

ARTICLES OF ASSOCIATION

OF

XINJIANG LA CHAPELLE FASHION CO., LTD.

(A joint stock company incorporated in the People’s Republic of China with limited liability)

(As amended and passed by Resolution on the general meeting on 31 May 2024)

These Articles of Association (the “Articles of Association”) are prepared in accordance with the relevant laws and regulations including the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), Measures for the Supervision and Administration of Unlisted Public Companies, Guidelines on the Supervision of Unlisted Public Companies No. 3 - Mandatory Provisions of Articles, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and regulatory documents.

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ARTICLES OF ASSOCIATION OF XINJIANG LA CHAPELLE FASHION CO., LTD.

CHAPTER 1 GENERAL PROVISIONS

Article 1 XINJIANG LA CHAPELLE FASHION CO., LTD. (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), and other relevant laws and administrative regulations of the People’s Republic of China.

The Company was established by means of promotion on 9 May 2011 with the approval of the Shanghai Municipal Commission of Commerce, as evidenced by approval document Hu Shang Wai Zi Pi [2011] No. 861. It is registered with and has obtained a business license from Shanghai Administration Bureau of Industry and Commerce on 23 May 2011. The Company’s business license number is: No.310104000185979.

The promoters of the Company are: Xing Jiaying, GOOD FACTOR LIMITED, Shanghai Ronggao Venture Capital Co., Ltd. (上海融高創業投資有限公司), Shanghai Hexia Investment Co., Ltd. (上海合夏投資有限公司), Boxin First Phase (Tianjin) Equity Fund Partnership (Limited Partnership) (博信一期(天津)股權投資基金合夥企業(有限合夥)), Yu Tiecheng (俞鐵成) and Zhang Jiangmin (張江敏).

Article 2 The Company’s registered name: 新疆拉夏貝爾服飾股份有限公司
Xinjiang La Chapelle Fashion Co., Ltd.

Article 3 The Company’s address: Room 1402, Unit 1,
Building D, Friendship International (Grand Residence),
No. 198 South Youhao Road, Sayibak District, Urumqi
Postal code: 830000
Telephone number: 021-54607196
Facsimile number: 021-54607197

Article 4 The Company’s legal representative is the chairman or a president of the Company.

Article 5 The Company is a joint stock limited company which has perpetual existence.

Article 6 The original Articles of Association and its amendments will lapse automatically from the effective date of this Articles of Association.

From the effective date hereof, these Articles of Association shall be a legally binding document which regulates the organization and acts of the Company, and the rights and obligations between the Company and its shareholders and among the shareholders themselves.

Article 7 The Company’s Articles of Association are binding on the Company and its shareholders, directors, supervisors, the president and other senior management officers, all of whom may, according to the Company’s Articles of Association, assert rights in respect of the affairs of the Company.

Article 8 The Company may invest in other limited liability companies and joint stock limited companies, and its responsibility to such companies shall be limited to its invested amount.

The Company shall not bear several and joint liabilities for the debts of the companies invested, except as otherwise specified by laws.

Article 9 The Company is an independent corporate legal person. All acts of the Company shall be in compliance with the laws and administrative regulations of the PRC, and the listing rules of the stock exchange on which the shares of the Company are listed and shall protect the lawful rights of the shareholders. The entire capital of the Company shall be divided into shares of equal par value. The responsibility of shareholders shall be limited to the shares held by them while the Company shall be liable to its debts to the extent of all of its assets.

In compliance with the laws and administrative regulations of the PRC, the Company shall have the financing and borrowing rights. The Company's financing right shall include (but not limited to) the rights to issue corporate bonds, to charge or pledge part or all of ownership or use of its assets and other rights permitted by the laws and administrative regulations of the PRC. However, the Company shall not harm or abrogate the rights of any shareholders in exercising the aforesaid rights.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

Article 10 The business objective of the Company is to strive for a win-win situation with good faith, innovation and pragmatism.

Article 11 The scope of business of the Company shall be subject to the approval by the company registration authority.

The Company's scope of business shall include apparel, clothing, footwear, headgear, leather, trunks and bags, fabrics, accessories, knitwear, groceries, bedding, watches and glasses (contact lens and care solution excluded), cosmetics, crafted gifts (cultural relic excluded), glass products, sporting products, office requisites, wooden furniture, flower wholesaling, retailing, import and export, commission agent (auction excluded) and provision of relevant ancillary services; corporate image consulting service, engaging in the technology research, transfer, consulting and services of apparel technology, new materials technology and computer networking, internet of things technical services, internet of things technology development, information system operation and maintenance services, software development, information system consulting services, information system integration services, internet data services, data processing and storage support services, internet of things equipment sales, software sales, brand design, brand management, corporate management information consulting, investment management and consulting, e-commerce technical support and information consulting, cultural and artistic exchange event planning, exhibition and display services; information technology and textile technology development, transfer, consulting and services; quality management consulting and technical services, which does not include state-owned trades and managed goods, but comprises the goods with quotas and licenses and are subject to relevant regulations of the PRC as well as goods required for administrative permission and licenses.

Considering the domestic and international market trend, the domestic business needs, its self-development capacity and performance goals, the Company may, with the approval of the resolution of the general meeting and the relevant government authorities (if required), timely accommodate the investment approach and the scope and strategy of business.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 12 The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs and upon the approval by the company examination and approval authority authorised by the State Council.

Article 13 All shares issued by the Company shall have a par value of RMB1 per share.

“Renminbi” as referred to in the previous Paragraph shall mean the legal currency of the People’s Republic of China (the “PRC”).

Article 14 The issue of shares by the Company shall adhere to the principles of openness, fairness and justice. The shares of the same class shall rank pari passu.

The stocks issued at the same time shall be equal in price and subject to the same conditions. The price of each share purchased by any organization or individual shall be the same.

Article 15 Upon the approval by the securities regulatory authority of the State Council, the Company may issue shares to domestic and overseas investors.

“Overseas investors” as referred to in the preceding Paragraph shall refer to investors from any foreign country, together with Hong Kong, Macao and Taiwan region, who subscribe for shares issued by the Company; “domestic investors” shall refer to investors within the territory of the PRC (excluding investors from regions as referred to in the preceding Paragraph) who subscribe for shares issued by the Company.

The Domestic Shares issued by the Company are centrally deposited in China Securities Depository and Clearing Corporation Limited.

Article 16 Shares issued by the Company to domestic investors for subscription in Renminbi are called domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are called foreign shares. Domestic shares listed on the domestic market are called domestic-listed (A) shares. Foreign shares listed overseas are called overseas-listed foreign shares while the foreign shares have not been listed domestically or overseas are called non-listed shares.

“Foreign currencies” as referred to in the preceding Paragraph shall refer to the legal currencies of other countries or districts which are recognized by the foreign exchange authority of the PRC and the currencies of which (apart from Renminbi) can be used to pay for the shares of the Company.

Domestic shares and foreign shares are ordinary shares, and shall have the same rights and obligations.

Subject to the approval of the securities regulatory authority of the State Council, shareholders of non-listed shares of the Company may have their shares listed and dealt in overseas. The listing and dealing of such shares on overseas stock exchanges shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchanges.

Article 17 The registered capital of the Company was RMB544,098,442.

Article 18 The Company may approve capital increase based on its operational and development needs in accordance with relevant provisions of these Articles of Association.

The Company may increase its capital by the following means:

- (1) offering new shares to non-specific investors;
- (2) non-public issuance of shares;
- (3) placing new shares to existing shareholders;
- (4) allotting new shares to existing shareholders as bonus;
- (5) capitalizing any common reserve fund;
- (6) other means permitted by laws, administrative regulations and agreed by the securities regulatory authority of the State Council.

After the Company's increase of share capital by means of the issue of new shares has been approved pursuant to the provisions of these Articles of Association, the issue thereof shall be conducted in accordance with the procedures prescribed in relevant laws and administrative regulations of the State.

Article 19 Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and free from all liens.

The transfer of shares of the Company shall be conducted in accordance with the Articles of Associations and other relevant rules.

Article 20 The name of transferee, on the premise of compliance with the Company's Articles of Associations and other relevant rules and regulations, shall be registered, upon the completion of transfer of the Company's share, in the register of shareholders as the holders of the shares transferred.

Article 21 Overseas-listed foreign shares shall be registered in the register of shareholders of overseas-listed foreign shares.

Article 22 The Company shall ensure that all share certificates of the overseas-listed foreign shares bears the following declarations, and shall instruct and procure the register office to refuse to register any other person to be holders of the shares of the Company as a result of any subscription, purchase or transfer of the Company's shares unless the aforementioned person present to the office a duly signed form specifying the following declarations in relation to the shares:

- (1) The purchaser of the shares has entered into agreements with the Company and each of its shareholders to comply with the Company Law, any other relevant laws, administrative regulations and the Company's Articles of Associations;

- (2) The purchaser and each shareholder, director, supervisor, president and other senior management officer of the company agree, and that the Company, representing itself and each such director, supervisor, president and other senior management officer agree with each shareholder, that any dispute or claim arising from the Company's Articles of Association, or on the basis of the rights and obligations set out under the Company Law and other relevant laws and administrative regulations of the State, shall be resolved by arbitration in accordance with these Articles of Associations, and the arbitration commission may conduct public hearing and announce its award towards any arbitration submitted. The award made by the arbitration commission shall be final determination;
- (3) All purchasers of the shares, together with the Company and each of its shareholders agree that holders of shares of the Company may freely transfer such shares;
- (4) Each purchaser of shares authorises the Company, to enter into agreements with each director and management officer of the Company on behalf of such purchaser, under which each such director and management officer shall undertake to bear the responsibilities to the shareholders as specified and required in the Articles of Associations.

Article 23 With regard to exercising the power to cease sending dividend warrants by post to any untraceable shareholder, if such warrants have been left uncashed, such power shall not be exercised unless such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion under which such a warrant is returned undelivered.

The Company may sell shares of any shareholder who is untraceable and retain the proceeds, if:

- (1) during a period of twelve years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) upon expiration of the period of twelve years, the Company has given notice of its intention to sell such shares by way of an advertisement published in the public newspapers in Hong Kong and has notified the Hong Kong Stock Exchange of such intention.

Exercising the aforesaid right shall not violate any compulsory regulations prescribed under relevant laws and administrative regulations.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 24 Our Company may reduce its registered capital in accordance with the Articles of Association.

Article 25 When the registered capital of our Company is reduced, a balance sheet and a list of assets shall be prepared. Our Company shall notify its creditors within 10 days after the passing of the resolution for the reduction of the registered capital and shall announce in newspapers within 30 days. Within 30 days after receipt of the notices or for those not receiving the notices, within 45 days after the publication of the date of announcement, the creditors are entitled to require our Company to settle the debts or to provide corresponding guarantee.

The registered capital of our Company following the reduction of the registered capital shall not be lower than the minimum statutory requirement.

Article 26 Our Company may, according to the provisions of the relevant laws, administrative regulations and the Articles of Association, repurchase our outstanding shares under the following circumstances:

- (1) reduction of registered capital of our Company;
- (2) merger with any other company that holds our shares;
- (3) utilising its shares for the employee share ownership scheme or for equity incentives;
- (4) the repurchase is made at the demand of our Shareholders, who vote against the resolutions passed at a Shareholders' general meeting in connection with a merger or division, to repurchase their shares;
- (5) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company;
- (6) where it is necessary for a listed company to safeguard its value and the interests of its shareholders.
- (7) other circumstances permitted by the laws and administrative regulations.

Article 27 Where our Company has the rights to repurchase redeemable shares:

- (1) in case of a repurchase made other than through market or by tender, the price of which shall be limited at a maximum price;
- (2) in case of a repurchase by tender, the tenders shall be made available to all Shareholders.

Article 28 Any acquisition by the Company of its shares under the circumstances as required in the Article 26 (1) and (2) shall be resolved at a shareholders' general meeting; while any acquisition by the Company of its shares under the circumstances as required in Article 26(3), (5) and (6) shall be approved by at least two-thirds of the directors who are present at the Board meeting.

A repurchase of our shares by an off-market agreement is subject to prior approval of Shareholders in a general meeting in accordance with the Articles of Association. The Company may rescind or vary the contract or waive any or part of its rights under the contract so entered into by our Company with the prior approval of Shareholders in a general meeting with the same manner.

A contract to repurchase shares as referred to in the preceding paragraph includes, but is not limited to, an agreement to become obliged to repurchase and acquire the rights to repurchase shares.

Our Company shall not assign a contract to repurchase the shares or any of the rights thereunder.

Article 29 After the Company has acquired its shares in accordance with Article 26(1), such shares shall be cancelled within 10 days from the date of acquisition. After the Company has acquired its shares in accordance with Article 26(2) and (4), such shares shall be transferred or cancelled within 6 months. After the Company has acquired its shares in accordance with Article 26(3), (5) and (6), the total shares of the Company held by the Company itself shall not exceed 10% of its total issued shares and such shares shall be transferred or cancelled within 3 years.

Any acquisition by the Company of its shares under the circumstances as required in Article 26(3), (5) and (6) shall be conducted through open centralized trading.

