his/her proxy to attend the General Meeting shall contain the following:

- (1) the name of the proxy;
- (2) whether the proxy has voting right or not;
- (3) separate instructions as to whether to cast affirmative, negative or abstention votes on each review issue listed on the agenda of the General Meeting;
- (4) the issuing date and validity period of the power of attorney; and

- (5) signature (or seal) of the principal. If the principal is a legal person shareholder/institutional shareholder, the power of attorney shall be affixed with the seal of the legal person/institution, or executed by its Directors, officially appointed proxy or officially authorized person.

Article 65 The power of attorney shall indicate that the shareholder proxy can vote according to his/her own opinions if the shareholder does not make specific instructions.

Article 66 The proxy form for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting prior to the meeting at which the proxy is authorized to vote or before the specified voting time. Where such a proxy form for voting is signed by another person authorized by the principal, the power of attorney authorizing the signature or other authorization documents shall be notarized. The power of attorney or other authorization documents upon notarized shall, together with the proxy form for voting, be deposited at the domicile of the Company or such other place as specified in the notice of the meeting.

Where the principal is a legal person/institutional shareholder, its legal representative (principal)/executive partner or any other persons authorized by resolutions of the Board or other decision-making bodies shall attend the General Meeting of the Company.

Article 67 The register of persons attending the meeting shall be prepared by the Company. The register shall set out the attendants' names (or the name of the entity they are from), valid ID numbers, residential addresses, numbers of shares held or representing voting rights and names of the proxies (or names of the entity they are from).

Article 68 The convener and the lawyer engaged by the Company (if any) shall jointly verify the qualification of shareholders according to the register of shareholders provided by the securities registrations and clearing organizations, and register the name (or title) of the shareholders and the numbers of shares with voting rights he/she holds. The meeting registration shall be terminated by the time the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights they hold.

Article 69 When a General Meeting is held, all Directors, Supervisors and secretary to the Board shall attend the meeting, and the general manager and other senior management officers shall attend the meeting as non-voting delegates.

Article 70 The General Meeting shall be presided over by the chairman of the Board. Where the chairman cannot or fails to perform his/her duties, the vice chairman shall preside over the meeting. If the vice chairman cannot or fails to perform his/her duties, half of the Directors or more shall jointly recommend one Director to preside over the meeting.

A General Meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, one Supervisor shall be elected jointly by half or more of the Supervisors to preside over the meeting.

The General Meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a General Meeting is held and the presider violates the rules of procedure which makes it impossible for the General Meeting to continue, a person may be elected at the General Meeting to act as the presider of the meeting so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders with voting rights.

Article 71 The Company shall formulate the rules of procedure for the General Meeting to provide details for the convening and voting procedures, including notice, registration, consideration of proposals, voting, vote counting, announcement of the voting results, formation of meeting resolutions, minutes and signing, as well as the principles of the authorization of the Board by the General Meeting (where the contents of authorization shall be explicit and specific). The rules of procedure for the General Meeting, as an Annex to the Articles of Association, shall be prepared by the Board and approved by the General Meeting.

Article 72 At the annual General Meeting, the Board and the Supervisory Committee shall report on their work over the previous year. Each independent non-executive Director shall also report their duties accordingly.

Article 73 The Directors, Supervisors and senior management officers of the Company shall make explanation and interpretation on the inquiry and suggestions of the shareholders at the General Meeting.

Article 74 The presider of the meeting shall, announce the number of attending shareholders and proxies at the meeting and the total number of shares with voting rights they hold before voting. The number of shareholders and proxies at the meeting and the total number of shares with voting rights they hold shall be based on the meeting register.

Article 75 Minutes of the General Meeting shall be kept by the secretary to the Board.

The minutes of the meeting shall specify:

- (1) time, venue, agenda of the meeting, and the name or title of the convener;
- (2) the names of the presider of the meeting, and the Directors, Supervisors, general manager and other senior management officers in attendance or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of the shares of the Company;
- (4) the consideration process, summaries of speeches and voting result for each proposal;
- (5) the inquiries or suggestions of the shareholders, and the corresponding responses or explanations (if any);
- (6) the names of the lawyer (if any), counting officer and monitoring officer;
- (7) other contents that shall be recorded in the minutes of the meeting pursuant to the Articles of Association.

Article 76 The convener shall ensure that the minutes of a meeting are true, accurate and complete. The minutes shall be signed by attending Directors, Supervisors, the secretary to the Board, the convener or representative thereof, and the presider of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to physical voting or voting online or by other such means shall be kept for at least 10 years.

Article 77 A convener shall ensure that the General Meeting shall be held continuously until a final resolution is formed. In the event that a General Meeting is suspended or no resolutions can be made thereat due to special circumstances such as force majeure, the convener shall take necessary measures to restore the meeting as soon as possible, or directly terminate the meeting and make an explanation or announcement promptly.

Section 6 Voting and Resolutions at General Meetings

Article 78 Resolutions of the General Meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by a majority of the voting rights held by the shareholders (including proxies of shareholders) attending the General Meeting.

A special resolution shall be adopted by two-thirds or more of the voting rights held by the shareholders (including proxies of shareholders) attending the General Meeting.

Article 79 The following matters shall be approved by the General Meeting through ordinary resolutions:

- (1) work reports of the Board or the Supervisory Committee;
- (2) profit distribution plans and loss recovery plans drafted by the Board;
- (3) appointment or dismissal of the members of the Board or the members of the Supervisory Committee, their remunerations and the method of payment thereof;
- (4) the annual budget and final accounts of the Company;
- (5) the annual report of the Company;
- (6) the decision on the Company's operational approach and investment plan;
- (7) the appointment and dismissal of accounting firm;
- (8) matters other than those to be approved by special resolutions of the General Meeting stipulated in the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Article 80 The following matters shall be approved by the General Meeting through special resolutions:

- (1) the increase or decrease of the registered capital of the Company;
- (2) the issuance of corporate bonds;
- (3) the division, merger, deregistration, dissolution, liquidation or change in the form of the Company;
- (4) any amendment of the Articles of Association;
- (5) substantial assets acquired or disposed of or security provided by the Company for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (6) any share incentive scheme;
- (7) other matters which laws, administrative regulations, departmental rules, the Hong Kong Listing Rule and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association require to be adopted by special resolution or which confirmed by an ordinary resolution at a General Meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Article 81 All shares held by the shareholders of the Company are ordinary shares and there are no shares with special voting rights. Shareholders (including proxies) may exercise their voting rights by the number of shares held by them which carry the right to vote. Each share carries out one vote. On a poll taken at a meeting, shareholders (including proxies) entitled to two or more votes need not cast all of their votes in favor of, or against.

