

ARTICLES OF ASSOCIATION
OF
WENZHOU KANGNING HOSPITAL CO., LTD.

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CHAPTER 1 GENERAL

Article 1 To safeguard the legitimate rights and interests of Wenzhou Kangning Hospital Co., Ltd. (the "Company") and its shareholders and creditors, and to regulate organization and affairs of the Company, these Articles of Association are formulated pursuant to the Company Law of PRC (the "Company Law"), the Securities Law of PRC (the "Securities Law"), the Special Provisions of the State Council on the Overseas Offering and Listing of Shares by the Joint Stock Limited Companies (the "Special Provisions"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidelines on Articles of Association of Listed Companies, the Letter of Opinions on Supplement and Amendment to the Articles of Association of Companies Listed in Hong Kong, the Repl of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and other relevant provisions.

Article 2 The Company is a joint stock limited company duly incorporated in accordance with the Company Law and other relevant laws, administrative regulations or normative documents of the People's Republic of China (the "PRC").

With all shareholders of the original Wenzhou Kangning Hospital Co., Ltd. as the promoters, through the overall conversion of the audited book net assets of the original Wenzhou Kangning Hospital Co., Ltd. as at 31 July 2014, and conducting overall allocation, the Company was established and registered at Wenzhou Administration for Industry and Commerce on 15 October 2014, with the Business License (registration number 330300000044161) granted.

The promoters of the Company comprise 9 parties, 3 of which are natural person shareholders, namely Guo Wei, Wang Lian, Wang Hong; 6 of which are non-natural person shareholders, namely Guangzhou GL Capital Investment Fund L.P., Beijing CDH Wei in Venture Capital L.P., Beijing CDH Weisen Venture Capital L.P., Ningbo Xinshi Kangning Investment Management L.P., Ningbo Enci Kangning Investment Management L.P. and Ningbo Renai Kangning Investment Management L.P.

Article 3 The registered Chinese name of the Company is 温州康寧醫院股份有限公司.

The English name of the Company is Wenzhou Kangning Hospital Co., Ltd.

Article 4 Domicile of the Company : Shengjin Road, Henglong Residential District, Wenzhou
Postal code: 325000
Telephone number: 0577-88789117
Fax number: 0577-88789117

Article 5 The chairman of the board of directors (the Board) is the Company's legal representative.

Article 6 The Company is a perpetual joint stock limited company and an independent business entity with independent corporate properties. It enjoys property ownership of legal person and civil rights in accordance with the laws, and shall assume civil liabilities. All the acts of the Company shall be in compliance with the requirements of the laws, regulations and normative documents of the PRC and shall protect the lawful rights and interests of shareholders. The Company is governed and protected by the laws, regulations and normative documents of the PRC.

Article 7 All the Company's assets are divided into equal shares. Each shareholder is responsible for the Company's proportion of his/her/its subscribed shares. The Company is responsible for its debts, proportionally to all assets.

Article 8 These Articles of Association take effect and be implemented on the date when they are approved through a resolution at the general meeting. Any proposed amendment to these Articles of Association should be formulated by the Board and shall come into effect from the date of approval at the general meeting.

Article 9

From the effective date of these Articles of Association, these Articles of Association shall become a legally-binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders and among the shareholders.

These Articles of Association shall be legally binding on the Company, its shareholders, directors, supervisors and senior management, in which each personnel being entitled to claim for rights on matters relating to the Company, and undertaking corresponding obligations in accordance with these Articles of Association.

Without prejudice to the provisions of Article 244, and according to these Articles of Association, one shareholder may sue the other shareholders, and the shareholders may sue the Company's directors, supervisors and senior management. The shareholders may sue the Company. The Company may sue the shareholders, directors, supervisors and senior management.

For the purpose of the preceding paragraph, the term "sue" shall include the initiation of proceedings in a court or application to an arbitration organization for arbitration.

The term "senior management" in these Articles of Association refers to the general manager (also known as president), executive deputy general manager(s), deputy general manager(s) (also known as vice president(s)), including senior vice president(s), chief financial officer, secretary of the Board and other personnel presently appointed by the Board as the Company's senior management. The term "general manager" and "deputy general manager(s)" shall refer to "manager" and "deputy manager(s)" under the Company Law, and "chief financial officer" shall refer to the "person in charge of finance" under the Company Law.

Article 10 The Company may invest in other enterprises. However, it shall not become a capital contributor or shall bear joint liabilities for the debts of the enterprises invested, unless otherwise provided for by law. Based on its business development needs, the Company, upon approval by relevant government authorities, establish its subsidiaries, branches, representative offices, offices, etc. outside of the PRC and in Hong Kong Special Administrative Region (Hong Kong-), Macao Special Administrative Region (Macao-) and Taiwan.

CHAPTER 2 OPERATIONAL OBJECTIVES AND SCOPE

Article 11 The operational objectives of the Company are: to integrate and manage all parties, abide by professional ethics, be disciplined and obedient, provide and contribute to improve psychiatric and psychological treatment and other medical services, and endeavor to enhance both the economic efficiency and social efficiency of the enterprise.

Article 12 As registered according to law, the Company's scope of business covers: medical services; hospital management service, and scientific research of mental health, medical psychology and related medical fields and the technology transfer in respect thereof (including the technology development and application of human stem cells or gene diagnosis and treatment).

The aforesaid scope of business shall be subject to the items approved by the competent administration for industry and commerce.

CHAPTER 3 SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES

Article 13 The Company shall have ordinary shares at all times. It may have other classes of shares as needed, upon approval by the authorities authorized by the Share Council.

Article 14 The Company's shares shall be in the form of share certificates.

All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

The RMB mentioned in the preceding paragraph refers to the lawful currency of the PRC.

Article 15 Company shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. An entity or individual shall pay the same price for an such shares as described.

Article 16 The Company may issue shares to in equity inside the PRC and in equity outside the PRC, upon approval of the securities regulatory authorities under the State Council.

For the purpose of the preceding paragraph, the term "in equity outside the PRC" shall refer to in equity from foreign countries or Hong Kong, Macao or Taiwan; and shall describe for shares issued by the Company. The term "in equity inside the PRC" shall refer to in equity inside the PRC, including the above-mentioned regions, shall describe for the shares issued by the Company.

Article 17 The shares issued by the Company to in equity inside the PRC for a description in Renminbi shall be referred to as domestic shares. The shares issued by the Company to in equity outside the PRC for a description in foreign currency shall be referred to as foreign shares. The foreign shares which are listed overseas shall be referred to as overseas-listed foreign shares. A holder of domestic shares and a holder of overseas-listed foreign shares are both holders of ordinary shares and shall have the same obligations and rights.

The term "foreign currency" in the preceding paragraph shall refer to the lawful currency freely convertible in other countries or regions (other than RMB), which is recognized by the foreign exchange authorities and acceptable to pay for the shares.

The overseas-listed foreign shares issued by the Company which are listed in Hong Kong are referred to as H shares, namely, the RMB-denominated shares approved by The Stock Exchange of Hong Kong Limited (herein after referred to as "HK Stock Exchange" or "Hong Kong Stock Exchange") for listing whose description and trading are in Hong Kong dollars.

Approved by securities regulator authorities under the State Council, the Company's domestic shares may be listed and traded on an overseas stock exchange and converted into overseas-listed foreign shares. Upon conversion of such shares into overseas-listed foreign shares, listing and trading of such shares on overseas stock exchanges shall comply with the regulator procedure, regulations and requirements of the foreign securities markets. The conversion of domestic shares into overseas-listed foreign shares and listing on an overseas stock exchange shall not require the convening of a general meeting or class meeting. The converted overseas-listed foreign shares shall belong to the same class of shares as the existing overseas-listed foreign shares.

Article 18

As approved by the approval authorities of the Company authorized by the Share Council, 50,000,000 ordinary shares were issued to the promoters of the Company upon establishment of the Company. Promoters and their respective shares as described are set out as follows:

No.	Name of promoters	Shareholding (share)	Percentage of shareholding
1.	Gr an Weili	19,810,250	39.6205%
2.	Gr angzhong GL Capital Investment Fund L.P.	13,416,750	26.8335%
3.	Wang Hong	5,304,350	10.6087%
4.	Wang Lian	3,794,500	7.5890%
5.	Beijing CDH Weixin Venture Capital L.P.	3,347,750	6.6955%
6.	Beijing CDH Weixin Venture Capital L.P.	2,326,400	4.6528%
7.	Ningbo Xinchhi Kangning Investment Management L.P.	1,543,000	3.0860%
8.	Ningbo Enci Kangning Investment Management L.P.	258,000	0.5160%
9.	Ningbo Renai Kangning Investment Management L.P.	199,000	0.3980%
	Total	<u>50,000,000</u>	<u>100%</u>

Upon the increase in the registered capital in March 2015, the name of shareholders of the Company, number of subscribed shares and their proportion in the share capital are set out as follows:

No.	Name of shareholders	Shareholding (share)	Percentage of shareholding
1.	Gu an Weili	19,810,250	37.5194%
2.	Guangzhou GL Capital Investment Fund L.P.	15,384,541	29.1374%
3.	Wang Hongmei	5,304,350	10.0461%
4.	Beijing CDH Weixin Venture Capital L.P.	3,838,754	7.2704%
5.	Wang Lianmei	3,794,500	7.1866%
6.	Beijing CDH Weixun Venture Capital L.P.	2,667,605	5.0523%
7.	Ningbo Xinshi Kangning Investment Management L.P.	1,543,000	2.9223%
8.	Ningbo Enci Kangning Investment Management L.P.	258,000	0.4886%
9.	Ningbo Renai Kangning Investment Management L.P.	199,000	0.3769%
Total		<u>52,800,000</u>	<u>100%</u>

Article 19 Upon the establishment of the Company, as approved by China Securities Regulatory Commission (the CSRC-) and the Hong Kong Stock Exchange, the Company has issued not more than 20,240,000 H shares (including H shares issued upon the exercise of the Over-allotment Option).