The Company shall not accept its own shares as the collateral of any pledge or charge. The total par value of the cancelled shares shall be reduced from the registered capital of our Company.

CHAPTER 5 FINANCIAL ASSISTANCE TO SHARE REPURCHASE BY THE COMPANY

Article 30 The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance to any person who acquires or intends to acquire the shares of the Company. Persons who acquire shares of the Company as mentioned above shall include persons who directly or indirectly assume relevant obligations as a result of purchasing shares of the Company.

The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance for the aforementioned obligors to reduce or relieve them of their obligations.

This Article shall not apply to the circumstances described in Article 32 of the Articles of Associations.

Article 31 The “financial assistance” referred thereof includes (but is not limited to) the following meaning:

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

The “incurring an obligation” referred thereof includes the incurring of obligations by changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 32 The following acts shall not be regarded as acts prohibited under Article 30.

- (1) if the financial assistance given by the Company is genuinely for the benefit of the Company and the purchase of the Company's shares is not the main purpose of the financial assistance, or the financial assistance provided is an incidental part of a general plan of the Company;
- (2) if the Company distributes its property as dividends;
- (3) if the Company distributes dividends in the form of shares;
- (4) if the Company reduces the registered capital, repurchases shares or adjusts the share capital structure in accordance with these Articles of Association;
- (5) if the Company provides loans for its normal business activities within its scope of business provided that this shall not result in a reduction in the Company's net assets, or otherwise, the financial assistance is paid out of the Company's distributable profits);
- (6) if the Company provides funds for its employee share option plan (provided that this shall not result in a reduction of the Company's net assets, or otherwise, the financial assistance is paid out of the Company's distributable profits).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 33 Share certificates shall be signed by the chairman and also be signed by other senior management of our Company if required by the stock exchange on which the shares of our Company are listed. The share certificates shall come into effect when the seal of our Company has been affixed in the mode of printing. The affixing of our Company seal on the share certificates shall require the authorisation of our board of directors. The signature of the chairman or other relevant senior management of our Company may be printed or otherwise mechanically reproduced on the certificate.

Article 34 The Company shall keep a register of shareholders containing the following particulars:

- (1) the name, address or residence of each shareholder;
- (2) the category and quantity of shares held by each shareholder;
- (3) the amount paid or payable on the shares held by each shareholder;
- (4) the date on which each shareholder was registered as a shareholder;

The register of shareholders shall be full evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

Article 35 The Company shall maintain a complete register of shareholders. The register of shareholders shall include:

- (1) the register of shareholders maintained at the Company's address (other than those parts described in items (2) and (3) of this Article);
- (2) the register of shareholders of overseas listed foreign shares of the Company maintained at the place where the overseas securities exchange on which the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the shares;
- (4) the main body related to the register of holders of shares listed on the Hong Kong Stock Exchange in the register of holders of overseas listed foreign shares shall be kept in Hong Kong.

Article 36 Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

Article 37 All fully paid overseas listed foreign shares listed in Hong Kong shall be freely transferable in accordance with the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without stating any reasons, unless the following conditions are satisfied:

- (1) the payment to the Company for such registration according to the expenses stipulated by the Listing Rules shall be made in respect of the instrument of transfer and any other documents related to the title of any Shares or that may affect the title of any Shares;
- (2) the instrument of transfer only involves the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty payable is paid in respect of the instrument of transfer;
- (4) the relevant share certificate(s) and any other evidences which the Board of Directors may reasonably require to prove that the transferor's to transfer the shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the maximum number of joint holders is four;
- (6) the relevant shares shall be free from any lien of the Company.

If the Company refuses to register the transfer of shares, the Company shall deliver a notification related to the refusal of the transfer to the transferor and transferee within two months from the date of the application for transferring the shares.

Shares of the Company held by promoters shall not be transferred within a year from the date of the establishment of the Company. The shares issued prior to the public offering of shares shall not be transferred within one year from the first day on which the shares are listed and traded.

The Directors, Supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer in a given year during their terms of office more than 25% of the total number of shares which they hold; the shares held by them shall not be transferred within one year from the first day on which the shares are listed and traded. The aforesaid persons shall not transfer the shares held by them within six months from their termination of the office.

Where any of the Director, Supervisor, senior management of the Company or shareholder holding more than 5% of the shares in issue sells his/her Shares in the Company within a period of six months after their purchase, or purchases shares in the Company again within a period of six months after their disposal, the gains so earned shall belong to the Company, and the Board of Directors may forfeit such gains. However, if the stock exchange holds more than 5% of the company's shares due to its undertaking of shares remaining after sales, the sales of such shares shall be not limited by such period of six months.

If the Board of Directors of the Company does not act in accordance with the provisions of the above paragraph, the shareholders shall have the right to request the Board of Directors to take action within 30 days. If the Board of Directors of the Company does not take such action within the said period, then the shareholders shall be entitled to commence proceedings at the people's courts directly in their own names for the benefit of the Company. Where the Board of Directors of the Company does not act in accordance with the said provisions, the responsible directors shall lawfully assume joint and several liabilities.

Article 38 The overseas listed foreign shares shall be transferred by a written instrument of transfer in an ordinary or usual form or any other form acceptable to the Board of Directors. The instrument of transfer may only be signed under hand, or where the transferor or transferee is a clearing institution or its nominee, it may be signed under hand or in a machine-imprinted format. All instruments of transfer shall be maintained at the legal address of the Company or such other places as the Board of Directors may specify from time to time.

Article 39 Where PRC laws and regulations and the Stock Exchange Listing Rules contain provisions which stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 40 Any person who objects to the register of shareholders and requests to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 41 If a shareholder registered in the register of shareholders or a person who requires to have his/her/its name registered in the register of shareholders has lost his/her/its share certificate (i.e. the “original share certificate”), he/she/it may apply to the Company for issuing a replacement share certificate in respect of such shares (i.e. “relevant shares”).

Applications for the issue of replacement share certificates submitted by holders of domestic shares and holders of unlisted foreign shares who have lost their share certificates shall be handled in accordance with the related requirements of the Company Law.

Applications for the issue of replacement share certificates submitted by holders of overseas listed foreign shares who have lost their share certificates may be handled in accordance with the local laws, rules of stock exchanges and other relevant provisions of where the original of the register of holders of overseas-listed foreign shares is kept.

In the event a holder of overseas listed foreign shares listed in Hong Kong of the Company who has lost his/her/its share certificates applies for the issue of replacement share certificates, the issue shall meet the following requirements:

- (1) the applicant shall submit the application in the standard format designated by the Company, with a notarized certificate or statutory declaration attached. The notarized certificate or statutory declaration shall contain the reasons for the application, the circumstances surrounding and proof of the loss of the share certificates and a declaration that no other person may claim to be registered as the holder of the relevant shares.
- (2) the Company does not receive any claim from any person other than the applicant for being registered as the shareholder of such shares before the Company decides to issue the replacement share certificates.
- (3) if the Company decides to issue replacement share certificates to the applicant, the Company shall publish an announcement of the intention to issue replacement share certificates in newspapers/periodicals designated by the Board of Directors; the announcement period shall be 90 days, during which the announcement shall be repeatedly published at least once every 30 days.
- (4) before publishing an announcement of its intention to issue replacement share certificates, the Company shall submit a duplicate of the announcement to be published to the stock exchange on which its shares are listed; the Company may proceed with the publication upon receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for issuing replacement share certificates is made without the consent of the registered holders of the relevant shares, the Company shall mail thereto the copies of the announcement to be published.

- (5) upon the expiration of the 90-day period for announcement and display as prescribed in Item 3 and Item 4 of this Article, if the Company has not received any objection to the issue of replacement share certificates, it may issue replacement share certificates as per the application filed by the applicant.
- (6) when issuing replacement share certificates in accordance with the provisions of this Article, the Company shall cancel the original share certificates forthwith, and record the cancellation and replacement issue in the register of shareholders.
- (7) all costs incurred by the Company in connection with the cancellation of the original share certificates and issue of replacement share certificates shall be borne by the applicant. Unless the applicant provides reasonable assurance, the Company shall be entitled to refuse to take any action.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 42 The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend the general meetings and to exercise their voting right;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals or raise inquiries;
- (4) the right to transfer, give or pledge the shares held by them in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain the Articles of Association, the register of shareholders, corporate bond stubs, minutes of the general meetings, resolution of the Board meeting, resolution of the meeting of the Supervisory Committee, financial statements;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;
- (7) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to demand the Company to acquire the Shares held by them;
- (8) the right to file the proceedings with, and bring a claim against, a third party which has impaired the benefits of the Company or infringed the lawful interests of the shareholders before the people's courts in the PRC in accordance with the Company Law or other laws and administrative regulations;
- (9) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 43 When requesting access to the information mentioned in the preceding Article, or asking for the relevant documents, the shareholders shall provide the Company with written documents evidencing the class and number of the Company's shares that they hold. The Company, after verifying the identity of the shareholders, may provide them with the said information and relevant documents according to the requirements of such shareholders.

Article 44 The shareholders of the Company are entitled to petition to the Court to declare any resolution passed at the general meeting and the Board meeting which is in breach of laws and regulations, is invalid.

The shareholders are entitled to petition to the Court to cancel any procedures of convening the general meeting and the Board meeting and voting methods in breach of laws and regulations and the Articles, or the content of the resolutions in breach of the Articles, within sixty days from the date of passing the relevant resolutions.

Any shareholders who individually or collectively hold 1% or more of the Company's shares for a consecutive period of one hundred and eighty days is entitled to request the Supervisory Committee in writing to commence the relevant legal proceedings to claim against any Directors, senior management officers in the Court for any loss caused to the Company in performance of their duties of the Company in breach of laws and regulations or the requirements of the Articles of Association. The shareholders are also entitled to request the Board of Directors in writing to commence the relevant legal proceedings to claim against the Supervisory Committee in the Court for any loss caused to the Company in performance of its duties of the Company in breach of laws and regulations or the requirements of the Articles of Association.

If the Supervisory Committee and the Board of Directors, upon receiving the request in writing from the shareholders as referred to in the preceding Paragraph, or within thirty days upon receiving the above request, refuses to commence the relevant legal proceedings, or in times of emergency not commencing legal proceedings would cause irreparable harm to the Company's interests, the shareholders as referred to in the preceding Paragraph are entitled to directly commence the relevant legal proceedings in the Court in their own names for the interests of the Company.

The shareholders as referred to in the first Paragraph are entitled to commence the relevant legal proceedings against any third party for any loss caused to the Company by damaging its legal interests in accordance with the requirements of the preceding two paragraphs.

The shareholders are entitled to commence the relevant legal proceedings to claim against the Directors and senior management officers who are either in breach of laws and regulations or the requirements of the Articles of Association at the Court for any harm caused to the shareholders' interests.

Article 45 The ordinary shareholders of the Company shall assume the following obligations:

- (1) to comply with the laws, administrative regulations and these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the manners of subscription;

- (3) not to withdraw the shares unless in circumstances as permitted by the laws and administrative regulations;
- (4) to refrain from abusing shareholder's rights to harm the interests of the Company or other shareholders; to refrain from abusing the independent legal person status of the Company and the limited liabilities of shareholders to harm the interests of the creditors of the Company. Shareholders of the Company who abuse their rights have caused harm to the Company or other shareholders shall be legally responsible for liabilities. Shareholders of the Company who abuse and take advantage of the Company's independent legal person status and the shareholders' limited liabilities for evasion of their debts and cause significant harm to the interests of the creditors of the Company shall bear several and joint liabilities for the debts of the Company;
- (5) other obligations prescribed by laws, administrative regulations and the requirements of the Articles of Association.

Shareholders shall not be liable for any further contribution to the share capital other than on the conditions agreed to by the subscribers of the shares at the time of subscription.

If shareholders with more than 5% of the voting shares of the Company pledge the shares they hold, they shall submit a report in writing to the Company on the day of the said pledge.

Article 46 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, when a controlling shareholder (pursuant to the definition of the following provision) exercises his/her shareholder's rights, shall not exercise his/her voting rights and make decisions in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his/her duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his/her own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) distribution rights and voting rights, save for the restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

The controlling shareholders and the de facto controllers of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated the provision and caused loss to the Company, they shall be liable for such damages.

The controlling shareholders and the de facto controllers of the Company shall assume obligations of good faith to the Company and its public shareholders. The controlling shareholders shall strictly exercise the rights of investors and shall not impair the legal rights of the Company and its public shareholders by such means as profit distribution, asset reorganisation, external investment, misappropriation of funds, guarantee for a loan or others, or by abusing its controlling position.