Under the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on any particular matter or restricted to voting only for or only against any particular matter, the shareholder shall abstain from voting, and the votes cast by or on behalf of such shareholders in contravention of such requirements or restrictions shall not be counted.

When material issues affecting the interests of minority shareholders are considered at a General Meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares which is held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a General Meeting.

The Board, independent non-executive Directors, shareholders holding 1% or more of the voting shares of the Company or investor protection institutions established pursuant to laws, administrative regulations or the rules of the securities regulatory authorities of the place where the Company's shares are listed, may publicly solicit shareholders' voting rights. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets.

When the qualified shareholders of the Company publicly solicit the rights convening a General Meeting, rights to submit proposals, rights of nomination, voting rights and other shareholder rights lawfully held by other shareholders, the solicitation with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for the solicitation of voting rights, except for statutory conditions.

Article 82 When relevant connected transaction is considered at a General Meeting, connected shareholders and their close associate(s) (as defined under the Hong Kong Listing Rules) shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement of the resolutions of the General Meeting shall fully disclose the voting of non-connected shareholders.

Before the General Meeting considers matters relating to connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations, the Hong Kong Listing Rules and the regulatory requirements of the securities regulatory authority of the place where the shares of the Company are listed. Connected shareholders or their authorized representatives may attend the General Meeting, and may clarify their views to the shareholders in accordance with the procedures of the meeting, but they shall proactively abstain from voting in a poll.

Where the General Meeting considers matters relating to connected transactions, connected shareholders shall proactively abstain from voting. If connected shareholders fail to proactively abstain from voting, other shareholders attending the meeting shall be entitled to request them to abstain from voting. Upon abstention of the connected shareholders, other shareholders shall vote as per their voting rights and make corresponding resolutions in accordance with the Articles of Association. The abstaining and voting procedures for connected shareholders shall be notified by the presider of the General Meeting and shall be recorded in the minutes of the meeting.

Resolution at a General Meeting on a connected transaction shall be passed by votes representing a majority of the voting rights held by the non-connected shareholders attending the General Meeting. However, if the connected transaction is a matter requiring a special resolution as stipulated in the Articles of Association, the resolutions of the General Meeting must be passed by shall be passed by votes representing two-thirds or more of the voting rights held by the non-connected persons attending the General Meeting. If an announcement is involved, the announcement of the resolutions of the General Meeting shall fully disclose the information of voting of the non-connected shareholders.

Where connected shareholders or their close associates participate in voting in violation of this Article, their voting in respect of matters relating to connected transactions shall be invalid.

Article 83 Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into a contract with any person other than a Director, a general manager and other senior management officers of the Company, according to which the Company entrusts its business, wholly or essentially, to such person, unless this is approved at the General Meeting in a special resolution.

Article 84 List of Director and Supervisor candidates shall be submitted to the general meeting by way of proposal.

When voting in respect of the election of Directors and Supervisors at the General Meeting is conducted, a cumulative voting system shall be implemented in accordance with the Articles of Association or resolutions at General Meeting.

The “cumulative voting system” mentioned in the previous paragraph refers to: in electing Directors or Supervisors at the General Meeting, the voting right(s) carried by each share shall be the same as the number of Directors or Supervisors to be elected. The voting right(s) of the shareholders can be exercised on a concentration basis. The Board shall provide the brief biographies and basic information of the candidates for Directors and Supervisors to the shareholders.

Article 85 Except for the resolutions considered with the adoption of the cumulative voting system, all proposals shall be voted on one by one at the General Meeting; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the General Meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the General Meeting.

Article 86 No amendment shall be made to a proposal when it is considered at a General Meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the General Meeting.

Article 87 The same vote may only be cast once of a General Meeting onsite or by other means. Where the same vote is cast for two or more times, the first cast shall hold.

Article 88 At any General Meeting, voting shall be conducted by open poll.

Article 89 Before voting takes place on a proposal at the General Meeting, two shareholders’ representatives shall be elected to count and scrutinize the votes. In the event that a shareholder has connections with a matter to be considered, the relevant shareholder and his/her proxy shall not participate in counting and scrutinizing of the votes.

When proposals are voted on at the General Meeting, attorneys (if any), shareholders’ representatives and Supervisors representatives shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results on the spot. The voting result shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies who cast their votes via internet or by other means (if any), shall have the right to inspect their own voting results through an appropriate voting system.

Article 90 A physical General Meeting shall not end earlier than the one held via internet or by other means (if any). The chairman of the meeting shall announce details and voting results on each proposal, and whether a proposed resolution has been passed according to such voting results.

Prior to the formal announcement of voting results, the Company, vote counters, vote scrutineers, major shareholders, network services providers (if any) and other related parties involved at the physical General Meeting, via internet or by other means (if any), shall have an obligation to keep confidential details of the voting.

Article 91 Shareholders attending a General Meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention. Save for the circumstance under which the securities registration and clearing institution acting as the nominal holder of Shares under the Mainland China and Hong Kong Stock Connect scheme, make reporting in accordance with the instruction of the de facto holders of relevant Shares.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of or only against any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

Article 92 If the presider of the meeting has any doubt as to the result of any resolution put to vote, he/she may have the votes counted. If the presider of the meeting has not counted the votes, any attending shareholder or proxy thereof who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted immediately.

Article 93 The resolution of the General Meeting shall be promptly announced. The announcement shall state the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the form of voting, the voting result of each proposal, and the detailed content of each resolution passed.

Article 94 In the event that a proposal is not passed, or a resolution passed at a previous General Meeting is modified at this General Meeting, a special note shall be made in the resolutions of the General Meeting.

Article 95 In the event that a proposal on the election of Directors and Supervisors is passed at a General Meeting, the time of taking office for the new Directors or Supervisors shall be the time specified in the resolutions in relation to the election of such Directors or Supervisors. If the resolutions of the General Meeting do not specify the time of taking office, the time of taking office for the new Directors and Supervisors shall be the time when the resolution is made at the General Meeting.

Article 96 In the event that a proposal on the distribution of cash dividends or bonus shares or on share capital increase with transfers from the capital reserves has been passed at a General Meeting, the Company shall implement a specific plan within two months upon the conclusion of the General Meeting.