The Company currently has a registered capital of RMB72,670,000. The shareholding structure is as follows: 72,670,000 ordinary shares, comprising 19,910,000 H shares and 52,760,000 domestic shares.

Article 20 The domestic shares issued by the Company are centrally deposited at the China Securities Depository and Clearing Corporation Limited. The H shares of the Company are mainly under the central depository system, which belongs to Hong Kong Securities Clearing Company Limited and may also be held by shareholder in individual names.

Article 21 After the plans for issuing overseas-listed foreign shares and domestic shares have been approved by the securities regulator authorities under the State Council, the Company's Board may arrange for implementation of such plans by means of separate issuances.

The Company's plan for issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented within 15 months upon approval by the securities regulator authorities under the State Council, unless otherwise stipulated by the securities regulator authorities under the State Council.

Article 22 Where the Company issues overseas-listed foreign shares and domestic shares separately within the total number of shares specified in the issuance plans, such shares shall be fully described in one single issuance. Where special circumstances make it impossible for either such single issuance to be fully described, the shares may be issued in tranches, subject to the approval of the securities regulator authorities under the State Council.

Article 23 At its establishment, the Company had a registered capital of RMB50,000,000. Upon completion of the issue of H shares, the registered capital of the Company is RMB73,040,000. Upon completion of non-public issue of domestic shares in August 2018, the Company had a registered capital of RMB75,500,000. Prior to cancellation of repurchase of H shares in July 2020, the Company had a registered capital of RMB75,500,000. Upon completion of cancellation of the aforementioned repurchase of 899,700 H shares by the Company, the registered capital of the Company is RMB74,600,300. Prior to cancellation of repurchase of H shares in October 2024, the Company had a registered capital of RMB74,600,300. Upon completion of cancellation of the aforementioned repurchase of 1,930,300 H shares by the Company, the registered capital of the Company is RMB72,670,000.

Article 24 Unless otherwise stipulated in the laws, administrative regulations, listing rules of the place(s) in which the shares of the Company are listed, or these Articles of Association, the shares of the Company may be freely transferred according to the laws without any lien. The transfer of shares of the Company shall be registered with registration agency appointed by the Company.

Article 25 The Company shall not accept its shares as the subject of a pledge.

Article 26 The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public issuance of an shares shall not be transferred within one year from the date after the shares of the Company are listed and traded in a stock exchange.

The directors, superintendents and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure. If listing takes place of the place(s) in which the shares of the Company are listed provide other wise on restrictions on transfers of H shares, which shall prevail.

Article 27

If a director, superintendent or senior management of the Company, or a shareholder holding more than 5% of the shares of the Company sells the shares of the Company within six months after buying those shares, or buys the shares within six months after selling those shares, all the gains arising hereof shall belong to the Company, and such gains shall be collected by the Board of the Company. But if a securities company, underwriter, holds shares, hereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said six-month restriction. If listing takes place of the stock exchange of the place(s) in which the shares of the Company are listed provide other wise on restrictions on transfers of H shares, which shall prevail.

If the Company's Board does not comply in compliance with the preceding paragraph, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigation in court in their own names for the interest of the Company.

If the Company's Board does not comply in compliance with the first paragraph, the director(s) liable shall assume joint and several responsibilities pursuant to law.

CHAPTER 4 INCREASE, REDUCTION AND REPURCHASE OF SHARES

Article 28

According to operational and development needs, the Company may, according to the law and regulations and resolutions of general meetings, increase stock capital pursuant to relevant provisions of these Articles of Association.

The Company may increase stock capital by adopting the following means:

- (1) Issuing new shares to unspecified persons;
- (2) Placing new shares with existing shareholders;
- (3) Giving new shares to existing shareholders;

- (4) Converting the reserve funds into share capital;
- (5) Other means prescribed by the laws, administrative regulations or approved by the relevant regulatory authorities.

Increasing stock capital by the Company through issuance of new shares shall be carried out in accordance with the procedures specified in relevant laws, administrative regulations as well as the governing rules which prevail in the place where the shares are listed, after having been approved in accordance with these Articles of Association.

Article 29 The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be in accordance with the requirements of the Company Law, other relevant regulations and these Articles of Association.

Article 30 If the Company reduces its registered capital, a balance sheet and an inventory of assets shall be prepared.

Where the Company reduces its registered capital, the Company shall notify the creditors, make an announcement in accordance with provisions of the Company Law, repay its debts or provide corresponding guarantees as required by the creditors.

The reduced registered capital of the Company shall not be less than the statutory minimum.

Article 31 The Company may, in the following circumstances, repurchase its own issued or outstanding shares according to legal procedures and in accordance with the procedures provided for in these Articles of Association, and submit the same to the relevant state authorities for approval:

- (1) Reduce the Company's registered capital;
- (2) Merger with another company holding shares in the Company;
- (3) Utilising its shares in the employee share ownership scheme or for share incentive;
- (4) Acquisition of shares held by shareholders (upon their request) who dissent from a resolution proposed in an general meeting on the merger or division of the Company;
- (5) Utilising the shares for conversion of corporate bonds which are convertible into shares issued by the listed company;
- (6) Where it is necessary to safeguard the interests of the listed company and the interests of its shareholders.

Article 32 With approval from relevant state authorities to repurchase its own shares, the Company may proceed in any one of the following manners:

- (1) Making of a repurchase offer in the same proportion to all shareholders;
- (2) Repurchase through open transactions on a stock exchange;
- (3) Repurchase by agreement or aside of a stock exchange;
- (4) Other methods recognized by relevant regulatory authorities.

Article 33 In the event of a repurchase of shares by the Company by an agreement or aside of a stock exchange, prior approval shall be obtained from the shareholders at a general meeting in accordance with the procedures stipulated in the Company's Articles of Association. Upon obtaining further prior approval of the shareholders at the general meeting in the same manner, the Company may terminate or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts.

The contracts for the repurchase of shares referred to in the above paragraph include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company shall not assign contracts for the repurchase of its own shares or any of its rights hereunder.

The price per share for repurchasing the Company's own redeemable shares proposed to be made other wise than by tender or in the market shall be capped at a maximum price; where the repurchasing is proposed to be made by a tender, tenders shall be made available to all holders of such shares on the same terms.

Article 34 The acquisition of its shares by the Company for reasons set forth in Items (1) to (2) of Article 31 hereof shall be subject to the approval at the general meeting in accordance with the provisions hereunder. The acquisition of its shares by the Company for reasons set forth in Items (3), (5) and (6) of Article 31 hereof may be subject to the approval at the Board meeting attended by more than one-third of the directors in accordance with the provisions hereunder. Upon the acquisition of its shares by the Company pursuant to

Article 36

Unless the Company has already entered the liquidation stage, it shall comply with the following provisions in buying back its issued and outstanding shares:

- (1) Where the Company buys back shares at their par value, the amount hereof shall be deducted from the book balance of distributable profits and/or from the proceeds of a new share issuance made to buy back the old shares;
- (2) Where the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profits and/or from the proceeds of a new share issuance made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
 1. Where the shares bought back are issued at their par value, the amount shall be deducted from the book balance of distributable profits of the Company;
 2. Where the shares bought back are issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profits and/or from the proceeds of a new share issuance made to buy back the old shares; however, the amount deducted from the proceeds of the new share issuance shall not exceed the total premium obtained at the time of issuance of the old shares, so repurchased nor exceed the amount (including the premium from the new share issuance) in the Company's premium account (or capital common reserve account) at the time of repurchase;
- (3) The amount paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
 1. Acquisition of the right to buy back its own shares;
 2. Amendment of the contract for repurchase of its own shares;
 3. Release from an off-balance obligation under a repurchase contract.
- (4) After the aggregate par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, the portion of the amount deducted from the distributable profits and used to buy back shares at the par value of the bought back shares shall be included in the Company's premium account (or capital common reserve account).

CHAPTER 5 FINANCIAL ASSISTANCE FOR PURCHASE OF COMPANY SHARES

Article 37 The Company or its subsidiaries (including affiliates of the Company) shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons who direct or indirectly undertake obligations as a result of purchasing shares in the Company.

The Company or its subsidiaries (including affiliates of the Company) shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 39 of this Chapter.

Article 38 For the purposes of this Chapter, the term financial assistance— shall include (but not limited to) the financial assistance in the forms set out below:

- (1) Gift;
- (2) Guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company's own fault) and release or waiver of rights;
- (3) Provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (4) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company's net assets.

For the purposes of this Chapter, the term undertake obligations— shall include the undertaking of an obligation by the obligor by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person) or by changing its financial position in any other way.