Article 47 The term “controlling shareholder” referred to in the preceding Article is a person who satisfies any of the following conditions:

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

CHAPTER 8 GENERAL MEETINGS

Article 48 The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

Article 49 The general meeting shall exercise the following functions and powers:

- (1) to determine the business approach and investment plans of the Company;
- (2) to elect and replace directors, and decide on matters concerning the remuneration of directors;
- (3) to elect and replace supervisors assumed by representatives of the shareholders, and decide on matters concerning the remuneration of supervisors;
- (4) to deliberate on and approve reports of the Board of Directors;
- (5) to deliberate on and approve reports of the Board of Supervisors;
- (6) to deliberate on and approve the annual financial budget plan and final account plan of the Company;
- (7) to deliberate on and approve profit distribution plans and loss recovery plans of the Company;

- (8) to make resolutions to increase or reduce the registered capital of the Company;
- (9) to make resolutions on matters such as merger, division, dissolution, liquidation and change of the corporate form of the Company;
- (10) to make resolutions concerning the bond issuance by the Company;
- (11) to make resolutions on the appointment, dismissal or non-renewal of the appointment of accounting firms by the Company;
- (12) to amend these Articles of Association;
- (13) to make resolutions concerning external guarantees which shall be approved by the general meeting prescribed in Article 51 of the Articles of Association;
- (14) to deliberate on proposals put forward by shareholders representing 3% or more of the Company's voting shares;
- (15) to deliberate on matters regarding the purchase and sales within one year by the Company of substantial assets which exceed 30% of the total assets of the Company at the most recent audit;
- (16) to deliberate on, approve and alter matters regarding the usage of the funds raised;
- (17) to deliberate on the equity incentive plan;
- (18) to make resolutions by the general meeting on other matters as prescribed by relevant laws, administrative regulations and these Articles of Association;
- (19) Subject to the laws, regulations and mandatory provisions of the listing rules of the listing place, a shareholders' general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it.

Article 50 Without the approval by the general meeting in advance, the Company shall not conclude a contract delegating management of all or important business of the Company with any person other than the Directors, supervisors, the president and other senior management officers or delegate management of all or important business of the Company to such person.

Article 51 The below external guarantees of the Company shall be approved by the general meeting:

- (1) Any additional external guarantee offered when the total amount of external guarantee of the Company and its controlling subsidiaries reaches or exceeds 50% of the most recently audited net assets;
- (2) Any additional external guarantee offered when the total amount of external guarantee of the Company reaches or exceeds 30% of the most recently audited total assets;

- (3) Any guarantee provided to any person or entity whose gearing ratio exceeds 70%;
- (4) Any single guarantee whose amount exceeds 10% of the most recently audited net assets;
- (5) Any guarantee provided to any shareholder, de facto controller of the Company and their related parties;
- (6) Other guarantees required to be approved by the general meeting by laws, administrative regulations, and the requirements of the Articles of Association.

The directors, the president and other senior management officers shall be liable for the damages of any harm caused to the Company due to their violation of the approval authority or the approval procedures of external guarantees set forth in laws, administrative regulations or these Articles of Association, and the Company may correspondingly commence legal proceedings against such person.

Article 52 General meetings shall be divided into annual general meeting and extraordinary general meetings. The annual general meeting shall be convened once a year, and be held within six months after the end of each accounting year.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months:

- (1) where the number of directors is less than the number prescribed in the Company Law or less than two-thirds of the number required by these Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total share capital;
- (3) where a shareholder holding 10% or more of the outstanding voting shares of the Company requests in writing that an extraordinary general meeting be convened;
- (4) where the Board of Directors considers it necessary;
- (5) where the Board of supervisors proposes to convene the meeting;
- (6) other matters as prescribed by the laws, administrative regulations or the requirements of the Articles of Association.

In the case of the above Items 3, 4 and 5, proposals submitted by the convening party shall be included in the agenda of the general meeting.

In the event that the Company is not able to convene the general meetings in the above period, the Company shall report to the representative office of the China Securities Regulatory Commission and the stock exchange(s) where the Company is listed, explaining the underlying reasons and making public announcements.

Article 53 Two or more independent non-executive directors are entitled to propose to the Board of the Directors to convene an extraordinary general meeting. For such proposals, the Board of Directors shall, in accordance with the laws, administrative regulations and these Articles of Association, reply in writing within ten days upon the receipt of the proposal as to whether the Board of Directors agree or disagree on the converting of the extraordinary general meeting.

Where the Board of Directors agrees to convene the extraordinary general meeting, a convening notice will be issued within five days after the decision; where the Board of Directors disagrees to convene the extraordinary general meeting, reasons shall be specified and announcements shall be made.

Article 54 The Board of Supervisors is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, reply in writing as to whether the Board of Directors agree or disagree on the convening of the extraordinary general meeting within ten days upon the receipt of the proposal.

When the Board of Directors agrees to convene the extraordinary general meeting, a convening notice will be issued within five days after the decision, and the changes made to the original proposal in the notice shall be approved by the Board of Supervisors.

When the Board of Directors disagrees to convene the extraordinary general meeting, or fails to reply within ten days upon the receipt of the proposal, the Board of Directors will be deemed as not being able to perform or not to perform its duty to convene a general meeting, and the Board of Supervisors may convene and preside over such meeting on their own.

Article 55 When the shareholder requests that an extraordinary general meeting be held, it shall be handled in accordance with the following procedures:

- (1) Two or more shareholders who hold, in aggregate, 10% or more of the shares carrying the right to vote at the proposed meeting may sign one or several written requisitions of the same format and contents, requesting the Board of Directors to convene an extraordinary general meeting. The agenda of the proposed meeting shall be stated therein. The Board of Directors shall issue its decision in writing regarding its approval or rejection within ten days from the receipt of the said proposal. The number of the aforesaid shares shall be calculated as of the date on which the requisition(s) is/are made.
- (2) If the Board of Directors agrees to convene an extraordinary general meeting, a notice of an extraordinary general meeting shall be sent out within five days of the resolution of the Board of Directors. Any modification to the original proposals shall be approved by the original proposer(s).
- (3) If the Board of Directors disagrees to convene the extraordinary general meeting, or fails to issue a reply within 10 days upon receipt of the aforesaid requisition(s), shareholders severally or jointly holding 10% or more of the outstanding voting shares of the Company are entitled to propose to the Board of Supervisors to convene an extraordinary general meeting, and shall make such requests in writing to the Board of Supervisors.

- (4) If the Board of Supervisors agrees to convene the extraordinary general meeting, a convening notice will be issued within five days upon the receipt of the request, and any modification to the original proposals shall be approved by relevant shareholders.
- (5) In the event that the Board of Supervisors fails to issue the convening notice within the prescribed period, the Board of Supervisors will be deemed as not to convene or preside the general meeting. Shareholders severally or jointly holding 10% or more of the outstanding voting shares of the Company for a continuous period of 90 days may convene the extraordinary general meeting and preside over on their own, and the convening procedures should be identical to that of general meetings convened by the Board of Directors to the extent possible.
- (6) If the general meeting is held by the Board of Supervisors or shareholders on their own due to failure of the Board of Directors to convene the meeting according to the above requirements, all reasonable costs and expenses of the meeting shall be borne by the Company and deducted from the funds which the Company should pay the directors who are negligent in performing their duties.

Article 56 If the general meeting is convened by the Board of Supervisors or shareholders on their own, a written notice shall be issued to the Board of Directors, and it should be filed with the representative office of the China Securities Regulatory Commission and stock exchange(s) where the Company is listed.

When the Board of Supervisors issues the convening notice and the resolution announcement of the general meeting, it should be filed with the representative office of the China Securities Regulatory Commission and stock exchange(s) where the Company is listed.

Save as provided above, if the listing rules of the stock exchange(s) on which the Company's domestic shares are listed and relevant applicable rules provide otherwise in respect of the notice of the general meeting to be issued to the holders of domestic shares by the Company, such provisions shall apply.

Article 57 The venue of the general meeting of the Company shall be either the domicile of the Company or such other specific venue notified by the convening party of such general meeting.

Meeting venue shall be set for the general meetings and convened by way of on-site meetings. The Company may provide internet or other means for the convenience of shareholders to attend the general meetings without breaching the laws, regulations and the mandatory provisions of the listing rules where the Company is listed as appropriate. Shareholders who attend the general meeting by the said means are deemed to be present at such meeting.

Article 58 When the Company convenes an annual general meeting, a notice to notify all registered shareholders must be given no later than 20 days before the meeting date; when the Company convenes an extraordinary general meeting, a notice to notify all registered shareholders must be given no later than 15 days before the meeting date. Such notice shall contain the matters to be considered at the meeting as well as the date and venue of the meeting.

The date of such notice and the date of the meeting shall be excluded in the calculation of the aforesaid notice period.

Article 59 When the Company decides to convene an annual general meeting, the Board of Directors, the board of supervisors and shareholders that severally or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company.

The shareholders that severally or jointly hold more than 3% of the Company's shares may raise interim proposals and submit them in writing to the convener ten days prior to the general meeting. The convener shall, within two days after receipt of such proposal issue a supplemental notice of the general meeting and announce the contents of the ad hoc proposals.

Except as prescribed in the preceding Paragraph, the convener, after issuing the notice and announcement of general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

If a notice of general meeting does not specify the proposed resolutions or such proposed resolutions do not comply with Article 60 herein, no voting for such resolutions shall be carried out at the general meeting.

Article 60 The proposal of the general meeting shall meet the following conditions:

- (1) be in compliance with the provisions of the laws and administrative regulations, and correspond to the business scope of the Company and the functions and powers of the general meeting;
- (2) have specific topics for discussion and detailed matters for resolution;
- (3) be submitted or served in writing to the Board of Directors.

Article 61 An extraordinary general meeting may not decide on matters not specified in the notice.

Article 62 The notice of the general meeting shall meet the following requirements:

- (1) being in written form;
- (2) specifying the venue, date and time of the meeting;
- (3) describing the matters to be discussed at the meeting;
- (4) providing shareholders with all the information and explanations that are necessary for them to make sensible decisions on matters to be discussed. This, in principle, shall include (but not limited to) providing concrete terms and contracts (if any) of the proposed transaction under negotiation, and earnestly explaining the causes and consequences thereof when the Company proposes a merger, share repurchase, reorganization of share capital or other restructuring;

- (5) if any director, supervisor, manager or other senior management officer has a substantial relationship in any of the matters to be discussed, the notice shall disclose the nature and extent of his/her relationship in relevant matters; if the matters to be discussed affect such director, supervisor, president or senior management officer in his/her capacity as a shareholder differently than other shareholders, the notice shall explain the difference;
- (6) containing the full text of any special resolution proposed to be passed at the meeting;
- (7) containing an explicit statement that shareholders entitled to attend and vote shall have the right to appoint one or more proxies to attend and vote on their behalf and that the proxy or proxies need not be a shareholder/shareholders;
- (8) specifying the time and place for delivering the power of attorney for voting at the meeting;
- (9) specifying the Record Date of which shareholders have the rights to attend the general meeting, and the interval between the equity registration date and the date of the meeting shall be subject to the requirements of the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed;
- (10) The names and the contact numbers of the contact persons.

Article 63 Notices of a general meeting shall be served to the shareholders (whether they have the right to vote at the general meeting or not) in the manner specified in the Articles of Association or in other manners permitted by the stock exchange where the shares of the Company are listed. In compliance with the relevant laws, regulations and the Listing Rules, the Company may issue notice of a general meeting on the website of the Company and the website designated by the stock exchange where the shares of the Company are listed.

Once a notice of general meeting is issued, the general meeting shall not be postponed or cancelled without any justified grounds and the proposals listed in the notice of general meeting shall not be cancelled. In case of postponement or cancellation, the convener shall make an announcement and state the reasons at a time at least two working days prior to the pre-determined date of convention of the meeting.

Article 64 A meeting and the resolutions adopted at the meeting shall not be invalidated as a result of any accidental omission to serve the notice of the meeting or the failure to receive the notice by a person entitled to the same.

Article 65 Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (not necessarily shareholders) as his/her/its proxy or proxies to attend and vote on his/her/its behalf. The proxy or proxies may exercise the following rights based on the authorization by the shareholder:

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

If such shareholder is a recognized clearing house (or its proxy) as defined under Hong Kong laws, the shareholder may authorize such person or persons as it thinks fit to act as its proxy at any general meeting; provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the powers on behalf of the recognized clearing house (or its proxy) as if it were an individual shareholder of the Company.

Article 66 A shareholder shall appoint his/her proxy by a written instrument signed by the principal or an agent authorized by the principal in writing. If the principal is a legal person, the written instrument shall be affixed with its official seal, or signed by its directors or a duly authorized agent. The letter of authorization shall contain the number of the shares to be represented by the proxy. If several persons are authorized as the proxies of the shareholder, the letter of authorization shall specify the number of shares to be represented by each such proxy.

Article 67 The Company is entitled to require the proxies, who are entrusted by the individual shareholders to attend the meeting on their behalf, to present their valid identity certificates and the power of attorney from the shareholders or the authorized representative of the shareholders.

Any shareholder of the Company which is a legal person shall entrust a representative to attend the meeting. The Company is entitled to require such representative to present their valid identity certificates and the notarized copies of the resolutions or the power of attorney which proves that the representative has been entrusted by such shareholder's board of directors or other authorized authorities of the Company.

Article 68 All directors, supervisors and the secretary to the Board of Directors shall attend the general meetings except for just cause. The president and other senior management officers shall also be present at the meeting except for just cause.

The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of shares carrying voting rights held by them prior to the vote. The number of shareholders and proxies present at the meeting and the total number of shares carrying voting rights held by them shall be those registered in the meeting.

Article 69 Resolutions of a general meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights represented by shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds of the voting rights represented by shareholders (including proxies) present at the meeting.