CHAPTER V BOARD OF DIRECTORS

Section 1 Directors

Article 97 Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as Director:

- (1) civil incompetence or limited civil competence;
- (2) no more than 5 years have lapsed since termination of the execution period for penalty on a crime of corruption, bribery, encroachment of property, embezzlement or disrupting socialist economic order, or no more than 5 years have lapsed since termination of the execution period for deprivation of political rights due to committing a crime;
- (3) no more than 3 years have lapsed since conclusion of liquidation owing to the bankruptcy of a company or enterprise where the person served as a Director or factory manager or manager and was personally liable for the bankruptcy;
- (4) no more than 3 years have lapsed since the date of cancellation of the business license and winding-up of a company or enterprise on account of illegal business operations where the person served as the legal representative and was personally liable;
- (5) a relatively large amount of personal debt is overdue but remains unpaid;
- (6) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (7) the person who have been subject to the administrative punishment of the CSRC during the past three years, or persons who have been publicly reprimanded by the stock exchanges during the past twelve months;
- (8) the person whose cases have been placed on the docket and are being investigated by the judicial authorities because they are suspected to violate the criminal law, or by the CSRC because they are suspected to violate laws and regulations, and such cases are not concluded;
- (9) other circumstances specified by the laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Any election, designation or appointment of Directors in violation of this Article shall be void and null. Where a Director falls into any of the aforesaid circumstances in his term of office, the Director shall be removed from office.

Article 98 Directors shall be elected or replaced at the General Meeting, and may be removed from their office by the General Meeting prior to expiration of the term of office. A Director shall serve a term of three years, and may serve a consecutive term if re-elected upon expiration of their term of office.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, the said Director shall continue to perform the duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes the office.

Any Director appointed by the Board to fill a temporary vacancy or add the quota of Directors of the Board shall hold office only until the first annual General Meeting of the Company following his/her appointment, and shall then be eligible for re-election.

Unless otherwise required by laws, regulations, the Hong Kong Listing Rules or regulatory rules of the place where the shares of the Company are listed, the shareholders may remove any Director (including the general manager concurrently serving as a Director and other executive Directors) before the expiration of his/her term of office by way of an ordinary resolution at the General Meeting; however, the claim for compensation made by the Director under any contract shall not be affected by the removal.

The general manager or other senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as the general manager or other senior management officers shall not exceed one half of the total number of the Directors of the Company.

The Board of the Company has no employee representative Director.

Article 99 Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of loyalty to the Company:

- (1) not to abuse their powers to take bribes or other unlawful income, and not to misappropriate the Company's properties;
- (2) not to divert the assets of the Company;
- (3) not to deposit any assets or capital of the Company in any amounts into accounts under their own name or the name of other individuals;
- (4) not to loan the Company's capital to others or provide guarantees in favor of others supported by the Company's assets in violation of the Articles of Association or without approval of the General Meeting or Board;
- (5) not to enter into any contract or deal with the Company in violation of the Articles of Association or without the approval of the General Meeting;
- (6) not to take advantage of their positions to procure business opportunities for themselves or others that should have otherwise been available to the Company or operate for their own benefits or manage on behalf of others businesses similar to that of the Company without the approval of the General Meeting;
- (7) not to accept and possess any commission for any transaction with the Company;

- (8) not to disclose any secret of the Company without permission;
- (9) not to use their connected relationships to damage the interests of the Company; and
- (10) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and Articles of Association.

Directors' income derived from violation of this Article shall belong to the Company, and such Directors shall be liable to compensate any loss incurred to the Company.

Article 100 Directors shall observe laws, administrative regulations and the Articles of Association and fulfill the following obligations of diligence:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with national laws, administrative regulations and economic policies and are within the business scope specified in the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of regular reports issued by the Company and to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Supervisory Committee with relevant information and data, and not to prevent the Supervisory Committee or Supervisors from performing their duties and powers;
- (6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 101 The methods and procedures for the nomination of a Director shall be as follows:

- (1) The candidates for Directors (excluding independent non-executive Directors) of the Board shall be nominated by the Board or shareholder(s) severally or jointly holding more than 3% of the total number of the shares with voting rights of the Company, and shall be elected at the General Meeting of the Company.
- (2) The methods and procedures for the nomination of independent non-executive Directors shall be carried out in accordance with the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

- (3) the written notice on intention for nominating candidates for Directors and nominees' willingness to accept the nominations shall be sent to the Company seven days prior to date of the General Meeting (such seven-day notification period shall begin from no earlier than the next day following the issue date of the notice of the General Meeting and end no later than seven days prior to the date of the General Meeting). The Company shall give relevant nominators and their nominated candidates for Directors at least seven days (which begins from the next day following the issue date of the notice of the General Meeting) to submit the abovementioned notice and documents. The Director candidate who has given his/her consent to be nominated shall undertake that his/her personal information as disclosed is true and complete, and that he/she will conscientiously perform his/her duties as a Director if elected.

Article 102 If any Director fails to attend Board meetings, either in person (the Directors shall be deemed as attending the meetings in person if such Directors attend the Board meetings or vote by way of telecommunications) or by authorizing another Director on behalf of him/her, for two consecutive meetings, he/she shall be deemed as failing to perform his/her duties. The Board shall propose at the General Meeting to replace such Director.

Article 103 A Director may resign before expiry of his/her term of office, provided that a written resignation in respect of his/her resignation shall be submitted to the Board and the Board shall disclose the relevant information within two days.

In the event that the resignation of any Director results in the number of members of the Board or special committees being less than the statutory minimum requirement, the said Director shall continue to perform duties as Director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected Director assumes his/her office.

Save for the circumstances referred to in the preceding paragraph, the Director's resignation takes effect upon delivery of his/her resignation to the Board.

Subject to the Hong Kong Listing Rules and the relevant laws, regulations and regulatory rules of the place(s) where the shares of the Company are listed, if the Board appoints a new Director to fill a vacancy or as an additional Director, the term of office of the appointed Director shall expire at the next annual General Meeting of the Company and such Director shall be eligible for re-election. All Directors appointed to fill a temporary vacancy shall be subject to election by the shareholders at the first General Meeting after their appointment.

Article 104 When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board. His/her obligations of honesty towards the Company and the shareholders do not necessarily cease within a reasonable period after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of his/her term of office, until such secrets become publicly available information. The specific period for Directors to fulfill loyal duties shall be two years from the date when his/her resignation takes effect or his/her term of service expires. Duration of other obligations of honesty shall be determined following the principle of fairness, taking into full account the nature of the matter, its importance to the Company, the length of time it has affected the Company and the Company's relationship with the Director, which shall still be effective within the reasonable duration stipulated by the Articles of Association.