Article 39

The acts listed below shall not be regarded as the acts prohibited under Article 37 of this Chapter:

- (1) Where the Company provides the relevant financial assistance in full for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) Lawful distribution of the Company's property in the form of dividends;
- (3) Distribution of dividends in scrip form;
- (4) Reduction of registered capital, repurchase of shares, adjustment of shareholding structure, etc., in accordance with these Articles of Association;
- (5) Provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same consequently results in a reduction, the financial assistance is paid out of the Company's distributable profits);
- (6) The contribution by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same consequently results in a reduction, the financial assistance is paid out of the Company's distributable profits).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 40 The Company's shares shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state each other particulars as required to be specified by the Stock Exchange on which the Company's shares are listed.

The Company may take the form of overseas depositary receipt or other derivations of share certificate of issue of overseas-listed foreign shares in accordance with laws and securities registration and depositary practice of the listing venue.

During the listing of the Company's H shares on the main board of the Hong Kong Stock Exchange, the Company shall ensure that the following matters are included in all filed documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange and shall instruct and procure its share registrar to reject the registration of the description, acquisition or transfer of shares in the name of an individual holder, unless and until the individual holder submits the appropriate signed form relating to such shares to the share registrar and the form shall include the following matters:

- (1) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations and these Articles of Association.
- (2) the purchaser of the shares agrees with the Company and each of the shareholders, directors, supervisors and senior management of the Company, and the Company, acting on behalf of itself and each of directors, supervisors and senior management of the Company, agrees with each of the shareholders that they will refer to arbitration for settlement of all disputes and claims arising from these Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from an right or obligation under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of these Articles of Association.

Article 41

The share certificates shall be signed by the chairman of the Board. Where the signatures of senior management of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such senior management. The share certificates shall become effective after the Company seal is affixed hereon or printed hereon. Under authorization of the Board, the Company may stamp on share certificate. The signature of legal representative or of senior management on the share certificates may also be in printed form. In the circumstance of paperless issuance and trading of the shares of the Company, provisions of other wise provided by local securities regulator or authorities of the place(s) in which shares of the Company are listed shall prevail.

Article 42

The Company shall establish a register of shareholders in accordance with the evidence from the securities registration organization, and shall enter herein the following particulars:

- (1) The name, address (domicile), occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid or payable for the shares held by each shareholder;
- (4) The serial number of the shares held by each shareholder;
- (5) The date on which each shareholder is registered as a shareholder;
- (6) The date on which each shareholder ceases to be a shareholder.

The register of shareholders is the conclusive evidence of shareholders' holding of the Company's shares, unless otherwise with opposite evidence.

Article 43 The Company may, pursuant to an understanding or agreement reached between the securities regulator or authorities under the State Council and a securities regulator or organization outside the PRC, keep outside the PRC its original register of holders of overseas-listed foreign shares, and entrust the administration hereof to an agent outside the PRC. The original register of public shareholders of the H shares shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of overseas-listed foreign shares. The appointed agent outside the PRC shall ensure that the register of holders of overseas-listed foreign shares and its duplicate are consistently at all times.

Where the original and duplicate of the register of holders of overseas-listed foreign shares are inconsistent, the original shall prevail.

Article 44 The Company shall keep a complete register of shareholders. The register of shareholders shall include the following particulars:

- (1) A register kept at the Company's domicile or other place specified in Items (2) and (3) of this Article;
- (2) The register(s) of holders of overseas-listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (3) Registers of shareholders kept in other places as the Board may decide necessary for listing of the Company's shares.

Article 45 The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the place where each part is kept.

Article 46

All paid H shares are freely transferable according to these Articles of Association. However, unless meeting the following conditions, the Board may decline to recognize an transfer inasmuch as giving an reason:

- (1) An transfer inasmuch as or other inasmuch as which relates to share ownership or may affect share ownership shall be registered, and HK\$2.50 (each transfer inasmuch as) or such other higher fee determined by the Board (but such fees shall not exceed the maximum fee prescribed in the Listing Rules of the Hong Kong Stock Exchange from time to time) shall be paid for such registration;
- (2) The transfer inasmuch as only in whole H shares listed in Hong Kong;
- (3) The due stamp duty for transfer inasmuch as has already been paid;
- (4) Relevant share certificate and such other evidence as the directors may reasonably require to prove the transferor's right to transfer shares are lodged;
- (5) Transfer of an share to no more than four joint holders in the event that the shares are to be transferred to joint holders;
- (6) The shares concerned are free of any lien in favor of the Company.

If the Board refuses to register an transfer of shares, the Company shall within 10 months from the date of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.

An shareholder of foreign shares may transfer all or part of his shares through an instrument in a written form in the relevant place(s) in which the shares of the Company are listed or in such other form as the Board may accept. The transfer of H shares may adopt the standard transfer form prescribed by the Hong Kong Stock Exchange. The transfer instrument may be under hand but need not be under seal only or, if the transferor or transferee is a clearing house defined under Hong Kong Securities and Futures Ordinance or its nominee(s), a handwritten or machine imprinted signature shall be acceptable.

All instruments of transfer shall be maintained at the legal address, address of the share registrar of the Company or such places as the Board may designate from time to time.

Article 47 Where PRC laws and regulations and the securities regulations of the places where the Company's shares are listed require on the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 48 When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require to confirm the identification of shareholders, the convenor of the Board or the general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall enjoy the relevant rights.

Article 49 Any person having disengaged from the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent court for correction of the register.

Article 50 Any shareholder who is registered in the register of shareholders or requires his name to be registered in the register of shareholders may apply to the Company for a replacement certificate in respect of such shares (the "Relevant Shares") if his share certificate (the "Original Share Certificate") is lost.

Applications for the replacement of domestic share certificates shall be dealt with in accordance with the relevant provisions of the Companies Law.

Applications for the replacement of overseas-listed foreign share certificates shall be dealt with in accordance with the law, regulations, rules of stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is kept.

Where public shareholders of H shares apply for replacement of lost certificates, each replacement shall comply with the following requirements:

- (1) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or affidavit or declaration. The notarial certificate or affidavit or declaration shall include the applicant's reasons for the application, the circumstances and proof of the loss of the share certificate and a declaration stating that no other persons may require registration as a shareholder in respect of the Relevant Shares.
- (2) The Company has not received an declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (3) If the Company decides to issue a replacement share certificate to the applicant, it shall publish an announcement of its intention in the newspaper designated by the Board; the period of the announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days.
- (4) Before publishing the announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and 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 issuance of a replacement share certificate is made in whole or in part by the registered holder of the Relevant Shares, the Company shall mail to each shareholder a photocopy of the announcement having in it an endorsement.

(5) Upon expiration of the 90-day period specified in Items (3) and (4) hereof, if the Company has not received an objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant.

(6) When the Company issues a replacement share certificate according to the requirements of this Article, it shall immediately cancel the Original Share Certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.

(7) All expenses for the cancellation of the Original Share Certificate and issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until reasonable guarantee is obtained from the applicant.

Article 51

After the Company has issued a replacement share certificate in accordance with the requirements of these Articles of Association, the name of a bona fide purchaser obtaining the replacement share certificate mentioned above or a shareholder who is duly registered as the owner of the shares (provided that he is a bona fide purchaser) shall not be deleted from the register of shareholders.

Article 52

The Company shall not be liable for any damages suffered by any person from the cancellation of the Original Share Certificate or the issuance of the replacement share certificate, unless the claimant is able to prove fraud on the part of the Company.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 53 The Company's shareholders are persons who fully hold shares of the Company and whose names have been registered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the class and number of shares held. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

Shareholders of every class shall enjoy equal rights in the distribution of dividend or distribution in any other form.

Where a shareholder of the Company is a legal person, his legal representative or the nominee of his legal representative shall exercise, on behalf of him, his rights.

Where two or more persons registered as joint shareholders of a share, they shall be deemed as joint holders of the relevant share, and shall be subject to the following terms:

- (1) The Company needs not register more than four persons as joint shareholders for a share;
- (2) All joint shareholders of a share shall bear the joint liabilities for all the payable amount of the relevant share.

In the circumstance of joint shareholders:

- (1) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed by the Company as owner of the share, but for the purpose of registering the register of shareholders, the Board shall be entitled to demand the surviving joint shareholder(s) to provide a death certificate as the Board thinks fit.

- (2) For jointly shareholders of an share, the person whose name is and first in the register of shareholders shall be entitled to receive share certificate of the relevant share, receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all jointly shareholders. Any of the jointly shareholders may sign a proxy form; provided, however, where the number of the jointly shareholders presenting in person or by proxy at a meeting is more than one, the sole cast, no matter in person or by proxy, by the shareholder whose name appears in prior sequence shall be regarded as the sole and exclusive one on behalf of the relevant jointly shareholders. For the purpose of such voting, the shareholder's priority shall be determined in accordance with the sequence of the jointly shareholders holding Relevant Shares as prescribed in the Company's register of shareholders.

Where one of the jointly shareholders delivers a receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such jointly shareholders, such receipt shall be deemed as a valid receipt from such jointly shareholders to the Company.