Shareholders attending a general meeting (including proxies) shall expressly specify whether they are in favor of or against any matter which is being voted for. Any abstention vote or waiver of voting shall be deemed as "Abstention". Any blank, mistakenly-filled and unrecognizable vote as well as any failure to vote shall be deemed as abstention, and such votes represented by the shares of the abstention voter shall be filled with "abstention". The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

While ensuring the lawfulness and validity of the general meetings, the Company shall facilitate the participation of the shareholders in the general meetings by various means and ways including the provision of modern information technology means, such as an online voting platform.

The same voting right shall only be exercised by one of the means (including on-site poll, online voting or other means). In the event that the same voting right has been exercised twice, the vote upon the first exercise shall prevail.

Article 70 In convening a general meeting, the Company may engage a lawyer to provide legal opinions in accordance with laws and regulations. The lawyer shall render legal opinions on the following matters and the Company shall make announcement:

- (1) Whether the commencement of the general meeting and its procedures are in compliance with the laws, administrative regulations, and these Articles of Association;
- (2) Whether the qualifications of the attendees and convener are lawfully effective;
- (3) Whether the voting procedures and results of the general meeting are lawfully effective;
- (4) Legal opinions issued upon the request of the Company on other relevant matters.

Article 71 When voting at the general meeting, shareholders (including proxies) shall exercise their voting rights according to the number of voting rights represented by the shares thereof. Each share shall carry one voting right. Shares of the Company which are held by the Company shall carry no voting rights, and the number of such shares shall not be calculated into the total number of voting shares of the shareholders attending the meeting.

Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

The Board of Directors, independent non-executive directors and shareholders who meet the relevant requirements may collect votes from shareholders. Shareholders' voting rights shall be solicited with sufficient disclosure of the concrete voting intention to the owner of the voting rights. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company and the convening party of the general meeting shall not set a minimum shareholding ratio threshold for soliciting the voting rights.

Article 72 Votes of the general meeting shall be taken by registered ballot.

Article 73 When a poll is held, shareholders (including proxies) entitled to two or more votes are not required to cast all their votes for or against a resolution.

Article 74 In the event the matters of related transactions are discussed at a general meeting, all associated shareholders shall refrain from voting upon such related transactions, and the number of voting rights represented by such shareholders shall not be calculated in the total number of valid votes. The announcement of the resolution of such general meeting shall fully disclose the votes of the non-related shareholders. If any related shareholder is not able to rescue himself from voting upon related transactions

due to particular circumstances, the Company may, with the approval of authorized authorities, vote at a normal procedure, and make a detailed explanation in the public announcement of the resolution of such general meeting.

Article 75 The following matters shall be adopted by way of an ordinary resolution at the general meeting:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) profit distribution plans and loss recovery plans drafted by the Board of Directors;
- (3) appointment and dismissal of members of the Board of Directors or the Supervisory Committee, and their remuneration and the method of payment thereof;
- (4) the annual budget and final accounts, balance sheet, profit statement and other financial statements of the Company;
- (5) matters other than those that shall be adopted by way of a special resolution as required by relevant laws, administrative regulations or these Articles of Association.

Article 76 The following matters shall be adopted by way of a special resolution at the general meeting:

- (1) increase or reduction in the share capital of the Company, and issuance of any class of shares, warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) division, merger, dissolution and liquidation of the Company; (4) amendment of these Articles of Association;
- (5) equity incentive plan;
- (6) other matters that would have a significant impact on the Company and consequently need to be adopted by way of a special resolution, as deemed in an ordinary resolution passed at the general meeting.

Article 77 In the event that any listing rules of the stock exchange where the Company's shares are listed requires any shareholder to abstain from voting on any particular resolution or to vote only in favor of (or against) any particular resolution, any votes casted by or on behalf of such shareholder shall be in contravention of such requirement or restriction. Such votes as exercised by such above shareholders or their representatives shall not be counted (if the Company is so informed).

Article 78 The general meeting shall be chaired by the chairman of the Board of Directors. If the chairman is unable to or fails to perform his duties, the general meeting shall be convened and chaired by the vice chairman. If the vice chairman is unable to or fails to perform his duties, the general meeting shall be presided over and chaired by a director jointly elected by a simple majority of all the directors.

If a general meeting is independently convened by the Supervisory Committee, the general meeting shall be chaired by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to or fails to perform his duties, a supervisor shall be jointly elected by a simple majority of all the supervisors to preside over the general meeting.

General meetings independently convened by the shareholders shall be presided over by a representative recommended by the convener. If no chairman of the meeting has been so recommended, shareholders present at the meeting shall choose one person to act as the chairman of the meeting. If for any reason, the shareholders shall fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

If the presider violates the procedural rules during the general meeting which caused the meeting to be unable to continue, a presider may, upon approval by a simple majority of shareholders present at the general meeting with shares carrying voting rights, be elected by the general meeting to continue the meeting.

Article 79 The general meeting shall have the minutes of the meeting, which shall be the responsibility of the secretary of the Board of Directors. The minutes of the meeting shall include the following:

- (1) time, place, agenda, and the name of the convener of the meeting;
- (2) name of the presider and each of the directors, supervisors, president and any other senior management officer who attend the meeting;
- (3) number of shareholders and proxies who attend the meeting, total number of voting shares held by them, and proportion of such number in the Company's total shares;
- (4) deliberation procedure, main speech points and voting result of each proposal;
- (5) inquiries or recommendations of the shareholders and the relevant replies or explanations thereto;
- (6) names of lawyer (if any), vote counters and poll watchers;
- (7) other items that shall be recorded in the minutes of the meeting in accordance with the provisions of these Articles of Association.

CHAPTER 9 THE BOARD OF DIRECTORS

Article 80 The Company shall have a Board of Directors. The Board of Directors shall be composed of seven directors, of whom one shall be Chairman of the Board, and one Vice Chairman may be appointed. The directors of the Company include executive directors, non-executive directors and independent non-executive directors. Executive directors refers to directors participating in the operation and management of the Company. Non-executive directors refers to directors who do not participate in the operation and management of the Company and are not independent directors pursuant to the law.

The Board of Directors shall be independent from controlling entities (hereafter controlling entities refers to companies, enterprises and institutions with legal person status that have a controlling interest in the Company).

The external directors shall comprise more than a half (inclusive) of the directors on the Board of Directors (hereafter external directors refers to directors who do not hold any position within the Company), and the independent non-executive directors shall comprise at least more than one-third of the directors on the Board of Directors (hereafter independent directors refers to directors who do not hold any position other than the directorship within the Company and comply with the relevant provisions of the independence of independent directors in accordance with the Listing Rules), and at least one of those independent directors should be a professional accountant.

Article 81 Directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting. No employee representatives shall serve as a Director. The term of office of a director shall not be more than three years, which is renewable upon re-election. However, an independent non-executive director shall not serve more than six years consecutively.

The Chairman and the Vice Chairman shall be elected and removed by simple majority of directors on the Board. The term of office of each of the Chairman and the Vice Chairman shall be three years, and is renewable upon re-election.

Subject to compliance with the relevant laws and administrative regulations, the general meeting may remove any director before the expiration of his/her term of office by way of ordinary resolution. However, such director's rights to claim for relevant damages under any contract shall not be affected thereby.

Any person appointed by the directors to fill an interim vacancy on or as an additional to the Board of Directors shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election.

The president or other senior management officer may also act as a director. However, the number of the directors who also act as the president or other senior management officers shall not be more than a half of the total number of the directors of the Company.

Directors are not required to hold shares of the Company.

The list of candidates for directors and supervisors shall be submitted to the general meeting for voting by way of proposal. When the shareholders in the general meeting vote in respect of the election of directors and supervisors, a cumulative voting system shall be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. The cumulative voting system as referred above means that when a director or supervisor is elected at the general meeting, each share shall carry the same number of voting rights as the number of directors or supervisors to be elected, and the voting rights owned by the shareholders may be cumulatively used. The Board of Directors shall announce the profile and basic information of each candidate for directors or supervisors to the shareholders.

The ways of cumulative voting are as follows:

- (1) Each of the shares held by a shareholder shall carry the same number of voting rights as the number of director or supervisor candidates; when the Board or a qualified shareholder separately proposes the director or supervisor candidates, the number of voting rights carried by each share shall be calculated as per the number of non-repetitive director or supervisor candidates;
- (2) In casting his/her/its votes for the director or supervisor candidates, a shareholder may exercise his/her/its voting rights by allocating his/her/its voting rights evenly and cast for each director or supervisor candidate the same number of voting rights as the shares he/she/it holds; or he/she/it may focus on one particular director or supervisor candidate and cast for that candidate all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates; or he/she/it may allocate his/her/its voting rights over several director or supervisor candidates and cast for each of them part of the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates;
- (3) Upon the exercise of his/her/its voting rights by focusing all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates on one or several of the director or supervisor candidates, a shareholder shall not have any right to vote for any other director candidates;
- (4) If the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates exceeds the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be invalid and the shareholder shall be deemed to have abstained from voting; if the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates is less than the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be valid and the remaining voting rights held by such shareholder shall be deemed to be waived;
- (5) The director or supervisor candidates whose votes represent the most voting rights are elected as directors or supervisors;
- (6) Independent directors and other directors shall be elected separately to ensure the proportion of independent directors in the Board of the Company.

In addition to the cumulative voting system, the general meeting shall resolve all the proposals separately. Where there are several proposals for the same matter, such proposals shall be resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolutions can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused to vote at the general meeting.

Article 82 The Board of Directors shall be accountable to the general meeting, and exercise the following functions and powers:

- (1) convening the general meeting, and reporting its work thereto;
- (2) implementing resolutions adopted by the general meeting;
- (3) deciding on the business plans and investment programs of the Company;
- (4) formulating the annual financial budget plan and final account plan of the Company;
- (5) formulating profit distribution plans and loss recovery plans of the Company;
- (6) formulating plans for increasing or reducing the registered capital of the Company and issuing corporate bonds or other securities, and listing;
- (7) drafting plans for important acquisition or acquisition of shares of the Company or the merger, division, dissolution and change of the formation of the Company;
- (8) deciding on the setup of internal management organizations of the Company;
- (9) appointment and removal of the president, appointment and removal of the vice president and other senior management officer (including the responsible officers of financial affairs) according to the president's nomination, and deciding on matters relating to their remunerations, reward and reprimand matters;
- (10) establishing the basic management system of the Company;
- (11) drafting proposals for the amendment to these Articles of Association;
- (12) managing the disclosure of information of the Company;
- (13) proposing to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;
- (14) listening to the work report of the president of the Company and reviewing the tasks managed by the president;
- (15) within the scope of authority as conferred by the general meeting, having the rights to decide on matters such as external investment, acquisition and sale of assets, pledge of assets, external guarantee, entrusted wealth management and connected transactions of the Company;
- (16) other functions and powers as required by the Articles of Association or granted by the general meeting.

Any resolution of the Board of Directors on any of the foregoing matter, other than those set forth in Items (6), (7) and (11) which shall require approval by at least two-thirds of the directors, may be adopted by simple majority of the directors.

The Board of Directors of the Company shall explain to the general meeting regarding auditor's report of a registered accountant in which there are non-standard opinions for financial reports of the Company.

Article 83 Any director who has associated relationship with any enterprise concerned in any matter for resolution in a Board meeting, shall neither vote on the said matter nor act as a proxy for other directors to exercise their voting rights. Such Board meeting may not be held unless attended by simple majority of the non-related directors. If the number of the non-related directors of the Board of Directors is less than three, such matter for resolution shall be submitted to the general meeting of the Company for deliberation.

Article 84 The Chairman shall exercise the following functions and powers:

- (1) presiding over general meetings, and convening and presiding over Board meetings;
- (2) inspecting the implementation of the resolutions adopted by the Board of Directors;
- (3) signing securities certificates issued by the Company;
- (4) performing other functions and powers conferred by the Board of Directors.

If the Chairman is unable to exercise his/her functions and powers, another director shall be elected jointly by simple majority of the directors shall perform the duties.

Article 85 Certain committees such as Audit Committee, Remuneration & Appraisal Committee, Nomination Committee & Strategic Development Committee and Budget Committee are established by the Board of Directors. Such committees, under the leadership of the Board of Directors, assist the Board of Directors to implement its functions and powers or provide it with recommendations or advices for its decisions, and their manning and rules of procedure shall be otherwise agreed by the Board of Directors.

The Audit Committee shall comprise at least three members, and all of them shall be non-executive directors. Of which, at least one member shall be an independent director who possesses appropriate professional qualification in compliance with the relevant provisions of the Main Board Listing Rules or has appropriate accounting or relevant financial management expertise. The majority of its members shall be independent non-executive directors, and the Chairman shall also be an independent non-executive director.

The Remuneration Committee shall comprise at least three members, and the majority of the members of the Remuneration Committee shall be independent non-executive directors, and the Chairman shall also be an independent non-executive director.

The Nomination Committee shall comprise at least three members, and the majority of the members of the Nomination Committee shall be independent non executive directors, and the Chairman shall also be the chairman of the Board or an independent non-executive director.

The Board of Directors shall be responsible for formulating the working rules of the designated committees and governing the operation of the designated committees.