Article 105 No Director may act on behalf of the Company or the Board in his/her personal capacity, unless specified in the Articles of Association or legally authorized by the Board. In the event that a Director acts in his/her personal capacity, but a third party may reasonably think the said Director is acting on behalf of the Company or the Board, such Director shall state his/her stance and capacity in advance.

Article 106 If a Director breaches the laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties to the Company, thereby incurring any loss of the Company, the said Director shall be liable for compensation.

Article 107 The Company has independent non-executive Directors and the issues including conditions of appointment, nomination and election procedures, term of office, resignation, functions and powers of the independent non-executive Directors are implemented in accordance with the relevant provisions of the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed. Unless otherwise stipulated herein, the provisions of the Articles of Association relating to the qualifications and duties of Directors shall apply to independent non-executive Directors.

Independent non-executive Directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of public shareholders are not jeopardized, and are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise, so as to ensure that the interests of all shareholders are adequately represented. The functions and powers of the independent non-executive Directors and the related matters shall be subject to the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed.

Section 2 Board of Directors

Article 108 The Company shall establish a Board which shall be accountable to the General Meeting.

Article 109 The Board is composed of 14 Directors, including one chairman. At all times, at least one-third of the members of the Board shall be independent non-executive Directors, and the total number of independent non-executive Directors shall be not less than three, at least one of whom shall have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise.

Article 110 The Board shall exercise the following functions and powers:

- (1) to convene General Meetings and report to General Meetings;
- (2) to implement resolutions of General Meetings;
- (3) to determine the Company's business plans and investment plans;
- (4) to devise the annual financial budgets and closing plans of the Company;
- (5) to devise the profit distribution plans and loss recovery plans of the Company;

- (6) to adjust the profit distribution policy;
- (7) to formulate plans for the Company in respect of increase or decrease of registered capital, issuance of bonds or other securities as well as the listing of the Company;
- (8) to formulate plans for major acquisitions, acquisition of shares of the Company, merger, division, dissolution or change of the form of the Company;
- (9) to decide, within the authority granted by the General Meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, connected transactions, external donations, etc.;
- (10) to decide on the matters required to be decided by the Board under the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, such as investment, acquisition or disposal of assets, financing and connected transactions (other than the transactions between the Company and its subsidiaries);
- (11) to decide on the establishment of internal management organizations of the Company;
- (12) to decide on the appointment of the general manager, the secretary to the Board and other senior management officers based on the nomination by the chairman of the Board, and their dismissal, remuneration, rewards and penalties; to decide on the appointment of senior management officers such as the deputy general manager and financial controller based on the nomination by the general manager, and their dismissal, remuneration, rewards and penalties;
- (13) to set the basic management system of the Company;
- (14) to formulate the proposals for any amendment to the Articles of Association;
- (15) to manage information disclosure of the Company;
- (16) to propose to the General Meeting the appointment or replacement of the accounting firms which performs audits to the Company;
- (17) to receive work reports of the general manager of the Company and review his/her work;
- (18) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters beyond the scope of authorization of the General Meeting should be submitted to the General Meeting for consideration.

Article 111 The Board shall establish the Audit Committee and, when necessary, may establish relevant special committees such as Nomination, Remuneration and Appraisal, Strategy, Legal and Compliance Committees. The special committees shall be accountable to the Board and perform their duties in accordance with these Articles of Association and the authorization by the Board. Their proposals shall be submitted to the Board for consideration and decision. The members of each special committee shall be composed entirely of Directors; and more than one half of the members of the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee shall be independent Directors; the chairman of the Remuneration Committee shall be an independent non-executive Director, and the chairman of the Nomination Committee shall be the chairman of the Board or an independent non-executive Director; all members of the Audit Committee shall be non-executive Directors, at least one of whom shall have appropriate professional qualifications as stipulated in the Hong Kong Listing Rules, or with appropriate accounting or relevant financial management expertise. The responsible persons of each special committee shall be appointed and dismissed by the Board.

The Board is responsible for formulating the rules of procedures and working procedures of each special committee, stipulating the composition, functions and powers, and procedures of the special committee, and regulating the operation of the special committees.

These special committees are special bodies under the Board which provide suggestions or advice to the Board on material decisions. The special committees shall not make any resolutions in the name of the Board, but may, exercise decision-making power in respect to the authorized matters in accordance with the special powers bestowed by the Board.

Each special committee may engage intermediaries to provide professional opinions according to actual needs, and the relevant expenses shall be borne by the Company.

Each special committee is accountable to and report to the Board.

Article 112 Except those to be resolved by way of special resolution of the Board as stipulated in laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, other matters within the power of the Board shall be resolved by way of ordinary resolution.

Article 113 The Board shall explain at the General Meeting with respect to any nonstandard audit opinions issued by certified public accountants on the financial report of the Company.

Article 114 The Board shall formulate the rules of procedures of the Board meetings to ensure the Board's implementation on the resolutions of the General Meeting, so as to improve the work efficiency and ensure scientific decision-making. The rules of procedures of the Board meetings, shall be annexed to the Articles of Association and prepared by the Board and approved by the General Meeting.

Article 115 The Board shall determine the authority of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, connected transactions, external donations, etc., and establish strict review and decision-making procedures. Major investment projects shall be assessed by relevant experts and professionals engaged for this purpose and proposed to the General Meeting for approval.

The daily operation-connected transaction of the Company shall be submitted to the Board for deliberation if it meets any of the following standards:

- (1) The transaction amount makes up more than 50% of the latest audited total assets of the Company, and the absolute amount exceeds RMB100 million;
- (2) The transaction amount makes up more than 50% of the audited operating income or operating cost of the Company in the latest fiscal year, and exceeds RMB100 million;
- (3) The expected total profit arising from the transaction makes up more than 50% of the audited net profit of the Company in the latest fiscal year, and exceeds RMB5 million;
- (4) The transaction required to be submitted to the Board for consideration under the relevant requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;
- (5) Any other transaction that may have a material impact on the Company's assets, liabilities, equity and operating results.

Article 116 The Board has one chairman. The chairman and vice chairman of the Company shall be elected by a majority of all Directors. The chairman shall serve a term of three years, and are eligible for re-election.

Article 117 The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over the General Meetings and to convene and preside over the Board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the Board;
- (3) to sign the share certificates, corporate bonds and other marketable securities of the Company;
- (4) to sign important documents of the Board;
- (5) in the event of any urgent situation due to force majeure such as catastrophic natural disasters, to exercise the special power of disposal on the affairs of the Company in compliance with legal requirements and in the interests of the Company, and subsequently report to the Board or the General Meeting of the Company;
- (6) to exercise other functions and powers granted by the Board or by laws, administrative regulations, the Hong Kong Listing Rules and the regulatory rules of the place where the Company's shares are listed.