Article 54 Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) To receive dividends and profit distributions in other forms according to the number of shares held by them;
- (2) To request, convene, host, participate in or appoint proxy to attend general meeting and exercise corresponding voting rights in accordance with the law;
- (3) To monitor, make suggestions or question the Company's operation;
- (4) To transfer, donate or pledge shares in his/her possession in accordance with the law, administrative regulations, listing rules of the stock exchange of the place(s) in which the shares of the Company are listed, as well as provisions of these Articles of Association;

(5) To obtain relevant information in accordance with these Articles of Association of the Company, which shall include:

1. Obtaining these Articles of Association of the Company after payment of a charge to cover the costs;
2. Having the right to access and make a copy, after payment of reasonable charges, of:

- (1) all parts of the register of shareholders;
- (2) personal information of the directors, superintendents and senior management of the Company, including:
 - a. current and previous names and aliases;
 - b. main address (domicile);
 - c. nationality;
 - d. full-time and all other part-time occupations and duties;
 - e. identification credentials and their numbers.
- (3) the status of the Company's issued share capital;
- (4) reports of the aggregate payable, number and highest and lowest prices of each class of shares bought back by the Company since the last financial year as well as all the expenses paid by the Company therefor;
- (5) bonds, rules, minutes of general meetings, special resolutions of the Company, resolutions of board meetings, resolutions of the meetings of Superintendent Committee and financial reports;

(6) The Company's most recent audited financial statements, and reports of the Board, auditors and the board of supervisors;

(7) Copies of the latest annual review report which has been filed with the competent administration for industry and commerce or other competent authorities, if applicable.

Documents referred to in items (1) and items (3) to (7) above and any other applicable documents shall be made available to the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and holders of overseas-listed foreign shares to inspect free of charge. Minutes of general meetings shall only be made available for inspection to shareholders of the Company.

(6) When the Company terminates or liquidates, its share of remaining assets of the Company according to the shares held will be distributed;

(7) If a shareholder disengages from the merger or division of the Company at a general meeting, he may request the Company to acquire his shares;

(8) Other rights under the law, administrative regulations, departmental regulations and these Articles of Association.

The Company shall not exercise power only because an person who directly or indirectly owns equity interest does not disclose its equity interest in the Company to frozen or by other means to damage any rights attached to the shares of the person.

Article 55

If an shareholder requests for access to the information or ask for documents prescribed in the preceding Article, he shall first provide written proof to certify the class and number of Company's shares he holds. The Company shall provide the requested documents after verification of the identity of each shareholder and may reasonably charge for photocopies of the documents.

Article 56

If a resolution of the Company's general meeting or Board meeting contravenes the law or administrative regulations, the shareholders are entitled to request the court to annul the decision.

If the convening procedure or voting method of a general meeting or Board meeting contravenes the law, administrative regulations or these Articles of Association, or if the content of the resolutions of such meetings contravenes these Articles of Association, the shareholders are entitled to request the court to revoke the resolutions within 60 days of the resolutions.

Article 57

If a director or senior management contravenes the law, administrative regulations or these Articles of Association when carrying out his duties resulting in losses of the Company, shareholders individually or collectively holding 1% or more of the shares for 180 days consecutively are entitled to request the Supervisor Committee in writing to commence litigation in the court. If a board of supervisors contravenes the law, administrative regulations or these Articles of Association when carrying out its duties resulting in losses of the Company, the shareholders are entitled to request the Board in writing to commence litigation in the court.

If the Supervisor Committee or the Board refuses to commence litigation upon receipt of the shareholder's written request stipulated under the preceding paragraph, or does not commence litigation within 30 days upon receipt of the request, or the situation is so urgent that it will cause irreparable losses of the Company if an immediate litigation is not commenced, the shareholders so stipulated under the preceding paragraph are entitled to commence litigation directly at the court under their own names for the interests of the Company.

If an person intervenes in the lawful interests of the Company resulting in losses of the Company, a shareholder stipulated under the first paragraph is entitled to commence litigation at the court in accordance with the preceding paragraphs.

Article 58 If a director or senior management contravenes the law, administrative

Article 60 Shareholders who hold shares with voting rights of the Company or over 5% and pledge their shares shall submit a written report to the Company on the date when the pledge occurs.

Article 61 The controlling shareholder or de facto controller of the Company shall not, use his connected relationship to damage the Company's interests. In case of a breach resulting in damage to the Company, he shall be liable for compensation.

The controlling shareholder and de facto controller of the Company have fiduciary duties towards the Company and public shareholders. The controlling shareholder shall strictly exercise his rights as a capital contributor in compliance with the law. The controlling shareholder shall not make use of his position to damage the lawful interests of the Company and public shareholders in the distribution of profits, reduction of assets, foreign investments, misappropriation of assets, borrowing or loan guarantee, and shall not make use of his controlling position to damage the interests of the Company and public shareholders.

In addition to the obligations under the law, administrative regulations or the listing rules of the stock exchange of the place(s) in which the shares of the Company are listed, controlling shareholders shall not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below :

- (1) Discharging the responsibilities of a director or supervisor to act honestly in the best interests of the Company ;
- (2) Approving a director or supervisor (for his own or others' benefit) to deprive the Company of its property in form, including (but not limited to) an opportunity, which are favorable to the Company ;

- (3) Approving a director or supervisor (for his own or others' benefit) who deprives other shareholders of their personal interests, including (but not limited to) the right to distributions and voting rights, but not including rescinding of the Company's limited liability and passed at the shareholders' general meeting in accordance with these Articles of Association.

The term "controlling shareholder" mentioned in this Article refers to a person who satisfies any one of the following conditions:

- (1) He, acting individually or in concert with others, may elect more than half of the directors;
- (2) He, acting individually or in concert with others, may exercise or control the exercise of more than 30% of the Company's voting rights;
- (3) He, acting individually or in concert with others, holds more than 30% of the issued and outstanding shares of the Company;
- (4) He, acting individually or in concert with others, actually controls the Company in other ways.

CHAPTER 8 GENERAL MEETING

Section 1 General Provisions on General Meeting

Article 62 The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

Article 63 The general meeting shall exercise the following functions and powers:

- (1) Decide the operational policy and investment plan of the Company;
- (2) Elect and replace directors and supervisors who are not staff representatives. Make decisions on matters in relation to the remuneration of the relevant directors and supervisors;
- (3) Review and approve the reports of the Board;
- (4) Review and approve the reports of the Supervisor Committee;
- (5) Review and approve the annual financial budget and final accounting of the Company;
- (6) Review and approve the profit distribution plan and loss compensation plan of the Company;
- (7) Pass resolutions on increasing or reducing the registered capital of the Company;
- (8) Pass resolutions on merger, division, winding up, liquidation or changing the form of the Company;
- (9) Pass resolutions on the issuance of corporate bonds or other securities and listing plan;
- (10) Pass resolutions on the appointment, reappointment or dismissal of accounting firms by the Company;

(11) Amend these Articles of Association;

(12) Review and approve the external guarantee issues which shall be reviewed at the general meeting as prescribed in Article 64 of these Articles of Association;

Article 64

The following external guarantees of the Company shall be reviewed and passed at the general meeting:

- (1) An guarantee in addition to the aggregate of external guarantees provided by the Company and its holding subsidiary with a total amount equal to or more than 50% of the Company's latest audited net assets;
- (2) An guarantee in addition to the aggregate of external guarantees provided by the Company with a total amount equal to or more than 30% of the Company's latest audited total assets;
- (3) To provide guarantee to entities with more than 70% debt asset ratio;
- (4) A single guarantee whose amount exceeds 10% of the latest audited net assets;
- (5) To provide guarantee for shareholders, de facto controller and their connected parties;
- (6) Other guarantees which shall be passed at the general meeting as prescribed by the local stock exchange where the Company's shares are listed and these Articles of Association.

The term "external guarantee" refers to the guarantee provided by the Company to others, including guarantee provided to an off-balance sheet subsidiary. The term "total amount of external guarantee of the Company and its holding subsidiary" refers to the sum of total amount of the Company's external guarantee (including the Company's guarantee to its holding subsidiary) and the external guarantee provided by the Company's holding subsidiary.

When the general meeting is considering a resolution to provide guarantee for an shareholder, de facto controller or their connected parties, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the resolution, and the resolution shall be subject to approval by more than half of the voting rights held by the other shareholders attending the general meeting.

Article 65 Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a general meeting, enter into a contract to hand over all or material business management of the Company to a person other than a director, supervisor or other senior management.

Article 66 The general meetings shall include annual general meetings and extraordinary general meetings. Annual meetings shall be convened once a year and shall be held within six months from the end of the preceding financial year.

Article 67 The Board shall convene an extraordinary general meeting within 10 months upon the occurrence of any of the following circumstances:

- (1) The number of directors is less than the number stipulated in the Company Law or less than one-third of the number prescribed in these Articles of Association;

- (2) The losses of the Company have not been made to reach one-third of the total share capital;
- (3) Shareholders who individually or collectively hold more than 10% of the shares of the Company require to convene an extraordinary general meeting in written form;
- (4) Whenever the Board considers necessary ;
- (5) When the Supervisor Committee proposes to convene a meeting;
- (6) Other circumstances prescribed by the laws, administrative regulations, departmental regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed or these Articles of Association.

Article 68

The venue of convening a general meeting of the Company shall be the domicile of the Company or other specific location notified by the convener of the general meeting.

A general meeting shall, as all be in the form of physical meeting to be held on-site. However, so far as permitted by the securities regulator or authority, such meeting may also be held in such other manners as shall be recognized or required by the securities regulator or authority. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

Section 2 Proposing and Convening of General Meeting

Article 69

Two of independent non-executive directors are entitled to propose to convene an extraordinary general meeting of the Board. Concerning the proposal of convening an extraordinary general meeting requested by the independent non-executive directors, the Board shall, in accordance with the requirements of the laws, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon making the decision. If the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement accordingly.