Article 86 Regular Board meetings shall be held at least four times a year. Board meetings shall be convened by the Chairman, with a notice to all directors fourteen days before the meetings are held. If the Chairman considers it necessary, an extraordinary Board meeting may be held when it is proposed by shareholders with more than one-tenth of the voting rights, more than one-third of the directors, or by simple majority of the Board of Directors, or by the Board of supervisors, or the presidents of the Company.

Reasonable expenses incurred by a director attending a Board meeting shall be borne by the Company. Such expenses shall include the transportation expense between the location of the director and the location of the meeting (if such locations are different), accommodation expenses during the meeting, rent of the meeting venue and the transportation costs to the meeting venue.

Article 87 Notice of meetings of the regular and extraordinary Board meetings shall be delivered according to the following requirements:

- (1) No notice convening such meetings will be needed for regular meetings of the Board of Directors, of which the time and venue have been determined by the Board of Directors in advance.
- (2) For meetings of the Board of Directors of which the time and location have not been decided by the Board of Directors in advance, the Board of Directors shall notify the directors and supervisors of the time and venue of such meeting at least ten days in advance by telex, telegraph, facsimile, express delivery service, registered mail, other electronic means or in person.
- (3) In the event of any urgent matter that a Board meeting has to be convened, the Chairman shall appoint the secretary of the Board of Directors to notify all directors and supervisor of the time, venue and form of the extraordinary Board meeting by telegraph, telex, facsimile, express delivery service, registered mail, other electronic means or in person. The above notice shall be sent out at least five days but no more than ten days prior to the meeting of the Board of Directors.
- (4) In the event of any urgent matter where an extraordinary Board meeting needs to be convened, the meeting notice may be sent by verbal means or telephone at any time, but the convener shall make explanations at the meeting.
- (5) The notice may be served in Chinese and an English version may also be attached if necessary, and in each case accompanied by a meeting agenda. A director may waive his/her rights to receive the notice of a Board meeting.

Article 88 Notice of the meeting shall be deemed as given to any director who attends the meeting without dissenting from receiving the notice of the meeting before or at its commencement.

Article 89 Any regular or extraordinary meeting of the Board of Directors may be held by way of telephone conference or with the aid of similar communication equipment as long as all directors participating in the meeting can clearly hear and communicate with each other. If the Company has already given the notice of the meeting to all the directors and has distributed the proposed matters for resolution to all the directors, the voting in the meeting of the Board of Directors may be conducted via facsimile or other similar communication voting means. If the number of directors who sign and agree on such resolution has reached the quorum required by the Articles of Association, such Board resolution shall be valid.

A written resolution agreed and signed by all directors respectively, shall be deemed as valid as any resolution passed by a legally convened board meeting. This written resolution may be signed in counterparts, each of which may be signed by one or more directors. A resolution signed by a director, by personal delivery or that contains the name, telegram, telex, mail, fax, or other electronic means shall be deemed as a document signed by the director for the purpose of this article.

Article 90 Board meetings may only be held when more than a half of the directors (including directors who are appointed to attend under Article 91 hereof) are present.

Each director shall be entitled to one vote. Other than matters that must be passed by no less than two-thirds of all directors as prescribed by laws, regulations, rules, regulatory documents and these Articles of Association, resolutions of the Board of Directors shall be passed by not less than a half of all directors.

When the number of the votes cast against the resolution equals that of in favor of the resolution, the Chairman shall be entitled to one additional vote.

In the event there should be a related director to matters deliberated at the meeting of the Board of Directors, such interested director shall withdraw and shall not be entitled to vote. Such director shall not be counted when calculating the quorum of the directors present at the meeting.

Article 91 Board meetings shall be attended by the directors in person. If a director is unable to attend a meeting in person for any reason, such director may appoint, in writing, another director to attend the meeting on his/her behalf. The authority delegated shall be specified in the power of attorney.

A director who attends the meeting on behalf of another director shall exercise the rights of the director within the delegated authority. If a director fails to attend a Board meeting in person, and has not appointed a representative to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her rights to vote at the meeting.

Any director who fails to attend in person two consecutive meetings of the Board of Directors and further fails to appoint other directors to attend, shall be deemed incapable of performing his/her duties and the Board of Directors shall propose a general meeting to replace such director.

Article 92 The Board of Directors shall record decisions on matters deliberated at a meeting to form the minutes of the meeting. Directors and secretary of the Board of Directors present at the meeting and the recorder shall affix their signatures on the minutes of the meeting. The directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors is in violation of any laws, administrative regulations, or these Articles of Association, and therefore, results in any material losses to the Company, directors involved in the resolution shall be liable to indemnify the Company. However, any director who is proven to have expressed his objection to such resolution in voting and whose objection has been recorded in the minutes of the meeting may be exempted from liabilities.

Opinions expressed by independent non-executive directors shall be recorded in the resolution of the meeting of the Board of Directors.

The minutes of the meeting of the Board of Directors shall be kept on file at the Company by the secretary of the Board of Directors for a period of 15 years.

Article 93 The directors may, prior to expiration of their terms of office, resign and submit their resignation report in writing to the Board of Directors. Director who resigns shall also explain any relevant issues in relation to his/her resignation or issues that he/she deems necessary to draw the attention of the shareholders of the Company. The Board of Directors shall disclose the relevant information within two days thereafter.

If the total number of members of the Board of Directors is less than the minimum quorum due to the resignation of any director, then before the newly elected director assumes office, the former director shall still discharge the duties of his/her directorship in accordance with the laws, administrative regulations, and these Articles of Association.

Other than the circumstances presented in the preceding Paragraph, the resignation of directors shall come into effect since the resignation reports are lodged with the Board of Directors.

The obligations of directors to keep confidential the trade secrets of the Company shall remain effective after their resignation or the expiration of their terms of office, until those secrets become public information.

Article 94 If a director violates the law, administrative regulations, departmental regulations or requirements of the Articles of Association, and the Company therefore sustains resulting losses, he/she is liable to pay compensation.

CHAPTER 10 SECRETARY OF THE BOARD OF DIRECTORS

Article 95 The Company shall have a secretary of the Board of Directors. The secretary of the Board of Directors shall be a senior management officer of the Company.

Article 96 The secretary of the Board of Directors of the Company shall be a natural person with the necessary expertise and experience, and be appointed by the Board of Directors. His/her main duties shall include:

- (1) ensuring that the document of the Board of Directors complies with the relevant laws and regulations;
- (2) ensuring that the Company has complete organizational documents and records;
- (3) ensuring that the Company prepares and submits reports and documents required by relevant authorities pursuant to the law;
- (4) ensuring that the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents; and

- (5) responsible for disclosure of information of the Company, ensuring timely, accurate, lawful, true and complete disclosure;
- (6) other duties stipulated by these Articles of Association and the listing rules of the stock exchange where shares of the Company are listed.

Article 97 Directors or other senior management officers of the Company may concurrently hold the office of the secretary of the Board of Directors. An accountant of the accounting firm engaged by the Company may not concurrently hold the office of the secretary of the Board of Directors.

If the office of the secretary of the Board of Directors is concurrently held by a director, and a certain act is required to be performed by the directors and the secretary of the Board of Directors separately, such person who serves as both a director and the secretary of the Board of Directors may not perform the act in both capacities.

CHAPTER 11 PRESIDENT OF THE COMPANY

Article 98 The Company shall have one president whose appointment and removal shall be decided by the Board of Directors.

The term of office of the president is three years, and the president can be reappointed and serve consecutive terms.

Article 99 The president shall be accountable to the Board of Directors, and shall exercise the following functions and powers:

- (1) taking charge of the production, operation and management of the Company, and organizing the implementation of the resolutions of the Board of Directors;
- (2) organizing the implementation of the annual business plan and investment program of the Company;
- (3) proposing the plan for the establishment of internal management organizations of the Company;
- (4) proposing the establishment of the basic management system of the Company;
- (5) formulating basic rules and regulations of the Company;
- (6) proposing the employment or dismissal of the vice president and the personnel in charge of financial affairs of the Company;
- (7) employing or dismissing management personnel other than those whose employment or dismissal shall be decided by the Board of Directors; and
- (8) other functions and powers conferred by these Articles of Association and the Board of Directors.

Article 100 The president of the company shall be present at meetings of the Board of Directors, but any president who is not a director shall not have the right to vote at meetings of the Board of Directors.

Article 101 In exercising his/her functions and powers, the president and the vice president may not vary any resolution passed by the general meeting or the Board of Directors or exceed their respective scope of functions or powers.

Article 102 In exercising his/her functions and powers, the president and the vice president shall perform the duty in good faith and diligence in accordance with relevant laws, administrative regulations and these Articles of Association.

Article 103 Article 116 in the Articles of Association regarding the circumstances that the persons cannot be appointed as directors also apply to the senior management.

Article 104 Persons who are employed by the controlling shareholders of the Company holding an executive office other than directors or supervisors of these companies shall not serve as senior management staff of the Company.

CHAPTER 12 SUPERVISORY COMMITTEE

Article 105 The Company shall have a Supervisory Committee. The Supervisory Committee is a permanent supervisory body of the Company responsible for supervising the Board of Directors and each director, and other senior management officer of the Company including the president and the vice president, preventing them from abusing their powers and infringing the lawful rights and interests of the shareholders, the Company and its employees.

Article 106 The Supervisory Committee shall be composed of three persons, of whom one shall be the chairman of the Supervisory Committee. The term of office of a supervisor shall be three years. A supervisor may be re-elected upon the expiration of his/her term.

The election or removal of the chairman of the Supervisory Committee shall be determined by the affirmative votes of more than half of the members of the Supervisory Committee.

Article 107 The Supervisory Committee shall be composed of three members. Supervisors taken up by shareholder representative shall be elected and removed by the general meeting; while employee representatives of the Company shall be democratically elected and removed by workers and employee members of the Company. Employee representatives in the Supervisory Committee shall not be less than one-third of the number of supervisors.

Article 108 The directors, president, vice president, secretary to the Board of Directors and the person in charge of financial affairs of the Company may not serve concurrently as supervisors.

Article 109 Article 116 in these Articles of Association regarding the circumstances that the persons cannot be appointed as directors also apply to supervisors.

Article 110 At least one regular meeting of the Supervisory Committee shall be convened every six months. The chairman of the Supervisory Committee shall be responsible for convening meetings of the Supervisory Committee.

In the event the chairman of the Supervisory Committee is unable to or fails to perform his/her duties, a supervisor jointly nominated by more than half of all the supervisors shall convene and preside for meetings of the Supervisory Committee.

As any supervisor who fails to be promptly re-elected upon the expiration of his/her term of office, or the resignation of such supervisors within their terms of office has resulted in the number of members of the Supervisory Committee being lower than a quorum, the former supervisors shall, before the newly elected supervisors take office, continue to perform their duties in accordance with the laws, administrative regulations and these Articles of Association.

The Supervisory Committee shall convene an extraordinary meeting within ten days in any of the following circumstances:

1. when any supervisor so requests;
2. when the general meeting or a meeting of the Board of Directors passed resolutions that violate the provisions and requirements of laws, rules, regulations and supervisory authorities, the Articles of Association, the resolutions of general meeting and other relevant provisions;
3. when the malpractice of the directors and the senior management may cause material damage or result in material adverse effect in the market;
4. when lawsuits are filed by shareholders against the Company, directors, supervisors and the senior management;
5. when the Company, directors, supervisors and senior management are punished by securities regulatory authorities;
6. when the securities regulatory authorities so requests;
7. other circumstances required by the Articles of Association.

Article 111 The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

- (1) to review and submit written audit opinions on the regular reports prepared by the Board of Directors of the Company;
- (2) to examine the Company's financial situation;
- (3) to supervise the behaviors of the directors and senior management officers of the Company in their performance of the companies' duties. To suggest the removal of directors and senior management officers who violate any laws, administrative regulations, the Articles of Association or resolutions passed at the general meeting;

- (4) to demand that from the directors and senior management officers of the Company who act in a manner which is harmful to the Company's interest rectify such behavior;
- (5) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the general meetings and, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review whenever queries arise;
- (6) to propose to convene an extraordinary general meeting; to convene and preside over the general meeting in the event that the Board of Directors fails to perform its duty of convening and presiding over the general meeting as stipulated by the Company Law;
- (7) to submit proposals to the general meetings;
- (8) to institute legal proceedings against directors and the senior management officers according to relevant regulation of the Company Law;
- (9) other functions and powers specified by law or the Articles of Association or conferred by the general meeting.

The supervisors can be present at meetings of the Board of Directors.

If the supervisory committee discovers abnormality in the operations of business of the Company, professional institutions such as accounting firm(s) and law firm(s) can be engaged to assist in the investigation, the fees of which shall be borne by the Company.

Article 112 The Office of the Supervisory Committee shall send the written meeting notice affixed with the seal of the Supervisory Committee to all the supervisors by direct delivery, fax, email or other means 10 days and 5 days before a regular meeting and a provisional meeting of the Supervisory Committee respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made. Where a provisional meeting of the Supervisory Committee needs to be convened in emergency, the meeting notice may be sent by verbal means or telephone at any time, but the convener shall make explanations at the meeting. Each supervisor shall be entitled to one vote. Resolutions of the Supervisory Committee shall be passed by the affirmative vote of more than half of all supervisors.