The authorization of the Board to the chairman of the Board shall be clearly made by means of a resolution of the Board, and there shall be clear and specific authorization matters, contents and authority. Any matters involving the significant interests of the Company shall be determined collectively by the Board and shall not be determined by the chairman of the Board or any individual Director on their own upon authorization.

Article 118 Where the Chairman is unable or fails to perform his or her duties, the vice chairman shall discharge such duties. Where the vice chairman is unable or fails to perform his or her duties, more than one half of the Directors shall elect a Director to discharge such duties.

Article 119 The Board discusses matters by way of the Board meetings, which consist of regular meetings and extraordinary meetings. The Board shall hold at least four regular meetings every year (quarterly interval), convened by the Chairman, with a notice in writing given to all Directors and Supervisors 14 days (excluding the day on which the meeting is convened) before the meeting. The Board shall have arrangements to ensure that all Directors have the opportunity to propose matters for discussion on the agenda of regular Board meetings. Regular meetings shall not be convened by way of written resolution.

Article 120 Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors or the Supervisory Committee may propose the holding of an extraordinary Board meeting. The Chairman shall convene and preside over a Board meeting within ten days after receipt of such proposal.

Article 121 The Board shall issue a notice in writing three days before the convening of an extraordinary meeting. If an extraordinary meeting of the Board needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting.

Article 122 The notice of the Board meeting shall specify:

- (1) the time and venue of the meeting;
- (2) the form of the meeting;
- (3) matters (proposals) to be considered;
- (4) the convener and chairperson of the meeting, the proposer of and his/her written proposal for the extraordinary meeting;
- (5) documents needed for the Directors to consider and vote on the resolutions;
- (6) requirements that Directors attend the meeting in person or by proxy;
- (7) contact person(s) and contact details; and
- (8) date on which the notice is sent.

A verbal notice of the meeting shall at least include items (1), (2) and (3) above, and an explanation for an extraordinary Board meeting to be held quickly due to urgent circumstances.

Article 123 A Board meeting shall be attended by more than one half of the Directors. Resolutions made by the Board must be passed by more than half of all Directors. As for the voting on a Board resolution, each Director shall have one vote. If the votes for and against a resolution are the same, the Chairman shall be entitled to an additional vote.

Article 124 If a Director has a connected relationship with an enterprise involved in a matter on which a resolution is to be made at a meeting of the Board, he/she may not exercise his or her right to vote regarding such resolution, nor may he/she exercise the voting right of another Director as such Director's proxy thereon. Such a Board meeting may be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a connected relationship. If the number of the Directors without a connected relationship attending the meetings is less than three, the matter shall be submitted to the General Meeting for consideration.

Article 125 Votes at the Board meetings shall be held by disclosed ballot.

The Board meetings shall be convened on site in principle. Provided that the Directors may fully express their opinions and the convener (presider) or proposer approves, meetings may be convened by way of video, telephone, facsimile transmission or email voting if necessary. The Board meetings may also be convened on site and via other means simultaneously.

Article 126 Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he or she may authorize in writing another Director to act on his or her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed Director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he or she shall be deemed to have waived the voting rights at the meeting.

Article 127 The Board shall keep minutes of resolutions on matters discussed at the meeting on which the Directors, the secretary to the Board and the recorder attending the meeting shall sign. After the conclusion of the Board meeting, the minutes (both the preliminary draft and the finalized draft) shall be sent to all Directors within a reasonable period of time. The preliminary draft is for comments from the Directors, and the finalized draft is for record.

The minutes of Board meeting shall be kept for the Company's record for a term of not less than ten years.

Article 128 The minutes of the Board meeting shall consist of the following:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the Directors present and names of the Directors (proxies) appointed by others to attend the Board meeting;
- (3) the agenda of the meeting;
- (4) the main points of Directors' speeches (including any concerns or objection from the Directors);
- (5) the voting method of each resolution and the result (the voting results shall contain the number of affirmative, negative or abstention votes).

Article 129 The Directors shall be responsible for the resolutions passed at Board meetings. Where a resolution of the Board meeting is in violation of laws, administrative regulations, these Articles of Association, or resolutions of the General Meeting and thereby causes any serious losses to the Company, the Directors who participate in the resolution shall be liable to the Company for the losses. However, if a Director has been proven to have expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the minutes of the meeting, he/she may be exempt from liability. A Director who fails to attend the Board meeting in person or by proxy or give a written opinion on the considered matter before or at the time of the Board meeting shall be deemed not to have objected and shall not be exempt from liability.

If the Board makes a resolution on external guarantees in violation of the provisions of these Articles of Association on the power of examination and approval and the review procedures for external guarantees, the Supervisory Committee shall propose that the General Meeting should replace those Directors who have voted in favor of the relevant resolution at the Board meeting; and if the Company has suffered any losses arising therefrom, the Directors who have voted in favor of the relevant resolution at the Board meeting shall be jointly liable for compensation to the Company.

CHAPTER VI GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS

Article 130 The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The Company has several deputy general managers, who shall be appointed or dismissed by the Board.

Senior management comprises the Company's general manager, deputy general managers, financial manager, the secretary to the Board and other senior management officers determined by the Board.

Article 131 Persons who are not qualified to serve as Directors under the circumstances provided in the Articles of Association are also not qualified to serve as senior management officers.

The provisions under Article 99 in relation to the fiduciary duties of Directors and provisions (4), (5) and (6) under Article 100 in relation to the due diligence obligations shall be applicable to the senior management officers.

Article 132 Administrative staff who serve positions other than the Directors and Supervisors in the controlling shareholders of the Company shall not serve as senior management officers of the Company.

Article 133 Each term of office of the general manager is three years and is renewable upon re-election.

Article 134 The general manager is responsible to the Board and exercises the following powers:

- (1) to be in charge of the production and operational management of the Company, organize the implementation of the resolutions of the Board, and report to the Board on work;
- (2) to organize the implementation of the Company's annual operational plans and investment schemes;
- (3) to formulate the structure scheme of the internal management departments of the Company;
- (4) to formulate the fundamental management policies of the Company;
- (5) to formulate the specific management rules of the Company;
- (6) to propose to appoint or dismiss deputy general manager(s) and the financial manager of the Company;
- (7) to decide to appoint or dismiss executives other than those appointed or removed by the Board;
- (8) to exercise other functions and powers conferred in the Articles of Association and by the Board or the Chairman.