Article 70

The Supervisor Committee is entitled to propose to convene an extraordinary general meeting of the Board, which shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days of the after the decision is made. Any changes made to the original request in the notice shall be agreed by the Supervisor Committee.

If the Board disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, it shall be deemed as failing to discharge or not discharging its duties to convene the general meeting. The board of supervisors shall then be entitled to convene and hold the meeting by itself.

Article 71

Shareholders holding more than 10% of shares (individually or collectively) shall be entitled to request to convene an extraordinary general meeting or class meeting according to the following procedures:

- (1) Upon signing one or several written requests with the same content and form, and stating the subject of the meeting, the aforesaid shareholders may request the Board to convene an extraordinary general meeting or class meeting. The Board shall, in accordance with the requirements of law, administrative regulations and these Articles of Association, reply with a written opinion on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal. Shares held by the above shareholders shall be calculated as of the date of submitting the written request.
- (2) If the Board agrees to convene an extraordinary general meeting or class meeting, it shall issue a notice of convening the general meeting within 5 days upon being resolved by the Board. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.
- (3) If the Board disagrees to convene the extraordinary general meeting or class meeting, or does not reply within 10 days upon receipt of the proposal, shareholders individually or collectively holding more than 10% of the shares of the Company are entitled to request the Supervisor Committee in writing to convene an extraordinary general meeting or class meeting.
- (4) If the board of supervisors agrees to convene the extraordinary general meeting or class meeting, it shall issue a notice of convening the general meeting within 5 days upon receipt of the proposal. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.

(5) If the board of superiors does not issue the notice of general meeting within the prescribed period, it shall be deemed as the board of superiors not convening and not holding the general meeting. Then the shareholders who individually or collectively hold more than 10% of the shares for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

Before making an announcement on the resolution(s) of the general meeting, the convening shareholders shall hold no less than 10% of the shares. When the convening shareholder issues the notice of general meeting and the announcement on the resolution(s) of the general meeting, he shall submit the relevant proof materials to the securities regulator or authority and relevant stock exchange where the Company is located.

Article 72

Where the Supervisor Committee or shareholders convene a meeting by themselves in accordance with the provisions of this section, a written notice shall be submitted to the Board and filed with the securities regulator or authority and relevant stock exchange where the Company is located. The Board and the secretary of the Board shall cooperate in terms of such meetings. The Board shall provide the register of shareholders on the shareholding record date. The expenses reasonably accrued herefrom shall be borne by the Company and be deducted from the amount due for payment to the directors as a result of their negligent manner.

Section 3 Proposals and Notices of General Meeting

Article 73 The content of the proposals to be raised shall be within the scope of duties of the general meeting. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and these Articles of Association.

Article 74 When a general meeting is convened by the Company, the Board, Supervisor, Committee or shareholders who individually or collectively hold more than 3% of the shares of the Company shall be entitled to propose resolutions of the Company.

Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit ad hoc proposals in writing to the convenor of the general meeting 10 days before the convening of the general meeting. The convenor shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposal and announce the content of the ad hoc proposals.

Except for circumstances provided in the above paragraph, the convenor, after issuing the notice and announcement of the general meeting, shall neither revise the proposals raised in the notice of general meeting nor add new proposals.

If a notice of general meeting does not specify the proposed resolutions or does not comply with Article 73 herein, no voting for resolutions shall be carried out at the general meeting.

Article 75 Where an annual general meeting is convened by the Company, it shall inform all shareholders of the time and venue of the meeting and the matters to be considered hereafter 20 Hong Kong business days before the meeting is held, and where an extraordinary general meeting is convened, it shall inform all shareholders 10 Hong Kong business days or 15 days (whichever is earlier) before the meeting is held. The announcement of a general meeting served on the holders of overseas-listed foreign shares shall be published through the website of or in one or more newspapers designated by the Hong Kong Stock Exchange. Upon the publication of the announcement, all holders of overseas-listed foreign shares shall be deemed to have received announcement of the relevant general meeting.

When calculating the time limit of the notice, the date of the meeting convened shall be excluded.

Article 76 A general meeting shall not pass a resolution on matters not specified in the notice.

Article 77 Notice of the general meeting shall include the following:

- (1) Time, place and duration of the meeting;
- (2) Specified matters and resolutions to be proposed at the meeting;
- (3) Provision to the shareholders of the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and conditions, if any, of the proposed transaction(s) and prior due explanations about the causes and effects when the Company proposes mergers, repurchase of shares, reduction of share capital or other reduction;
- (4) In the event that any of the directors, supervisors, managers or other senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect an director, supervisor, manager or other senior management as a shareholder in a manner different from how he affects the same type of other shareholders, the difference shall be explained;

- (5) Inclusion of the full text of an special resolution to be proposed for approval at the meeting;
- (6) A clear explanation in order indicating that the entire shareholders are entitled to attend and vote at the general meeting, or to appoint proxies to attend and vote at the meeting on his or her behalf and that such proxies are not necessarily shareholders;
- (7) Record date for shareholders entitled to attend the meeting;
- (8) Name and telephone number of the contact person;
- (9) Specified delivery time and place of the power of attorney for proxying at the meeting.

Article 78

For matters of discussion in relation to the election of directors and supervisors, the notice of general meeting shall adequately disclose the detailed information of the candidates for each director and supervisor, which shall at least include the following:

- (1) Personal particulars including education background, working experience and an part-time job;
- (2) Whether there is an connected relationship between the Company and the controlling shareholders and de facto controller of the Company;
- (3) Disclosure of the shareholding in the Company;
- (4) Whether or not the candidate has been penalized by CSRC or other related securities regulator authorities and the stock exchange.

Apart from directors and supervisors elected through the cumulative voting system, each candidate of director or supervisor shall be individually proposed.

Article 79

Noice of general meeing shall be served to the shareholder (whether having right on general meeing or not) either by hand or by post in a prepaid mail, addressed to each shareholder at his registered address as shown in the register of shareholders, or by publication in the Company's website or other website designated by stock exchange where the Company's shares are listed, subject to compliance with applicable laws, regulations and listing rules. For holders of domestic shares, the notice of a general meeing may also be given by publishing an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulator or authorized under the Securities Council within the period of 20 Hong Kong business days before an annual general meeing is held, or 10 Hong Kong business days or 15 days (whichever is earlier) before an extraordinary general meeing is held. Once the announcement is published, all holders of domestic shares shall be deemed to have received the notice in relation to the general meeing.

Article 80

After issuance of the notice for the general meeing, the general meeing shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convenor shall make an announcement giving reasons at least 2 working days before the date when the meeing is convened, unless otherwise prescribed in listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed (if so, the latter shall prevail).

Article 81

The accidental omission to give notice of a meeing to, or the non-receipt of notice of a meeing by, any person entitled to receive such notice shall not invalidate the meeing and the resolutions passed at the meeing.

Section 4 Convening General Meeting

Article 82

All shareholders on the register of shareholders on the shareholding record date shall be entitled to attend the general meeting, and vote in accordance with the provisions of the relevant laws, regulations and these Articles of Association.

An shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may or may not be necessarily a shareholder) as his proxies to attend and vote on his behalf.

Such proxies may exercise the following rights as entrusted by the shareholder:

- (1) The shareholder's right to speak at the general meeting;
- (2) The right to demand a poll by himself or jointly with others in voting by a poll;
- (3) Unless otherwise provided in the applicable listing rules or other securities laws and regulations, the right to vote may be exercised either by a show of hands or by poll. However, if a shareholder has appointed more than one proxy, each proxy may only exercise their voting right by poll.

If a shareholder is a recognized clearing house or its agent within the meaning of the relevant regulations imposed in Hong Kong from time to time, he may authorize one or more proxies as he thinks fit to act as his proxy at a general meeting or class meeting of shareholders. However, if more than one proxies are appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization, and signed by authorized proxies of recognized clearing house. Such authorized proxies are entitled to attend the meeting on behalf of the recognized clearing house or their agent (if the proxy presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the delegation of the same) and exercise the right of the recognized clearing house or their agent, as if they were the individual shareholders of the Company.

Article 83

An individual shareholder who attends the general meeting in person shall present valid proof which can confirm his shareholder's identity. If a proxy is appointed to attend the meeting, in addition to presenting the proxy's identity proof, the proxy shall also present his identity proof together with the authorization letter from the shareholder.

A legal person shareholder shall appoint a natural or representative or a proxy entrusted by the natural or representative to attend the meeting. If a natural or representative attends the meeting, he shall present his own identification document and a valid certificate proving his qualification to be a natural or representative; if a proxy is entrusted to attend the meeting, the proxy shall present his own identification, and a written power of attorney issued by the natural or representative from the entity of legal person shareholder in accordance with the law.

Article 84

The instrument appointing a proxy shall be in writing, under the hand of the principal or his attorney authorized in writing; where the principal is a legal person, such instrument shall be under its seal or under the hand of its director or attorney duly authorized.

The instrument issued by the shareholder to authorize another person to attend the general meeting shall state the following contents:

- (1) Name of the proxy;
- (2) Whether the proxy has voting rights;
- (3) Indication of consent, objection or abstention concerning each proposal to be resolved on the agenda of general meeting;
- (4) Date of signing of the instrument and term of validity;
- (5) Signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person shall be affixed;

(6) Specifying the number of shares represented by the proxy of the shareholder;

(7) If more than one proxy is appointed, the instrument shall specify the number of shares represented by each proxy.