Article 113 Reasonable expenses incurred by the Supervisory Committee in engaging professionals such as lawyers, certified accountants and certified auditors in the course of exercising its functions and powers shall be borne by the Company.

Article 114 Meetings of the Supervisory Committee shall have minutes of the meeting recorded. Attending supervisors and recorders shall sign the minutes of the meeting of the Supervisory Committee. Supervisors shall have the right to require that descriptive contents of their speeches be recorded in the minutes of the meeting. Minutes of the meeting of the Supervisory Committee shall be kept by the secretary of the Board of Directors on the Company's file for 15 years.

Article 115 Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and these Articles of Association.

**CHAPTER 13 THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS,
SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT OFFICERS OF
THE COMPANY**

Article 116 Under any of the following circumstances, a person may not serve as the director, supervisor, president or any other senior management officer of the Company:

- (1) if such person has no or limited civil capacity;
- (2) if such person has been subject to criminal punishments for any of the following crimes, i.e. corruption, bribery, encroachment on or embezzlement of property, or disruption of social and economic order, and less than five years have elapsed since the expiration of the execution period; or such person has been deprived of political rights for committing crime offenses, and less than five years have elapsed since the expiration of the execution period;
- (3) if such person is a former director, factory director or manager of a company or enterprise that has gone into bankruptcy and liquidation as a result of poor management, with such person being personally liable therefor, and less than three years have elapsed since the date of completion of bankruptcy and liquidation of the company or enterprise;
- (4) if such person is used to be the legal representative of a company or enterprise whose business license has been revoked due to violations of the law, with such person being personally liable for the revocation, and less than three years have elapsed since the date of revocation of the business license of the company or enterprise;
- (5) if such person has a relatively large amount of overdue personal debts;
- (6) if such person is under investigation by judicial authorities for violation of the criminal law, and the relevant case is not yet closed;
- (7) if such person is prohibited by laws or administrative regulations from acting as a leader of an enterprise;
- (8) if such person is not a natural person;
- (9) if such person has been adjudicated for violating provisions of relevant securities regulations by a competent authority, and has been involved in a fraudulent or dishonest conduct, and less than five years have elapsed since the date of the adjudication;
- (10) if such person is barred from entry into the securities market by the securities regulatory authority of the State Council for a certain period and such period has not elapsed; or
- (11) other matters stipulated by relevant laws and administrative regulations.

If the Company elects or appoints a director in violation of the above stipulations, such election, appointment or employment shall be invalid. The Company shall remove such director once the circumstances described in this article occur during the term of such director.

Article 117 Without lawful authority conferred under these Articles of Association or by the Board of Directors, any director may not act in his own name on behalf of the Company or the Board of Directors. In the event that any third party will reasonably believe that a director is representing the Company or the Board of Directors when such director acts in his own name, such director shall declare his position and identity in advance.

Article 118 The validity of an act of directors, president or other senior management acting on behalf the Company towards a bona fide third party shall not be affected by any irregularities in their appointment, election or qualifications.

Article 119 In addition to the obligations imposed by relevant laws and administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, directors, supervisors, president or other senior management of the Company shall, in exercising the functions and powers conferred thereon by the Company, undertake the following obligations towards each shareholder:

- (1) shall not cause the Company to conduct any operation beyond the business scope indicated on its business license;
- (2) shall act in good faith in the best interests of the Company;
- (3) shall not, in any manner, deprive the Company of its property, including (but not limited to) opportunities beneficial to the Company; and
- (4) shall not deprive shareholders' personal rights and interests, including (but not limited to) rights to receive distribution and voting rights, but excluding restructuring of the Company submitted to and adopted by the general meeting in accordance with these Articles of Association.

Article 120 In exercising their rights or performing their obligations, directors, supervisors, president or other senior management of the Company are all obliged to show the caution, diligence and skill of a reasonable and prudent person acting under similar circumstances.

Article 121 In performing their duties, the directors, supervisors, president or other senior management of the Company shall abide by the principle of good faith, and shall not put themselves in a position where their own interests and obligations may conflict with each other. This principle shall be applied to (including but is not limited to) the following:

- (1) acting in good faith in the best interests of the Company;
- (2) exercising powers within his/her functions and powers without overstepping his/her authority;
- (3) exercising the discretionary power vested in him/her, without being influenced or controlled by others; unless otherwise permitted by laws and administrative regulations or with the informed approval at the general meeting, may not delegate the discretionary power to another person;

- (4) unless otherwise provided for herein or with the informed approval at the general meeting, shall not enter into contracts, transactions or arrangements with the Company;
- (5) shall not use the property of the Company in any manner for his/her own benefit without the informed approval at the general meeting;
- (6) shall not take advantage of his/her position and power to accept bribes or other unlawful income, or encroach, in any manner, upon the property of the Company, including (but not limited to) opportunities beneficial to the Company;
- (7) shall not accept any commission in connection with transactions of the Company without the informed approval at the general meeting;
- (8) complying with these Articles of Association, performing his/her duties in good faith, and safeguarding the interests of the Company, and shall not seek for personal gains by taking advantage of his/her position or power in the Company;
- (9) shall not compete with the Company in any way without the informed approval by the general meeting;
- (10) shall not misappropriate the funds of the Company or lend the same to others; shall not deposit assets of the Company in an account opened under his/her own name or under the name of other persons, and shall not use assets of the Company as guarantees for debts of shareholders of the Company or any other person; and
- (11) shall not divulge any confidential information involving the Company obtained during his/her term of office without the informed approval at the general meeting, and shall not use such information unless for the interests of the Company. However, such information may be disclosed to a court or other competent government authorities under the following circumstances:
 - a) as required by law;
 - b) as required for public interest; or
 - c) as required in the interests of the director, supervisor, president and other senior management concerned.

If a director, president or other senior management gains income in violation of this article, any income so derived shall be turned over to the Company. Such director, president or other senior management shall be liable for the relevant loss so caused if his/her corresponding act causes detriment to the Company.

Article 122 If the general meeting requires a director, supervisor, president or other senior management to be present at a general meeting, such person shall be present at the meeting, answer the inquiries of shareholders, and make explanation and illustration according to the shareholders' inquiries and advice.

The directors, supervisors, president or other senior management shall provide to the Supervisory Committee truthful and genuine documents and information and shall not obstruct the Supervisory Committee or supervisors from performing their duties.

Article 123 The directors, supervisors, president or other senior management of the Company may not instruct the following persons or entities (the "Connected Parties") to do what the directors, supervisors, president or other senior management are prohibited.

- (1) spouse or minor of such directors, supervisors, president or other senior management of the Company;
- (2) trustees of directors, supervisors, president or other senior management of the Company or of persons referred to in Item (1) of this article;
- (3) partners of directors, supervisors, president or other senior management of the Company or of persons referred to in Items (1) and (2) of this article;
- (4) companies actually and solely controlled by directors, supervisors, president or other senior management of the Company, or companies actually and jointly controlled with the persons mentioned in Items (1), (2) and (3) of this article or with any other director, supervisor, president or senior management of the Company; and
- (5) directors, supervisors, president or other senior management of the companies controlled as mentioned in Item 4 of this article.

Article 124 The fiduciary duties of directors, supervisors, president or other senior management of the Company may not necessarily cease upon expiration of their terms of office. Their obligations to keep confidential the trade secrets of the Company shall remain effective after the expiration of their terms of office. The continuance of other obligations shall be determined based on the principle of equity, and dependent on the time interval between the occurrence of the event and departure from office as well as the circumstances and conditions under which such person's relationship with the Company was terminated.

Article 125 A director, supervisor, president or any other senior management of the Company may be relieved of the liabilities for breach of a certain obligation at the general meeting in an informed manner, except in circumstances specified in Article 46 of these Articles of Association.

Article 126 If a director, supervisor, president or any other senior management of the Company, directly or indirectly, has a substantial relationship in a contract, transaction or arrangement entered into or planned by the Company (except for the employment contract signed by and between the Company and such director, supervisor, president or other senior management), regardless of whether relevant matters are subject to the approval of the Board of Directors under normal circumstances, he/she shall disclose the nature and extent of his/her relationship in such a contract, transaction or arrangement to the Board of Directors as soon as possible.

Unless such a director, supervisor, president or any other interested senior management of the Company has disclosed such relationship to the Board of Directors as required under the preceding Paragraph of this article, and the Board of Directors has approved the matter at a meeting in which the said personnel has not been counted in the quorum and has abstained from voting, the Company shall be entitled to revoke the contract, transaction or arrangement, except where the other party is a bona fide party who has no knowledge of the breach of duties by the director, supervisor, president or other senior management.

For the purposes of this AOA, a director, supervisor, the president or any other member of the senior management of the Company is deemed to be related in a contract, transaction or arrangement in which a Related Person of his/hers is related.

Article 127 If, before the Company first considers entering into a contract, transaction or arrangement, a director, supervisor, president or other senior management of the Company gives a written notice to the Board of Directors stating that by virtue of the matters set out in the notice, he/she has relationship in the contract, transaction or arrangement that may be concluded by the Company in the future, the director, supervisor, president or other senior management shall be deemed to have made the disclosure required in the preceding Article to the extent stated in the notice.

Article 128 The Company shall not, in any way, pay tax for any of its directors, supervisors, president or other senior management.

Article 129 The Company may not, directly or indirectly, provide loans or loan guarantees for directors, supervisors, presidents or other senior management officers of the Company and its parent company. Nor may the Company provide loans or loan guarantees for connected parties of the aforementioned personnel.

Provisions of the preceding Paragraph shall not apply to the following circumstances:

- (1) when the Company provides loans or loan guarantees for its subsidiaries;
- (2) according to the employment contracts approved by the general meeting, the Company provides loans, loan guarantees or other funds for a director, supervisor, president or other senior management officer of the Company to enable him/her to pay for the expenses incurred for the purpose of the Company or in performing his/her duties of the Company;
- (3) if the normal scope of business of the Company includes the provision of loans and loan guarantees, the Company may provide loans or loan guarantees for relevant directors, supervisors, presidents or other senior management officers and their connected parties, provided that the conditions of such loans or loan guarantees are normal commercial conditions.

Article 130 If the Company provides a loan in violation of the provisions of the preceding Article, the recipient of the funds shall immediately repay the loan regardless of the conditions thereof.

Article 131 The Company may not be forced to perform a loan guarantee provided thereby in violation of the provisions of Paragraph 1 of Article 129, except under the following circumstances:

- (1) when the loan is provided to a connected party of a director, supervisor, president or any other senior management officer of the Company or its parent company without the knowledge of the lender;
- (2) when the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

Article 132 Guarantees mentioned in the preceding Article of this Chapter shall include any act in which the guarantor assumes liabilities or provides property to secure the performance by the obligor.

Article 133 In the event a director, supervisor, president and other senior management officer of the Company is in violation of his/her obligations towards the Company, in addition to various rights and remedies provided for by the relevant laws and administrative regulations, the Company shall be entitled to take the following measures:

- (1) requiring the director, supervisor, president and other senior management officer to compensate the Company for the losses suffered thereby as a result of his/her dereliction of duty;
- (2) rescinding any contract or transaction entered into by and between the Company and the director, supervisor, president or other management officer, and any contract or transaction entered into by and between the Company and a third party (if such third party knows or should have known that the director, supervisor, president and other senior management officer representing the Company is in breach of his/her obligations towards the Company);
- (3) requiring the director, supervisor, president and other senior management officer to disgorge the gains he/she earned by breach of the obligations;
- (4) recovering from the director, supervisor, president and other management officer any money that should have been received by the Company, including (but not limited to) commissions;
- (5) requiring the director, supervisor, president and any other management officer to return the interest earned or may be earned on the funds that should have been given to the Company.

Article 134 The Company shall enter into a written contract with each director and supervisor of the Company in respect of remuneration. Such contract shall be approved by the general meeting. The abovementioned remuneration shall include:

- (1) remuneration for serving as a director or supervisor of the Company;
- (2) remuneration for serving as a director or supervisor of a subsidiary of the Company;

- (3) remuneration for provision of other services for management of the Company or its subsidiaries; and
- (4) compensation for loss of office or retirement of such director or supervisor.

Except pursuant to the aforementioned contract, a director or supervisor may not sue the Company for any benefits payable to him/her on the basis of the aforesaid matters.

Article 135 The Company shall stipulate in the contract on remuneration entered into with a director or supervisor of the Company that, in the event of the Company being acquired, the director or supervisor of the Company shall be entitled to the compensation or other payments for loss of office or retirement upon prior approval by the general meeting.

In the event of the Company being acquired in the preceding Paragraph shall mean any of the following situations:

- (1) when any person makes a tender offer to all the shareholders;
- (2) when any person makes a tender offer aiming at making the offeror the controlling shareholder as defined in Article 47 of these Articles of Association.

In the event a director or supervisor fails to comply herewith, any fund received by him/her shall belong to those who have sold their shares as acceptance of the abovementioned offer. The expenses incurred in the pro rata distribution of such funds shall be borne by the director or supervisor, and such expenses may not be deducted from the funds.