The general manager shall be present at the Board meeting. If the general manager is not a Director of the Company, he/she has no voting rights at the Board meeting.

Article 135 The general manager shall formulate detailed working rules of the general manager. Such working rules shall be implemented upon approval by the Board.

Article 136 The working rules of the general manager shall contain the following contents:

- (1) conditions for the convening of and the procedures for the general manager's meetings, the personnel to attend the meeting;
- (2) specific duties and division of work of the general manager and other senior management officers;
- (3) the authority to use the Company's funds and assets and enter into material contracts, and the system of reporting to the Board and the Supervisory Committee;
- (4) other matters as the Board considers necessary.

Article 137 The general manager and other senior officer may resign prior to the expiry of his/her term of office. The specific procedures for such resignation shall be governed by the labor contract between the aforesaid personnel and the Company.

Article 138 Deputy general manager(s) and the financial controller shall be nominated by the general manager and appointed or dismissed by the Board.

The deputy general manager(s) shall assist the general manager in work and shall be responsible to the general manager, take charge of related work as entrusted by the general manager and issue relevant business documents within the scope of his or her duties. When the general manager is unable to perform his or her duties, the deputy general manager(s) may, as entrusted by the general manager, act on behalf of the general manager.

Article 139 The Company shall have a secretary to the Board, responsible for the organization of General Meetings and Board meetings, document keeping and management of information regarding the shareholders of the Company, dealing with information disclosure and other matters.

The secretary to the Board shall be nominated by the Chairman of the Board and appointed and dismissed by the Board.

The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and these Articles of Association. Directors or other senior management officers of the Company may also concurrently act as the secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the secretary to the Board.

If a Director concurrently serves as secretary of the Board of Directors, in the event that an action shall be carried out by a Director and a secretary of the Board of Directors respectively, the person who holds the offices of Director and secretary to the Board shall not act in dual capacity.

Article 140 If a senior management officer breaches the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed or these Articles of Association when performing his or her duties and causes loss to the Company, he or she shall be held responsible for damages.

Article 141 Senior management officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management officers of the Company cause damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

CHAPTER VII SUPERVISORY COMMITTEE

Section 1 Supervisors

Article 142 Persons who are not qualified to serve as Directors under the circumstances provided in Article 97 of the Articles of Association are also not qualified to serve as Supervisors.

The Directors, the general manager and senior management officers shall not concurrently take the position of Supervisors.

Article 143 The Supervisors shall abide by the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and these Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income nor misappropriate the property of the Company.

Article 144 A Supervisor shall have a term of office of three years and be subject to re-election upon the expiration of his/her term of office.

Article 145 If the term of office of a Supervisor expires but re-election is not timely made or if any Supervisor resigns during his or her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said Supervisor shall continue performing the duties as a Supervisor pursuant to laws, administrative regulations and the Articles of Association until a new Supervisor is elected.

Article 146 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign the written confirmation in respect of the periodic reports.

Article 147 Supervisors may attend the Board meetings and make enquiries or suggestions in respect of matters that are the subject of the resolutions of the Board meetings.

Article 148 Supervisors shall not use the connected relations to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.

Article 149 Where the Supervisor, in discharging his or her duty with the Company, causes damage to the Company in violation of the laws, administrative regulations, departmental rules or the Articles of Association, shall bear the liability of compensation.

Section 2 Supervisory Committee

Article 150 The Company shall have a Supervisory Committee. The Supervisory Committee comprises five Supervisors. The Supervisory Committee shall have one chairman. The chairman of the Supervisory Committee shall be appointed or removed by the affirmative votes of more than two-thirds of the members of the Supervisory Committee. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee. If the chairman of the Supervisory Committee cannot or does not fulfill his or her duties, a Supervisor jointly elected by half or above of the Supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall include shareholder representatives and an appropriate proportion of employee representatives of the Company, provided that the proportion of employee representatives shall not be less than one-third. The employee representatives in the Supervisory Committee shall be elected democratically by the General Meeting of employee representatives, the General Meeting of employees or in other ways. Shareholder representatives in the Supervisor Committee shall be elected and removed at the General Meetings.

Article 151 The Supervisory Committee shall be responsible to the General Meetings and exercise the following functions and powers in accordance with laws:

- (1) to review the periodic reports of the Company prepared by the Board and submit written review opinions thereon;

- (2) to check the financial conditions of the Company;
- (3) to monitor the Directors and senior management officers in the discharge of their duties, and propose dismissal of Directors and senior management officers who have violated laws, administrative regulations, the Articles of Association or the resolutions of the General Meetings;
- (4) to require Directors and senior management officers to correct his or her act that is harmful to the interests of the Company;
- (5) to propose the convening of extraordinary General Meetings, and convene and preside over the General Meetings if the Board fails to perform the obligations to convene and preside over the General Meetings in accordance with the Company Law and the Articles of Association;
- (6) to propose a proposal to General Meeting;
- (7) to bring an action of law against Directors and senior management officers according to Article 151 of the Company Law;
- (8) in case of any operational abnormality of the Company, to start an investigation and if necessary, employ an accounting firm, law firm or other professional institutions to assist in his or her work at the expenses of the Company;
- (9) to check the financial report, the operational report and the profit distribution plan that the Board proposes to submit to the General Meeting, and in case of any doubt, entrust registered accountants and certified auditors on behalf of the Company to conduct double-check;
- (10) to exercise other functions and powers conferred to it under the laws, regulations and the Articles of Association or conferred by the General Meeting.

Article 152 Meetings of the Supervisory Committee are composed of regular meetings and extraordinary meetings. The Supervisory Committee shall hold at least one regular meeting every six months and at least two meetings every year. The chairman of the Supervisory Committee shall be responsible for convening meetings of the Supervisory Committee. The Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee.

Resolutions of the Supervisory Committee shall be approved by more than half of Supervisors.

Article 153 A Supervisor shall be deemed incapable of carrying out his/her duties if he/she fails to attend two consecutive meetings of the Supervisory Committee either personally (attending or voting at the meeting of Supervisory Committee by means of communications is deemed to attend in person) or by appointing other Supervisors to attend on his/her behalf. The General Meeting or the staff representative assembly shall remove such Supervisor.

Article 154 The Supervisory Committee shall formulate rules of procedure for the Supervisory Committee, specifying the procedures for the discussion of matters and voting at such meetings so as to ensure the efficiency of the work and rationality of the decisions of the Supervisory Committee.