Article 85

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of convening the meeting 24 hours prior to convening of the meeting at which the proxy is authorized to vote or 24 hours prior to the designated time of voting. Where the instrument is signed by another person authorized by the principal, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorized letter or other authorized document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of convening the meeting.

Where the principal is a legal person, it is authorized to represent the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's general meeting as the representative of such legal person.

Article 86

An form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast votes in favor of or against each resolution and enable the shareholders to give separate instructions on each matter to be voted on at the meeting.

The proxy form shall state that if the shareholder does not give specific instructions, the proxy shall vote at his/her/its own discretion.

- Article 87** Where the entitling party is deceased or incapacitated to act or whose signed proxy form is withdrawn or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company has not received a written notice of such matters before the commencement of the relevant meeting.
- Article 88** A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of the attendees (or names of organizations), identification card numbers, residential addresses, the number of shares held or voting rights represented and names of the proxies (or name of organizations).
- Article 89** The convenor shall verify the shareholders' qualifications according to the register of members provided by the securities registration and clearing institutions. The names of shareholders and the total number of shares with voting rights held by them shall be registered. The registration at the meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares held with voting rights.
- Article 90** The directors, supervisors and senior management of the Company shall, upon request of the general meeting, be present at such meeting for answering queries raised by the shareholders.

Article 91

The general meeting shall be convened and presided over by the chairman of the Board. Where the chairman of the Board is unable to discharge or fails to discharge his/her duties, the meeting shall be convened and presided over by the vice chairman of the Board (if there are one or more vice chairmen, the one elected by more than one half of the directors shall preside over the meeting). Where the position of vice chairman does not exist, or where the vice chairman of the Board is unable to discharge or fails to discharge his/her duties, more than one half of the directors shall designate a director to convene and preside over the meeting. Where more than one half of the directors cannot designate a director to convene and preside over the meeting, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

If a general meeting is convened by the Supervisor Committee, the chairman of the board of supervisors shall preside over the meeting. If the chairman of the board of supervisors is unable to fail to discharge his/her duties, more than one half of the supervisors shall nominate a supervisor to preside over the meeting.

If a general meeting is convened by the shareholders themselves, they can elect to nominate a representative to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (including his/her proxy) shall preside over the meeting.

In a general meeting, if the chairman of the meeting contravenes the rules of procedure of general meetings, rendering the meeting impossible to proceed, if the consent from more than one half of the attending shareholders with voting rights, one person may be nominated at the general meeting to serve as the chairman and the meeting may proceed. If for any reason the shareholders are unable to elect a chairman of the meeting, the attending shareholder holding the largest number of voting shares (including his/her proxy) shall preside over the meeting.

Article 92 The Company shall formulate the rules of procedures for the general meeting and specify in detail the procedures for convening and holding the general meeting, including notification, registration, receiving of proposals, holding, convening of votes, announcement of holding results, formation of meeting resolutions, minutes of meeting and their signing, public announcement as well as principle for the authorization granted to the Board by the general meeting. The rules of procedures for the general meeting shall be appended to these Articles of Association. The shall be formulated by the Board and approved by the general meeting.

Article 93 In the annual general meeting, the Board and the Supervisor Committee shall report their work for the past year to the general meeting. Each independent non-executive director shall also present a work report.

Article 94 Directors, supervisors and senior management shall provide explanations regarding and answer the enquiries and suggestions from shareholders at the general meeting.

Article 95 The chairman of the meeting shall, prior to holding, announce the number of shareholders and provide attending the meeting in person as well as the total number of holding shares, which shall be the number of shareholders and provide attending the meeting in person and the total number of their holding shares as indicated in the meeting's registration record.

Article 96 Minutes shall be prepared for general meetings by the secretary of the Board. The minutes shall take the following contents:

- (1) Time, venue and agenda of the meeting and name of the convener;
- (2) The name of the chairman of the meeting and the names of the directors, supervisors and senior management attending or presenting at the meeting;

- (3) The number of shareholders (including holders of domestic shares and overseas-listed foreign shares (if any)) and proxies attending the meeting, total number of voting shares, the representation and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) The process of review and discussion, summary of an speech and voting results of each proposal;
- (5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) Names of vote counters and scrutinizer of the voting;
- (7) Other contents to be included as specified in these Articles of Association.

Article 97

The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries of the Board, convener or his/her representative and the chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register, protocols and valid records on internal voting and other means of voting, for a period of no less than 10 years.

Article 98

The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure and other special cases, the convener shall take necessary measures to resume the meeting or directly terminate the meeting as soon as practicable followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed.

Section 5 Voting and Resolutions at General Meetings

Article 99 Resolutions of the general meeting include ordinary resolutions or special resolutions.

Ordinary resolutions at a general meeting shall be passed by more than one half of the voting shares held by shareholders (including their proxies) attending the general meeting.

Special resolutions at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

Article 100 When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Subject to and conditional upon compliance with applicable laws, regulations or requirements of the listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, the Board, independent non-executive directors and other shareholders who qualify with relevant specified conditions may solicit for the voting shares from shareholders.

When the general meeting considers related party transactions, the related party shareholders shall not participate in the voting if so specified in the applicable laws, regulations or listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed. His shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related party shareholders.

In accordance with the applicable laws, regulations and listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, here an shareholder shall abstain from voting for an particular resolution, or is restricted to vote only for or against a resolution, an vote in violation of such requirements or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

Article 101 Voting is conducted by open ballot at the general meeting.

Article 102 When a poll is taken at a meeting, a shareholder (including proxies) who has the right to vote or more votes need not cast all his votes in the same way.

Article 103 When the number of votes for and against a resolution is equal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Article 104 The following matters shall be passed by a majority of ordinary resolutions at a general meeting:

- (1) Work reports of the Board and the Supervisor Committee;
- (2) Profit distribution plan and loss compensation plan formulated by the Board;
- (3) The appointment and removal of non-employee representatives of the Board and members of the Supervisor Committee;
- (4) The remuneration and method of payment of members of the Board and members of the Supervisor Committee;
- (5) Annual budget and final accounts of the Company;
- (6) Annual report of the Company;

- (7) Matters other than those requiring the approval of special resolutions in accordance with the laws, administrative regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed or these Articles of Association.

Article 105 The following matters shall be passed by a special resolution at a general meeting:

- (1) Increase or reduction in the registered capital and issue of any kind of shares, arrangement and other similar securities by the Company;
- (2) Issue of corporate bonds;
- (3) Division, merger, dissolution and liquidation of the Company or change of form of incorporation of the Company;
- (4) Amendment of these Articles of Association;
- (5) Acquisition and disposal of material assets within one year by the Company and employee share ownership plan amounting exceeding 30% of the latest audited total assets of the Company;
- (6) Equity incentive plan;
- (7) Other matters required by the laws, administrative regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed and these Articles of Association or those resolved at the general meeting by a majority of ordinary resolutions and deemed to be of significant impact to the Company and hereby required to be passed by a special resolution.

Article 106 The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

Article 107 If the chairman of the meeting has an doubt about the validity of a resolution, he may arrange the recording of the vote. If the chairman of the meeting does not arrange the recording of the vote, a shareholder or proxy attending the meeting who dissents from the resolution announced by the chairman of the meeting shall be entitled to request the recording of the vote immediately after such announcement, in which case the chairman of the meeting shall immediately arrange the recording of the vote.

Article 108 If the voting of the vote is conducted at a general meeting, the result of the voting shall be recorded in the minutes of meeting. The minutes of meeting, the attendance register and proxy forms shall be kept at the Company's domicile for a period of no less than 10 years.

Article 109 Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If a shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days upon receipt of the payment for reasonable charges.

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING AT CLASS MEETINGS

Article 110 Shareholders who hold different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and these Articles of Association.

Where the share capital of the Company includes shares which do not carry voting rights, the order of no voting rights may appear in the designation of such shares.

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, may include the order of restricted voting rights or limited voting rights.

Article 111 The Company shall not proceed to change or abrogate the shareholders' rights of a class of shares, unless such change or abrogation has been approved by a vote of a special resolution at the general meeting and at a separate class meeting by the shareholders of the affected class in accordance with Articles 113 to 117, save and except for the circumstances provided for under paragraph 4 of Article 17 herein in respect of the conversion of unlisted domestic shares into overseas-listed foreign shares.

For the change or abrogation of rights of class shareholders as a result of the changes in domestic and foreign laws, regulations and the listing rules of the stock exchange(s) of the place(s) where the shares of the Company are listed as well as the decisions made pursuant to the laws domestic and foreign regulatory authorities, no approval at general meeting or class meeting shall be required.

Article 112 The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) conversion of all or part of the shares of such class into shares of another class or conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;
- (3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (4) a reduction or removal of a dividend preference or proper distribution preference during the liquidation of the Company, attached to the shares of such class;

- (5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire the securities of the Company attached to the shares of such class;
- (6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to the shares of such class;
- (7) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of any class;
- (8) an imposition of restrictions or additional restrictions on the transfer of or ownership of the shares of such class;
- (9) an increase of rights to describe for, or convert into, the shares of such class or another class;
- (10) an increase in the rights and privileges of the shares of another class;
- (11) a reorganizing plan of the Company having capital stock shareholders of different classes to bear liability to different extent during the reorganizing; and
- (12) an amendment to or repeal of the provisions of this section.