CHAPTER 14 INVESTOR RELATIONS

Article 136 In order to strengthen the Company's investor relations management, protect the legitimate rights and interests of investors, promote the concept of value investment, guide and standardize the Company's investor relations management, strengthen information communication between the Company and investors, and effectively protect the interests of investors, especially the legitimate interests of small and medium investors. The Company may formulate corresponding management policy for investor relations management matters according to the actual situation.

Article 137 The main contents of the Company's investor relations management include:

- (1) The Company's development strategy, including the Company's development direction, development plan, competition strategy and business policy, etc.;
- (2) Performing information disclosure work, including periodic reports and temporary announcements, etc.;
- (3) Operation and management information that can be disclosed in accordance with the law, including production and operation status, major contracts, orders, financial status, research and development of new products or new technologies, business performance, dividend distribution, etc.;

- (4) Other information disclosed in accordance with the laws, administrative regulations, departmental rules, the National Equities Exchange and Quotations, and the Articles of Association;

Article 138 The ways the Company communicates with investors include but are not limited to: regular reports and interim reports, shareholders' meetings, company website, one-to-one communication, mailing materials, e-mail and telephone consultation, etc.

CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS

Article 139 The Company shall establish its own financial accounting system in accordance with the provisions of relevant laws, administrative regulations and the Chinese accounting standards formulated by the competent financial authority under the State Council.

Article 140 The Company shall prepare financial reports at the end of each accounting year. Such reports shall be examined and verified pursuant to the law.

The financial reports of the Company shall include the following financial accounting statements and ancillary detailed lists:

- (1) the balance sheet;
- (2) the income statement;
- (3) the statement of changes in shareholders' equity;
- (4) the cash flow statement;
- (5) the notes to its financial statements. The accounting year shall be in accordance with the calendar year (i.e. the accounting year from 1 January to 31 December).

Article 141 The Board of Directors of the Company shall submit to shareholders at each annual general meeting financial reports that are required to be prepared by the Company under the relevant laws, administrative regulations and normative documents promulgated by local government or competent authorities. The annual general meeting for a particular year shall be held no more than six months from the date to which the annual accounts of the Company are made up.

Article 142 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of annual general meetings. Each Shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall provide the abovementioned report and a copy of the report of the Directors to the shareholders. In compliance with the laws, administrative regulations, departmental rules and the relevant provisions of the securities regulatory authorities of the stock exchanges where the shares of the Company are listed, the Company may provide the above-mentioned documents by way of announcement (including by publication on the Company's website).

Article 143 The financial statements of the Company shall be prepared in accordance with the China Accounting Standards for Business Enterprises and Regulations.

Article 144 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the China Accounting Standards for Business Enterprises and regulations.

Article 145 The Company shall submit its annual financial reports to the CSRC and the stock exchange within four (4) months from the end date of each fiscal year, its half-year financial reports to the local branch of the CSRC and the stock exchange within two (2) months from the end date of the first 6 months of each fiscal year respectively.

Article 146 The Company will not keep accounts other than those stipulated by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

Article 147 After-tax profits of the Company is used in the following order:

- (1) to offset losses;
- (2) to provide for statutory common reserve fund;
- (3) to provide for discretionary reserve as resolved at the general meeting;
- (4) to pay for dividends of ordinary shares. Before making up the losses and allocating the statutory common reserve fund, the Company shall not allocate the dividends or carry out other allocations by way of bonus.

Article 148 When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits to its statutory common reserve fund. When the cumulative amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocation is required.

When the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the prior year, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions to be passed at a general meeting, also allocate funds to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the Shareholders in proportion to their respective shareholdings.

If the general meeting or the meeting of the Board of Directors has, in violation of the provision of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must refund the profits distributed in violation of the provision to the Company.

Article 149 Capital common reserve fund includes the following monies:

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

Article 150 The statutory common reserve fund of the Company shall only be applied for the following:

- (1) to cover the loss;
- (2) to extend the production and operation of the Company;
- (3) transfer to capital. The Company may convert its statutory common reserve fund into capital subject to the resolution passed at the general meeting. The Company shall distribute new shares to the shareholders in proportion to their shareholdings or increase the par value of the each shares, provided, however, that when the statutory common reserve fund is converted into capital, the balance of the statutory common reserve fund may not fall below twenty-five percent of the registered capital.

However, the statutory common reserve fund of the Company shall not be used to offset loss of the Company.

Article 151 The specific policies for profit distribution of the Company are as follows:

- A. Forms of profit distribution: The Company may distribute profits in cash, shares or by a combination of cash and shares. Under conditional circumstances, the company can distribute profits in the interim period.
- B. The Company shall maintain the continuity and stability of its profit distribution policies. The total profit to be distributed in cash annually shall not be less than twenty percent (20%) of the distributable profit realised in such year. The Board shall comprehensively consider factors such as the characteristics of the industry in which the Company operates, the stage of development, operation model and profitability of the Company and whether there is any arrangement for significant capital expenditure to differentiate between the following situations, and put forward differentiated policies for cash dividend distribution according to the procedures stipulated in the Articles of Associations:
 - (1) cash dividend distribution should at least account for 80% of the profit distribution if the Company reaches a mature stage in its development and there is no arrangement for significant capital expenditure;
 - (2) cash dividend distribution should at least account for 40% of the profit distribution if the Company reaches a mature stage in its development and there is an arrangement for significant capital expenditure;

- (3) cash dividend distribution should at least account for 20% of the profit distribution if the Company is in a stage of growth and there is an arrangement for significant capital expenditure; the stipulations in the preceding paragraph shall prevail if it is difficult to differentiate the stage of development of the Company and there is an arrangement for significant capital expenditure.

If the profit of the company grows substantially and the Board is of the opinion that there is a mismatch between the price of the Company's Shares and the scale of its share capital, a preliminary dividend distribution plan may also be proposed and implemented after satisfying the above cash dividend distribution.

Article 152 If the Board does not put forth a cash dividend distribution plan, the reasons shall be disclosed in the annual report and independent Directors shall express independent opinions thereon.

Article 153 If there is misappropriation of funds of the Company by a Shareholder in violation of regulations, the Company has the right to deduct that Shareholder's cash dividend during profit distribution to reimburse the misappropriated funds.

Dividends shall be paid in proportion to Shareholder's shareholding within six months after the end of each fiscal year. The distribution plan of dividends shall be passed at the general meeting by ordinary resolution. Unless otherwise resolved at the general meeting, the general meeting may authorise the Board of Directors to distribute interim dividends.

Holders of shares which have been paid up before payment calls by the Company are entitled to dividends. Holders of prepaid Shares are not entitled to dividends declared thereafter.

In the event that the power should be exercised to forfeit unclaimed dividends, such power shall be exercised at expiry of the applicable period.

The Company shall have the right to terminate sending dividend warrants to certain holders of overseas-listed foreign shares by mail, but the Company shall exercise the right only after a dividend warrant fails to be redeemed for two consecutive occasions, however the Company can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

The Company shall have the power to sell, any overseas-listed foreign shares of a shareholder of who is untraceable, but is subject to the following conditions:

- (1) and the Company has distributed dividends for at least 3 times in respect of such Shares within 12 years, but none of such dividends was claimed; and
- (2) the Company, after the expiration of a period of 12 years, made an advertisement on one or more newspapers of the place which the Company is listed, stating its intention to sell such Shares, and notified the stock exchange of the place which the Company is listed of such intention.

Any of the above disposals shall not violate the mandatory provisions of laws and administrative regulations.

Article 154 The Company may distribute its profits in the following manner:

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

Article 155 After the general meeting of the Company has resolved the profit-distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the said general meeting.

Article 156 Dividends in respect of ordinary shares shall be paid and declared in Renminbi. Dividends in respect of domestic shares shall be paid in Renminbi. Dividends in respect of overseas-listed foreign shares or other distributions shall be paid in the currency of the place of listing, and where there is more than one of such places of listing, in the currency of the place of primary listing as determined by the Board of Directors. Dividends in respect of non-listed foreign shares shall be paid in foreign currency.

Article 157 The foreign currency that the Company uses in paying dividends and other amounts to holders of foreign shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the PRC.

Article 158 The Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

Article 159 The Company shall implement an internal auditing system and shall have professional auditors to undertake internal audit and supervision over the financial receipts, expenditures and the economic activities of the Company.

The Company's internal auditing system and the duties of the auditors shall be implemented only after approval by the Board of Directors. The person in charge of the auditing shall be accountable to the Board of Directors and report relevant works.

Article 160 The Board of Directors of the Company shall, after a comprehensive consideration of the Company's industry characteristics, development stage, business pattern, profitability, arrangements for major cash outflows, and other factors to clarify the situation, propose a differentiated cash dividend policy in accordance with the procedures prescribed by these Articles of Association.

In profit distribution, the Company shall abide by and value the principle of reasonable investment payoff for the shareholders, and sustainable development for the Company, while maintaining policy continuity and stability, and keeping in line with relevant provisions of laws and regulations.

When the Company has profit for distribution, the distribution policy is, in principle, to carry out annual distribution of profit, and with a priority for cash dividends. If the Board of Directors has not made an annual profit distribution plan, the reasons shall be disclosed in the annual report, and independent directors shall express independent opinions on this.

Article 161 Where the Company intends to implement cash dividend distribution, all the following conditions shall be satisfied:

1. the distributable profit (i.e. after-tax profit after making up for losses and making appropriation to the statutory reserve fund) of the Company for the year is positive;
2. the auditing firm issued a standard audit report with unqualified opinions on the financial report for the year.

Article 162 The profit distribution policy and proposal shall be formulated and considered by the Board of Directors. The independent directors can also seek advice from the small and medium shareholders, raise proposals on profit distribution and pass directly to the Board of Directors for approval. After the Board of Directors has passed a resolution on the profit distribution policy and proposal, the same will be submitted to the general meeting for approval, on which independent directors will review and issue written opinions.

Prior to the reviewing of the specific profit distribution proposal at the general meeting, the Board shall take the initiative to communicate with shareholders, especially small and medium Shareholders through various channels, to fully understand the opinions and requests of them, and answer questions of their concern in a timely manner.

After the general meeting has passed a resolution on the profit distribution proposal, the Board of Directors of the Company shall complete distributing the cash dividends (or shares) within two months after the convening of the general meeting.

Article 163 Alteration of the Company's profit distribution policies:

In case of wars, natural disasters and other force majeure, changes to the Company's external operational environment resulting in material impacts on the Company's production and operation or relatively significant changes to the Company's operating situation, the Company may adjust its profit distribution policies.

The Board of Directors shall conduct specific discussions over the adjustment to the Company's profit distribution policies, detail the reasons for such adjustment, provide a written report to be considered by the independent directors, and submit the same to the general meeting for approval by way of a special resolution.

CHAPTER 16 ENGAGEMENT OF ACCOUNTING FIRMS

Article 164 The Company shall engage an independent accounting firm that meets relevant PRC requirements to audit annual financial reports and verify other financial reports of the Company.

The first accounting firm of the Company may be engaged at the inaugural meeting prior to the first annual general meeting, and the term of office of such accounting firm shall expire upon the conclusion of the first annual general meeting.

The engagement of an accounting firm by the Company shall be determined at the general meeting, and the Board of Directors shall not engage an accounting firm before any resolution made at the general meeting.

Article 165 The term of office of an accounting firm appointed by the Company shall start from the conclusion of current annual general meeting of the Company throughout the conclusion of the next annual general meeting.

Article 166 An accounting firm engaged by the Company shall be entitled to the following rights:

- (1) to inspect the account books, records or vouchers of the Company at all times, and to require directors, chief executives or other senior management of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable measures to obtain from its subsidiaries' information and explanations necessary for the accounting firm to perform its duties;
- (3) to attend general meetings, receive notices of meetings or other information relating to the meetings to which any shareholder is entitled, and speak at any general meeting on matter related to its capacity as the accounting firm of the Company.

Article 167 Where the office of the accounting firm is vacated, the Board of Directors may appoint another accounting firm to fill such vacancy prior to the holding of general meeting, but while any such vacancy continues, the surviving or continuing accounting firm may act.

Article 168 The general meeting may, by ordinary resolution, dismiss any accounting firm prior to the expiration of its term of office, regardless of the terms of the contract entered into between such accounting firm and the Company. However, right of such accounting firm to claim damages for dismissal by the Company shall not be so affected.

Article 169 The remuneration of an accounting firm or the method to determine the remuneration shall be determined at the general meeting. The remuneration of an accounting firm engaged by the Board of Directors shall be determined by the Board of Directors.

Article 170 The decisions of the Company regarding the engagement, dismissal or non-renewal of an accounting firm shall be made at the general meeting and file the case to the securities regulatory authorities of the State Council.

Article 171 In the event of any dismissal or non-renewal of an accounting firm by the Company, a 30-day in advance notice shall be served to inform the accounting firm and the accounting firm has the right to express its opinion at the general meeting. If an accounting firm tenders its resignation, it shall make statement at the general meeting whether there are any improper happenings.

CHAPTER 17 INSURANCE

Article 172 All of the Company's insurance coverage shall be determined by the Board of Directors in accordance with relevant laws and regulations of the PRC concerning insurances.