The rules of procedure, as an appendix to the Articles of Association, shall be formulated by the Supervisory Committee and approved by the General Meeting.

Article 155 Notice of a regular meeting and an extraordinary meeting of the Supervisory Committee shall be given to all Supervisors ten days and three days in advance, respectively. If an extraordinary meeting of the Supervisory Committee needs to be held as soon as possible due to urgent circumstances, the notice of the meeting shall not be subject to the time-limit specified above.

Article 156 The notice of the meeting of the Supervisory Committee shall specify:

- (1) the date, venue and duration of the meeting;
- (2) matters and issues;
- (3) the date on which the notice is issued;
- (4) the convener and chairperson of the meeting, the proposer of and his/her written proposal for the extraordinary meeting;
- (5) documents needed for the Supervisors to consider and vote on the resolutions;
- (6) requirements that the Supervisors attend the meeting in person;
- (7) contact person(s) and contact details.

A verbal notice of the meeting shall at least include items (1) and (2) above, and an explanation for an extraordinary meeting of the Supervisory Committee in emergency.

Article 157 The meeting of the Supervisory Committee may be convened and the voting thereat may be conducted by on-site meeting or communication means or a combination of these two methods.

Article 158 The Supervisory Committee shall record its decisions on the items of the agenda in form of minutes. The attending Supervisors shall sign on the minutes.

Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his or her speech at the meeting. The minutes of meetings of the Supervisory Committee shall be kept as the Company's record for a term of at least ten years.

When a vote is taken by means of communications, the Supervisors shall fax their written opinions and voting intentions on the matter deliberated to the office of the Supervisory Committee upon confirmation by signing. The Supervisors voting by means of communications shall send the original copy of their signed votes to the Supervisory Committee within the time limit specified in the meeting notice.

CHAPTER VIII FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Section 1 Financial Accounting System

Article 159 The Company shall establish the financial accounting system in line with the laws, administrative regulations and provisions of relevant state authority. The provisions of the Hong Kong Listing Rules or the securities regulatory authority of the place where the shares of the Company are listed, if specifying otherwise, shall prevail.

Article 160 The Company shall prepare the annual financial accounting report of the Company within four months after the end of each accounting year and prepare the interim financial accounting report of the Company within two months after the end of the first half of each accounting year. The abovementioned financial accounting reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed.

Article 161 The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

Article 162 In distributing the after-tax profit of the current year, the Company shall withdraw 10% of the profit as its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After withdrawing statutory reserve fund from after-tax profit, the Company may, subject to a resolution of the General Meeting, withdraw discretionary reserve fund from after-tax profit.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings unless otherwise specified in the Articles of Association.

If the General Meeting has, in violation of the provisions of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provisions.

The shares of the Company held by the Company shall not be subject to profit distribution.

Article 163 The Company's reserve fund shall be used to make up for the Company's losses, expand the Company's production and operation or converted to the Company's additional registered capital. However, the capital reserves shall not be used to cover the Company's losses.

When the statutory reserve fund is converted into capital, the remainder of such fund shall not be less than 25% of the Company's registered capital prior to the conversion.

Article 164 After the General Meeting makes resolution for the proposal of profit distribution, the Company's Board of Directors shall complete the dividends (or shares) distribution within two months after such General Meeting has been convened.

Article 165 The Company attaches great importance to reasonable investment returns to shareholders. The Company adheres to the principles of attaching great importance to reasonable investment returns to shareholders and benefiting the long-term development of the Company in profit distribution. The profit distribution policy of the Company shall be sustainable and steady and keep in line with relevant provisions of laws and regulations. The Company may distribute dividend in cash or stocks. In case there are distributable profits, the Board of the Company may make a cash dividend distribution and/or stock dividend distribution proposal based on the Company's business and financial conditions.

Section 2 Internal Audit

Article 166 The Company shall implement the internal audit system and is equipped with full-time auditing staff to conduct internal audit and supervision regarding the Company's financial income and expenses, and economic activities.

Article 167 The internal audit system of the Company and the duties of the auditing staff shall be implemented upon the approval of the Board. The officer in charge of internal audit shall be responsible to and report his or her work to the Board.

Section 3 Appointment of an Accounting Firm

Article 168 The Company shall appoint the accounting firm which has complied with the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one year starting from the conclusion of the current annual General Meeting to the conclusion of the next annual General Meeting and can be re-appointed.

Article 169 The appointment of the accounting firm by the Company shall be subject to the approval of General Meetings. The Board may not appoint accounting firm before the approval of the General Meeting.

Article 170 The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

Article 171 The service fees of the accounting firm or mechanism for determining their service fees shall be approved by the General Meeting.

Article 172 If the Company removes or no longer re-appoints the accounting firm as determined by the General Meeting, it shall notify such accounting firm 15 days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the General Meeting.

Where the accounting firm resigns its office, it shall make clear to the General Meeting whether or not there are irregularities in the Company.

CHAPTER IX NOTICE AND ANNOUNCEMENT

Section 1 Notice

Article 173 Notices of the Company shall be served by the following methods:

- (1) by hand;
- (2) by facsimile;
- (3) by post;
- (4) by email;
- (5) by announcement;
- (6) by other methods stipulated in the Articles of Association.

Article 174 Where a notice of the Company is sent by way of an announcement, the aforesaid notice shall be deemed as received by all relevant persons once it is published.

Article 175 The notice of convening the General Meeting shall be delivered by hand, post, email, facsimile, announcement or other methods stipulated in the Articles of Association.

Article 176 The notice of convening the Board meeting of the Company shall be delivered by hand, post, email, facsimile, announcement or other methods stipulated in the Articles of Association.

Article 177 The notice of convening the meeting of the Supervisor Committee of the Company shall be delivered by hand, post, email, facsimile, announcement or other methods stipulated in the Articles of Association.

Article 178 Should the Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by express mail service, the delivery date shall be five business days after the mail has been handed to post office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery. Should the Company's notice be delivered by e-mail or facsimile, the time has been recorded on the computer or facsimile machine shall be the date of delivery. Should the Company's notice be delivered by telephone, the date on which the telephone call has been put through shall be the date of delivery.

Article 179 The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

Section 2 Announcement

Article 180 The Company delivers announcements and makes information disclosures to the domestic shareholders through the information disclosure newspapers and websites designated by laws, administrative regulations or domestic regulatory authorities. If these Articles of Association specify that announcements shall be sent to H shareholders, relevant announcements shall be simultaneously published on the newspaper, website and/or the Company's website as defined by the Hong Kong Listing Rules. All of the notices or other documents that the Company shall submit to Hong Kong Stock Exchange according to Chapter 13 of the Hong Kong Listing Rules shall be made in English or attached with the signed and certified English translations.