Article 113

Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall have the right to vote at class meetings in respect of matters referred to in paragraphs (2) to (8) and (11) to (12) in Article 112, except that interested shareholders shall not vote at class meetings.

The term **interested shareholders** in the preceding paragraph shall have the following meaning:

- (1) if the Company has made a tender offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 32 hereof, the controlling shareholders as defined in these Articles of Association shall be the interested shareholders;

(2) if the Company has bought back its own shares by an agreement or aside of a stock exchange in accordance with Article 32 hereof, holders of shares in relation to such agreement shall be the increased shareholders;

(3) under a redeeming proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest different from that interest of other shareholders of the same class shall be the increased shareholders.

Article 114 Resolutions of a class meeting may be passed only by more than two-thirds of the voting rights of that class represented by the shareholders attending the meeting in accordance with Article 113.

Article 115 When the Company is to hold a class meeting, the time limit for issuing a written notice shall be the same as the written notice period for the non-class shareholders meeting to be convened on the same date of such class meeting. The written notice shall notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting.

When calculating the aforesaid time limit, the date of the meeting convened shall be excluded.

If there are any special requirements under the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed, such requirements shall prevail.

Article 116 The notice of the class meeting shall be delivered only to the shareholders entitled to voting hereafter.

The procedures of a class meeting shall, to the extent possible, be identical with the procedures of a general meeting. Unless otherwise specified in this Chapter, the provisions of the Articles of Association of the Company in relation to the procedures for the holding of a general meeting shall be applicable to a class meeting.

Article 117 In addition to the holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders.

The special procedures for voting in the class meetings shall not apply under the following circumstances:

- (1) Where the Company issues domestic shares and overseas-listed foreign shares, upon approval in the form of a special resolution by the shareholders at a general meeting, either separately or concurrently, once every 12 months and the number of each of the domestic shares and overseas-listed foreign shares to be issued is not more than 20% of the same type of shares in issue;
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulator or authorities under the Share Council;
- (3) Where in the approval by the securities regulator or authorities under the Share Council, the shareholders convert their issued domestic shares into overseas-listed foreign shares for overseas listing and trading.

CHAPTER 10 BOARD OF DIRECTORS

Section 1 Directors

Article 118 Directors shall be elected by the general meeting and serve a term of 3 years for each session. A director may serve consecutive terms if re-elected upon the expiry of his term, unless it is otherwise stipulated by the relevant laws, regulations, these Articles of Association and listing rules of the place(s) where the Company's shares are listed.

A director's term of service commences from the date he takes office, until the current term of service of Board ends. If a director's term of service expires but a new director is not elected in a timely manner, the original director shall continue to carry out the director's duties according to the laws, administrative regulations, departmental regulations and these Articles of Association until the next elected director takes office.

Any person appointed by the Board to fill the casual vacancy or as an addition to the Board shall hold office only until the forthcoming annual general meeting of the Interim and shall be eligible for re-election.

A director's position may be assumed by the general manager or other senior management, but the sum of the total number of directors who also assume the duties of the general manager or other senior management and the number of staff representative directors shall not exceed one half of the total number of directors of the Company.

A director need not hold the shares of the Company.

Article 119 The directors, both collectively and individually, are expected to fulfill fiduciary duties and duties of skill, care and diligence at least to such standard established by the law of Hong Kong. This means that every director must, in the performance of his duties as a director:

- (1) act honestly and in good faith in the interests of the Company as a whole;
- (2) act for a proper purpose;
- (3) be responsible to the Director for the application or misapplication of its assets;
- (4) avoid actual and potential conflicts of interest and duty;
- (5) disclose fully and fairly his interests in the contracts with the Director; and
- (6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding a directorship in a listed company.

Article 120 The notice concerning proposed nomination of a director candidate and the written notice regarding the indication of the candidate's intention to accept the nomination shall be sent to the Company with a short-term of at least 7 days. The date of entitlement of the abovementioned term shall not be earlier than the first day upon the issue of the notice for convening the shareholder's meeting for this purpose, and the date of expiry shall not be later than 7 days prior to the date of convening the shareholder's meeting.

Subject to compliance with relevant laws, regulations and the Listing Rules, a director can be removed by a resolution of an ordinary resolution passed at a general meeting before the expiry of his term of office. Such removal does not prejudice the director's claim for damages payable to or in connection with.

Article 121 If a director is unable to attend Board meetings in person for two consecutive meetings, and does not appoint another director to attend the Board meeting on his behalf, he shall be deemed as failing to carry out his duties. The Board shall propose to the general meeting to replace him.

Article 122 A director may resign before the expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the Board.

If the members of the directors fall below the minimum required or required by the articles of association, the original directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and these Articles of Association before the appointment of the re-elected directors; the notice of resignation of the resigning director shall only become effective after a new director fills the vacancy.

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

Article 123 When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the Board. His fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his term of service and shall still be in effect for a period of two years. The duty of confidentiality in respect of trade secrets of the Company survives his resignation or the expiry of his term of office, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationship between them and the Company has been terminated.

Article 124 In the absence of specification in these Articles of Association or legislation authorisation by the Board, no director shall act in his personal capacity on behalf of the Company or the Board. When a director acts in his personal capacity, by a third party, a reasonable belief that the director is representing the Company or the Board, the director shall declare his stance and capacity in advance.

Article 125 If a director breaches the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his corporate duties and causes loss to the Company, he shall be held responsible for damages.

Section 2 Independent Non-executive Directors

Article 126 The Company shall have independent non-executive directors. Independent non-executive directors refer to each director of the Company who serves no duties other than the directors' duties, has no relationship with the Company and its substantial shareholders (referring to each shareholder who individually or collectively hold more than 5% of the total number of voting shares), who may not hinder their independent objective judgment, and satisfies the requirements on independence by the listing rules of the stock exchange of the place where the Company's shares are listed.

Unless otherwise provided in this section, the relevant provisions set out in Chapter 15 of these Articles of Association shall apply to the qualifications and obligations of independent non-executive directors. An independent non-executive director shall satisfy the following basic conditions:

- (1) Be qualified to be a director of a listed company under the laws, administrative regulations, listing rules of the stock exchange on which the Company's shares are listed and other relevant provisions;
- (2) Be independent within the meaning of the listing rules of the stock exchange of the place where the Company's shares are listed;

- (3) Have the basic knowledge of the operation of a listed company, and be familiar with the relevant laws, administrative regulations, rules and regulations;
- (4) Possess more than five years of experience in law, economics or such other working experience as required for discharging duties of an independent non-executive director; and
- (5) Such other conditions as required under these Articles of Association.

Article 127

No less than one-third of the Board members and no less than three Board members of the Company shall be independent non-executive directors; among them, at least one independent non-executive director must have appropriate professional qualifications or accounting or related financial management expertise. Should the number of the independent non-executive directors fail to meet the number of the independent non-executive directors as required by these Articles of Association because the independent non-executive directors fail to satisfy the conditions of being independent or because it is inappropriate for the independent non-executive directors to perform their duties on the occurrence of some event(s), the Company shall appoint additional independent non-executive directors to meet such required number.

At least one independent non-executive director of the Company shall ordinarily reside in Hong Kong.

Article 128

An independent non-executive director shall have the same term of office as that of other directors of the Company, and upon expiration, may be re-elected for a consecutive term of no more than 6 years.

Prior to the expiration of the term of his/her office, an independent non-executive director may not be dismissed in the absence of proper reasons. Dismissal of an independent non-executive director prior to such expiration of the term of office shall be disclosed as a special matter by the Company.

Other than the power conferred upon the Company and other relevant laws, regulations, listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed and these Articles of Association, an independent non-executive director shall have the following special power:

- (1) Significant connected transactions, as determined according to the criteria issued, from time to time, by the regulator bodies in the place(s) of listing, shall be submitted to the Board for discussion after having been endorsed by the independent non-executive directors. Prior to making an judgment, the independent director may engage an intermediary institution to issue an independent financial advisor report upon which the decision of the independent director may be based;
- (2) To propose to the Board each appointment or termination of appointment of an accounting firm;
- (3) To propose to the Board the convening of an extraordinary general meeting;
- (4) To propose the convening of Board meetings;
- (5) To engage external audit firms or consulting firms to conduct audit or consultation on specific matters of the Company at the cost of the Company.

The exercise of the aforesaid power by an independent non-executive director shall require the consent from more than one half of the total number of independent non-executive directors of the Company. Disclosure shall be made by the Company if any of the aforesaid proposals is not adopted or any of the aforesaid power cannot be exercised in normal manner.

The independent non-executive directors shall carry out their duties in accordance with appropriate requirements of the laws, administrative regulations, rules and regulations, and departmental regulations.

Article 129 The Company shall formulate working rules of independent non-executive directors, which will specify the qualification, nomination, election and replacement, rights and obligations, and liabilities of independent non-executive directors.

Article 130 Matters relating to independent non-executive directors not covered in this section shall be handled according to the relevant applicable laws, regulations or listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed.

Section 3 Board of Directors

Article 131 The Company shall elect the Board which shall be accountable to the general meeting.