CHAPTER 18 LABOR MANAGEMENT

Article 173 The Company shall formulate its labor management systems depends on its business in accordance with the relevant provisions of the Labor Law of the PRC.

Article 174 The Company may, according to its business development needs, determine at its own discretion on employee recruitment and dismissal in accordance with relevant laws and regulations of the PRC. The Company and its employees shall enter into contracts.

Article 175 The Company may, according to requirement of the PRC and its economic benefits, determine the remuneration system of the Company and the payment methods of remuneration.

Article 176 The Company shall endeavor to raise the remuneration package of its employees, and improve the employees' working and living standard constantly.

Article 177 The Company shall, according to relevant provisions of the laws and regulations of the PRC, provide medical insurance, pension scheme and unemployment insurance fund for employees, and establish social insurance system.

CHAPTER 19 LABOR UNION

Article 178 The employees of the Company shall have the right to establish a labor union, carry out labor union activities and protect the legitimate interests of employees in accordance with the Labor Union Law of the PRC and relevant laws and regulations of the State. The Company shall provide conditions necessary for the activities of the labor union.

Article 179 The Company may formulate rules for its labor management, personnel management, employee remuneration and benefits and social insurance scheme pursuant to laws and administrative regulations of the PRC.

CHAPTER 20 MERGER AND DIVISION OF THE COMPANY

Article 180 In the event of any merger or division of the Company, the Board of Directors shall propose a plan. After such plan has been adopted in accordance with the procedures prescribed in this Articles of Association, the Board of Directors shall handle relevant examination and approval formalities pursuant to the laws and regulations. Shareholders who oppose to the plan of merger or division of the Company shall be entitled to require the Company or the shareholders who agree to the plan to purchase their shares at a fair price. The resolutions approving the merger or division of the Company shall be compiled into a special document and made available for inspection by shareholders.

Article 181 Merger of the Company may be conducted through consolidation or incorporation.

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement, and prepare the balance sheet and property inventory. The Company shall notify its creditors within ten days after the reaching of the resolution of the merger, and publish an announcement thereof in a newspaper that complies with relevant provisions within thirty days.

After the merger of the Company, the company surviving the merger or the company newly incorporated after the merger shall succeed the creditors' rights and liabilities of the parties to such merger.

Article 182 In the event of a division of the Company, the property thereof shall be divided accordingly. In the event of a division of the Company, the parties to the division shall enter into a division agreement, and prepare the balance sheet and property inventory.

The Company shall notify its creditors within ten days after the reaching of the resolution of division, and publish an announcement thereof in a newspaper that complies with relevant provisions within thirty days.

Liabilities of the Company prior to the division shall be assumed by the companies in existence after the division, except as provided in the written agreements entered into between the Company and its creditors in relation to the repayment of debt before the division.

Article 183 If the merger or division of the Company entails any changes in the registered particulars, the changes shall be registered with the company registration organization pursuant to the law. If the Company is dissolved, it shall be deregistered pursuant to the law. If a new company is established, the establishment shall be registered pursuant to the law.

CHAPTER 21 DISSOLUTION AND LIQUIDATION

Article 184 The Company shall be dissolved and liquidated pursuant to laws and regulations upon the occurrence of any the following events:

- (1) the business term of the Company set out in its Articles of Association expires, or other events which triggers the dissolution of the Company occurs;
- (2) the resolution on dissolution is passed at a general meeting;
- (3) dissolution of the Company is necessary due to the merger or division of the Company;
- (4) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of Shareholders, and no solution can be found through any other channel, Shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company; the Company is declared bankrupt in accordance with the laws due to its inability to settle its debts when they fall due;

- (5) the Company has its business license revoked, is ordered to close down or is deregistered in accordance with the laws; the Company is ordered to close down due to violation of laws and administrative regulations.

Article 185 Under the circumstances described in item (1) of Article 184, the Company may continue to exist through amendment of the Articles of Association.

Amendment of the Articles of Association in accordance with the above paragraph shall be passed by no less than two-thirds of the voting rights held by the shareholders present at the general meeting.

In case of dissolution according to items (1) and (2) above, a liquidation team shall be established within fifteen days, and members thereof shall be determined by the general meeting through ordinary resolution.

In case of dissolution due to circumstances described in item (3) above, the liquidation shall be carried out by the parties to such division or merger in accordance with the contract(s) signed in respect of such division or merger.

If the Company is dissolved in accordance with item (4) above, the People's court shall, according to the relevant laws and regulations, organise Shareholders, relevant institutions and professionals to establish liquidation team and carry out liquidation.

If the Company is dissolved in accordance with item (5) above, the relevant regulatory authority shall organise Shareholders, relevant institutions and professionals to establish liquidation team and carry out liquidation

Article 186 Where the Board of Directors proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, it shall declare in the notice of the general meeting to be convened for such purpose that after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution at the general meeting for the liquidation of the Company, all functions and powers of its Board of Directors shall cease.

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

Article 187 The liquidation team shall notify the creditors within ten days of its establishment, and publish an announcement thereof in a newspaper within 60 days.

The creditors shall, within 30 days from the receipt of the said notice, or if failing to receive such notice, within 45 days after the said announcement, declare their creditors' rights to the liquidation team. If a creditor fails to declare his/her/its claim within the above time limit, such creditor shall be deemed to have waived his/her/its right to declare the creditors' right. When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation team shall register the claims.

Article 188 During the liquidation period, the liquidation team shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and a financial statement;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

Article 189 After checking the Company's assets and preparing a balance sheet and a financial statement, the liquidation team shall formulate a liquidation plan and submit the same to a general meetings or relevant competent authorities for confirmation.

The Company's property shall be used to repay debts in the order required by laws and regulations. In the event there are no applicable laws or regulation, the Company's property shall be used to repay debts in the fair and reasonable order decided by the liquidation team.

The Company's remaining assets after repayment in accordance with the provisions of the preceding Paragraph shall be distributed among its shareholders according to the proportion and class of shares held by them.

During the liquidation period, the Company shall not carry out or engage in any new business activities.

Article 190 In the event that the Company is liquidated due to dissolution, if the liquidation team discovers that the property of the Company is insufficient to settle the debts after disposal of the property and preparation of the balance sheet and property inventory, it shall immediately apply to a people's court for declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation team shall transfer the liquidation matters to the people's court.

Article 191 Following the completion of liquidation of the Company, the liquidation team shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation and then submitted to the general meeting or relevant competent authorities for confirmation, apply for cancelation of the Company registration, and announce the termination of the Company.

CHAPTER 22 PROCEDURES FOR AMENDING THE ARTICLES OF ASSOCIATION

Article 192 The Company may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association. The Board of Directors may amend the Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the general meeting and the approval opinions of the relevant competent authorities (if necessary).

Article 193 The Company shall amend the Articles of Association in the event of any of the following circumstances:

- (1) when the Company Law or the relevant laws and administrative regulations are amended, the provisions stipulated in the Articles of Association are in conflict with the amended laws and administrative regulations.
- (2) the occurrence of changes in the Company is inconsistent with the items described in the Articles of Association;
- (3) the shareholder meeting decides to amend the Articles of Association.

Article 194 Amendment of the Articles of Association shall be undertaken in accordance with the following procedures:

- (1) a resolution is passed by the Board of Directors in accordance with the provisions of the Articles of Association to propose to the general meeting for amendment of the Articles of Association, and the draft amendments are prepared;
- (2) the shareholders of the Company are informed of the above draft amendments to the Articles of Association and a general meeting is convened for voting on the amendments; and
- (3) the draft amendments to the Articles of Association is approved by special resolution of the general meeting.

The Board of the Company may be granted with a mandate by ordinary resolution of the general meeting under the following circumstances: (1) if the Company increases its registered capital, the Board of Directors of the Company is authorized to amend the content in respect of the registered capital of the Company in the Articles of Association based on the specific conditions; or (2) if there are necessary amendments to the texts and sequence of articles of the Articles of Association approved by the general meeting upon the reviews of the foreign trade and economic cooperation authorities and the securities regulatory authorities of the State Council, the Board of Directors of the Company is authorized to make such amendments in accordance with the requirements of the foreign trade and economic cooperation authorities and the securities regulatory authorities of the State Council.

Article 195 The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the general meeting on amendment of the Articles of Association and the comments of the relevant competent authorities.

Article 196 Information on the amendment of the Articles of Association shall be disclosed as required by laws and regulations and shall be announced in accordance with the rules.

CHAPTER 23 NOTICE AND ANNOUNCEMENT

Article 197 Any notice of the Company shall be sent out by the following means:

- (1) personal delivery;
- (2) mail;
- (3) email;
- (4) announcement;
- (5) any other means prescribed in the Articles of Association.

Article 198 If the notice is sent out by personal delivery, it shall be deemed to be effectively served on the day when the receiver signs (or seals) the return receipt; if by mail, on the fifth working day after being deposited at the post office; if by email, on the day when the email has been successfully sent to the email address prescribed by the recipient.

Notices sent by way of public announcement shall be deemed to have been received by all relevant parties after the publication of such announcement.

Article 199 Any notices, files, materials or written statements to the Company sent by shareholders or directors shall be mailed by messenger or registered mail to the legal address of the Company.

Article 200 If a shareholder or a director intends to prove that he/she/it has sent notices, files, materials or written statements to the Company, he/she/it shall provide evidentiary materials that such notices, files, materials or written statements have already been sent in an ordinary way within prescribed time limit, or have already been sent to the right address by postage pre-paid mail.

Article 201 Matters which shall be announced and disclosed by the Company in accordance with laws shall be announced and disclosed via the Company's website, Hong Kong Exchanges and Clearing Limited, the website of National Equities Exchange and Quotations and the media designated by the relevant regulatory authority.

CHAPTER 24 SUPPLEMENTARY PROVISIONS

Article 202 Definitions

- (1) The controlling shareholder refers to the person defined by Article 47 of the Articles of Association.
- (2) The de facto controller refers to the person who, although not a shareholder the Company, can actually control the acts of the Company by means of investment relationships, agreements or other arrangements.
- (3) Connected relationships refer to the relationships between the Company's controlling shareholders, de facto controllers, directors, supervisors, senior management staff with the enterprises directly or indirectly controlled by them, and other relationships which may result in transfer of interest of the Company. However, holding enterprises of the State do not have such relationships with each other simply because they are all holding enterprises of the State.
- (4) Holding subsidiaries refer to subsidiaries with no less than fifty percent (50%) of their shares held by the Company, or those with no less than half of the members of their board of directors to be decided by the Company, or those that are actually controlled by the Company though agreements or other arrangements.

Control herein refers to the control over the financial and operational decisions of the company in accordance with the Articles of Association or agreements.

- (5) Daily operating acts refer to the purchase and sale of products and services within the business scope of the Company and its holding subsidiaries, the receipt and payment of related fees, bank borrowings and related settlement within the approved budget and other acts which in essence belong to the normal scope of business of the Company for the purpose of achieving their business goals.
- (6) The acts to dispose of assets include but are not limited to the acts of purchase or sale of assets and businesses, entrusting or being entrusted with the management of assets and businesses, bestowing or being bestowed with assets, leasing in or leasing out assets, setting up legal entities or acquisition of legal entities or subscription of equity issued by legal entities for external investments, entrusted wealth management or entrusted loans, permitting or being permitted the use of assets, disposal of claims and debts, and increasing or decreasing capital contribution of controlling and associated subsidiaries.
- (7) The acts to dispose of major assets refer to the disposal of assets which, in accordance with the relevant provisions of laws, administrative regulations, departmental rules and securities regulatory authorities of the place where the shares of the Company are listed, and the provisions of the Articles of Association, shall be submitted to the general meeting for consideration.

- (8) An external guarantee refers to the guarantee provided to an external party in accordance with the provisions of the Guarantee Law of the People’s Republic of China or the property, as required thereunder, provided as a security in favour of an external party or the chattels or rights, as required thereunder, pledged in favour of an external party by the Company and its subsidiaries, as an undertaking to the creditor or beneficiary that the guarantor will fulfil the repayment obligations in the event that the debtor fails to repay debts in accordance with the contract.
- (9) All the audited financial indicators used as standards for comparison in the Articles of Association refer to those of the consolidated statements.

Article 203 The term “accounting firm” referred to in Articles of Association shall have the same meaning as “auditor”.

Article 204 In the Articles of Association, the terms “no less than”, “within”, “no more than” shall include the underlying number; while the terms “below”, “beyond”, “lower than”, “more than”, “over” shall exclude the underlying number.

Article 205 The Articles of Association are written in Chinese. In the event of discrepancies between the Chinese and any other foreign language versions or different versions of the Articles of Association, the latest Chinese version approved and registered at Xinjiang Uygur Autonomous Region **Market Supervision Administration** shall prevail.

Article 206 The Articles of Association shall be interpreted by the Board of Directors of the Company.

Article 207 Any appendix to the Articles of Association shall include the procedural rules of the general meeting, the meeting of the Board of Directors and the meeting of the Board of Supervisors respectively.

Article 208 The Articles of Association shall come into effect on the date of approval of the general meeting of the Company by special resolution.