CHAPTER X MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 181 Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

Article 182 If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and a property list.

Within ten days from the date of adoption of the merger resolution, the Company shall notify its creditors and within thirty days it shall make an announcement on the newspaper(s). A creditor may, within thirty days from the date of receipt of the written notice or, if he did not receive a written notice, within forty-five days from the date of the announcement, require the Company to pay its debt to him in full or to provide commensurate security.

Article 183 After the Company is merged, the claims and debts of each party to the merger shall be assumed by the company surviving the merger or the new company established resulting from the merger.

Article 184 Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and inventory of assets shall be prepared. The Company shall notify its creditors within ten days as of the date of the division resolution and shall publish an announcement in newspapers within thirty days as of the date of such resolution.

Article 185 Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the companies surviving the division.

Article 186 Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement in the newspapers within thirty days as of the date of such resolution. A creditor has the right within thirty days as of the receipt of the notice or, in case where it fails to receive such notice, within forty-five days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

The registered capital of the Company after the capital reduction shall not be less than the statutory minimum amount.

Article 187 Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the companies registration authority pursuant to the laws. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply to the companies registration authority to modify its registration.

Section 2 Dissolution and Liquidation

Article 188 The Company shall be dissolved upon the occurrence of any of the following events:

- (1) the term of business provided in the Articles of Association expires or other cause of dissolution as specified therein;
- (2) a resolution on dissolution is passed by General Meeting;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the Company's business license is revoked, the Company is ordered to close down or is eliminated in accordance with the laws;
- (5) when the Company suffers significant difficulties in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in shareholders' interests, shareholders representing ten percent or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

Article 189 With regard to the occurrence of the situation described in sub-paragraph (1) of Article 188 in the Articles of Association, the Company may continue to exist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the General Meetings.

Article 190 Where the Company is dissolved pursuant to sub-paragraph (1), (2), (4) or (5) of Article 188 hereof, it shall establish a liquidation committee within fifteen days as of the dissolution circumstance arises. The liquidation shall be thereby started. The liquidation committee shall comprise Directors or those determined by the General Meeting. If the liquidation committee is not duly set up, the creditors may plead the people's court to designate related persons to form a liquidation committee to carry out the liquidation.

Article 191 After setting up the liquidation committee, the authorities of the Board and general manager cease to exist. During the period of liquidation, the Company is forbidden to launch new operational activities.

Article 192 The liquidation committee shall perform the following duties:

- (1) checking the Company's assets and preparing a balance sheet and a list of assets;
- (2) notifying the creditors by notice or announcement;
- (3) dealing with the outstanding liquidation-related business of the Company;
- (4) paying off outstanding taxes as well as taxes arising in the course of liquidation;
- (5) claiming credits and paying off debts;
- (6) disposing of the remaining assets of the Company after the settlement of debts;
- (7) representing the Company in any civil proceedings.

Article 193 As of the date of its establishment, the liquidation committee shall notify the creditors within ten days and make at least three public announcements on newspaper(s) within sixty days. Creditors shall, within thirty days after receipt of the notice, or for those who do not receive the notice, within forty-five days as of the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

Article 194 After checking the Company's assets and preparing a balance sheet and an assets list, the liquidation committee shall formulate a liquidation plan for the confirmation by General Meeting or the people's court.

The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholding ratios.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation.

The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

Article 195 If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to pay off its debts, it shall immediately file an application to the people's court for bankruptcy.

After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

Article 196 Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, and shall submit the same to the General Meeting or the people's court for confirmation. The liquidation committee shall, within thirty days after the date of confirmation by the General Meeting or the people's court, submit the aforesaid documents to the company registration authority, apply for de-registration of the Company, and announce the termination of the Company.

Article 197 Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.

Article 198 Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

CHAPTER XI AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 199 The Company shall amend the Articles of Association in any of the following circumstances:

- (1) after the amendments are made to the Company Law or other relevant laws and administrative regulations, the Hong Kong Listing Rules and the listing rules of the place where the Company's shares are listed, any term contained in the Articles of Association become inconsistent with the said amendments;
- (2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association; and
- (3) the General Meeting has resolved to amend the Articles of Association.

Article 200 Where the amendments to the Articles of Association passed by resolutions of the General Meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

Article 201 The Board shall amend the Articles of Association in accordance with the resolution of the General Meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Article 202 Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.

CHAPTER XII MISCELLANEOUS

Article 203 Definitions

- (1) the “controlling shareholders” refer to shareholders whose shareholding accounts for more than fifty percent of the total equity of the Company; should the ratio of shareholding of such shareholder is less than fifty percent, such voting right he or she is entitled to may produce material impact on the resolution of the General Meeting. Where there is the definition of controlling shareholders under the Hong Kong Listing Rules, such provisions shall prevail.
- (2) the “de facto controller” refers to that although such controller is not a shareholder of the Company, he or she can actually dominate the actions of the Company through investment relations, agreements or other arrangement.
- (3) the “connected transaction” refers to the definition stipulated in the Hong Kong Listing Rules.
- (4) the “overseas investors” refer to investors from a foreign country or from Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan of the People’s Republic of China who subscribe for the shares of the Company.

Article 204 The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

Article 205 The Articles of Association are written in Chinese. In case of any inconsistency between the Articles and the Articles of Association in any other language or of different version, the latest Chinese version of the Articles of Association registered with the company registration authority shall prevail.

Article 206 The term “or above”, “within”, “following”, as stated in the Articles of Association shall all include the number or amount itself; the term “not exceeding”, “except”, “lower”, “more”, “exceeding”, “more than” shall all exclude the number or amount itself.

Article 207 Where the provisions of these Articles of Association are inconsistent with laws, regulations, rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed, the provisions of laws, regulations, rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed shall prevail.

Article 208 The Board shall be responsible for the interpretation of the Articles of Association.

Article 209 The attachment hereof shall include the rules of procedure for the General Meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee.

Article 210 Where there are provisions by the state governing preference shares, such provisions shall prevail.

Article 211 These Articles of Association shall be prepared by the Board, considered and approved at the General Meeting and shall take effect and be implemented as of the date on which the H shares publicly offered by the Company are listed for trading at the Main Board of the Hong Kong Stock Exchange. The original Articles of Association of the Company shall be automatically invalidated as of the date when these Articles of Association take effect.