Article 132 The Board shall be composed of 8 directors, including 3 independent non-executive directors. The Board shall have one chairman. Whether or not to elect the position of the vice chairman of the Board shall be decided by the general meeting in form of an ordinary resolution. (The provisions related to the vice chairman as provided herein shall be only applicable to circumstances where the position(s) of vice chairman is elected in the Company, same as below.)

The chairman and vice chairman (or vice chairmen) of the Board shall be elected and dismissed by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the Board shall serve a term of 3 years and may be re-elected upon the expiry of their term.

Article 133 The Board exercises the following functions and powers:

- (1) to be responsible for convening general meetings and reporting thereon to the general meeting;
- (2) to implement resolutions of the general meeting;
- (3) to decide on the Company's business plans and investment plans;

- (4) to formulate the annual financial budget and final accounts of the Company ;
- (5) to formulate the Company's profit distribution plans and plans on making , losses;
- (6) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue an listing hereof;
- (7) to formulate plans for mergers, division, dissolution and alteration of corporate form of the Company ;
- (8) to formulate plans for the Company's substantial acquisitions and purchase of the shares of the Company ;
- (9) within the scope authorized by the general meeting, to decide, among others, the Company's internal investments, purchase and sale of assets, provision of securities on the Company's assets, matters on external guarantees, entrusted real estate management, connected transactions and others;
- (10) to decide on the establishment of internal management organizations of the Company ;
- (11) to determine the establishment of the special committees under the Board, appoint or dismiss the chairman (convenor) of such committees;
- (12) to appoint or dismiss the general manager, the secretary of the Board and the company secretary ; to appoint or dismiss the senior management including the standing deputy general managers, the deputy general managers and the chief financial officer of the Company in accordance with the nomination made by general manager, and to decide on their remuneration;

- (13) to formulate the basic management system of the Company ;
- (14) to formulate proposals to amend these Articles of Association;
- (15) to formulate the incentive stock option plan of the Company ;
- (16) to manage information disclosure of the Company ;
- (17) to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing service of the Company ;
- (18) to listen to work reports of the general manager of the Company and review the work of the general manager;
- (19) to consider, review and approve the matters on the Company's external guarantee which shall not fall in the scope required to be considered by the general meeting as provided in Article 64 hereunder;
- (20) to examine and supervise the Company's policies and standards regarding the Company's compliance with laws and regulatory provisions;
- (21) to examine and supervise the training and continuing professional development for the directors, supervisors and senior management;
- (22) to examine the Company's compliance with the Corporate Governance Code in the Listing Rules and the disclosure in the corporate governance report;
- (23) to decide on such major matters and administrative affairs other than those or which to be decided by the general meeting as specified in the laws, administrative regulations, rules and regulations of the competent authorities and these Articles of Association and enter into other important agreements;

(24) other powers and duties stipulated by laws, administrative regulations, and departmental rules and regulations, listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed, and these Articles of Association, and conferred upon by the general meeting.

Should the foregoing exercise of such functions and powers by the Board, or an transaction or arrangement of the Company be considered and reviewed by a general meeting according to the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed, such shall be submitted to the general meeting for consideration and review.

Except for the Board resolutions in respect of the matters specified in paragraphs (6), (7) and (14) which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters set out in the preceding paragraphs may be passed by more than one half of the directors.

The Board shall provide explanation to the general meeting with respect to the audit report of a non-standard opinion, issued by a certified public accountant, regarding the Company's financial statements.

Article 134

The Board shall formulate the rules of procedure for meetings of the Board to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedure for the Board stipulate the procedure for holding the Board meetings and holding a Board meeting, and shall be appended to these Articles of Association, being formulated by the Board and approved by the general meeting.

Article 135

The Board shall establish the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, and may establish other special committees including the Strategic Committee, to advise and counsel the Board on major decisions.

Audit Committee shall comprise at least 3 members and all of whom shall be non-executive directors, among whom, one member shall be an independent non-executive director possessing proper qualification in compliance with the relevant requirements of the Listing Rules or appropriate accounting practice or related financial management practice. The independent non-executive directors shall form a majority in the members of the Audit Committee. The person who serves as the chairman of the Committee shall be an independent non-executive director. The independent non-executive directors shall form a majority in the members of the Remuneration and Appraisal Committee, and the chairman hereof shall be an independent non-executive director.

Article 136

When the Board is disposing of fixed assets and should the sum of the expected value of the fixed assets proposed for disposal by the Board and the value derived from the fixed assets have been disposed of within 4 months prior to each proposed disposal exceed 33% of the fixed assets value set or in the latest balance sheet recently considered by the general meeting, the Board may not dispose of or agree to dispose of such fixed assets without each prior approval by the general meeting.

The term "fixed assets disposal" referred to in this Article shall refer to, among other things, the act of transferring certain interests in assets, but not including the act of providing such guarantee by a fixed asset.

The validity of the transactions regarding fixed assets disposed by the Company shall not be affected due to a breach of the first paragraph of this Article.

- Article 137** The chairman of the Board shall exercise the following functions and powers:
- (1) to preside over general meetings and to convene and preside over Board meetings;
 - (2) to procure and check the implementation of resolutions of the Board;
 - (3) to sign on share certificates, bond certificates and other securities issued by the Company;
 - (4) to organize the formulation of various plans for the operation of the Board and to coordinate for the operation of the Board;
 - (5) to sign on important documents of the Board and to externally sign on each legally binding document on behalf of the Company;
 - (6) to exercise the powers and functions as a legal representative;
 - (7) to nominate candidates for the secretary of the Board, members and chairmen of the special committees under the Board;
 - (8) to listen to regular or irregular work reports of the senior management of the Company, and provide guiding opinion regarding the implementation of the Board resolutions;
 - (9) in the event of an emergency of force majeure including massive natural disasters, to exercise the special right of disposal over the Company's affairs, being in line with the requirements of law and the interests of the Company, and to report to the Board and the general meeting hereafter;
 - (10) such other functions and powers stipulated by laws, administrative regulations, departmental rules and regulations, and these Articles of Association and conferred upon by the Board.

The vice chairman shall assist the chairman of the Board in work. Should the chairman be unable to or fail to carry out his duties, the vice chairman shall carry out the duties of the chairman (and if the Company has two or more vice chairmen, the vice chairman nominated by more than one half of the directors shall carry out the duties of the chairman). Where the position of vice chairman does not exist, or where the vice chairman is unable to or fails to carry out his duties, more than one half of the directors shall jointly nominate a director to carry out such duties.

Article 138

The Board meetings shall include regular meetings and extraordinary meetings.

Regular meetings of the Board of directors shall be held at least 4 times a year. Such meetings shall be convened by the chairman of the Board. Notice of and documents for meetings shall be delivered to all directors and superisors 14 days before the meeting is held. Regular meetings of the Board shall not include the obtaining of such approval from the Board by means of circulation of written resolutions.

The chairman, an shareholder holding more than one enhancing right, more than one third of the directors or the Supervisor Committee or the general manager may propose the holding of an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days upon receipt of the proposal, and shall give written notice to all directors and superisors 5 days before the meeting is held.

In case of urgency, the extraordinary board meeting may be held upon approval by the chairman of the Board, not being subject to the requirement of meeting notice as set out in this Article, provided that reasonable notice shall be given to directors, superisors and the general manager.

Board meetings may be conducted by means of telephone conference, video conference, circulation of documents, facsimile etc. provided that directors can fill the presence of their office, and all directors who participate in Board meetings held in such forms shall be deemed to have attended the meeting in person. For a Board meeting which is held by means of telecommunication, the notice of meeting shall set out the details of the resolutions of the meeting, and shall state the deadline date for voting. The directors who participate in such meeting shall express their votes to the Company via facsimile by the deadline date for such voting as stated in the notice of meeting, and the original copy of such voting decision, which shall be signed by such directors themselves, shall be sent to the Board of the Company.

If there is a conflict of interest deemed to be material by the Board found in the matters to be considered by a financial shareholders or directors at the Board, the relevant matters shall be handled by means of holding a Board meeting (but not written resolutions). Independent non-executive directors themselves and their associates, have no material interest in the transaction should be presented at such Board meeting.

Article 139 The notice of Board meetings may be delivered in the manner(s) as set out in Article 240 of these Articles of Association.

For the directors who have attended the meeting, a notice of the Board meeting will be deemed to have been issued if such directors failed to raise an issue of non-having received such notice before or at the Board meeting.

Article 141 For an major matters to be determined by the Board of the Company, sufficient information shall be provided to the directors and the directors are entitled to require supplemental materials. When more than one-fourth of the directors or two or more external directors (referring to each director who has no executive position in the Company) consider that the materials provided is insufficient or the reasoning is unclear, the majority proposal to defer the Board meeting or defer the Board's consideration on the relevant matters, and the Board shall accept such suggestions accordingly.

Article 142 The Board meeting shall not be held unless more than one half of the directors (including proxies) are present.

Unless otherwise provided in other articles herein, resolutions of the Board shall be required to be passed by more than one half of all the directors.

As for the voting on a Board resolution, each director shall have one vote. When the number of votes cast for and against a resolution is the same, the chairman of the Board shall have a casting vote.

Article 143 The directors shall attend a Board meeting in person. If a director is unable to attend such meeting for any reason, he may appoint another director in writing to attend such meeting on his behalf. The authorization letter shall contain the name of the representative, the matters represented, scope of authorization and validity period. Such letter shall be signed or sealed by the principal.

The appointed director who attends the meeting shall exercise a director's duties within the authorized scope. If a director fails to attend a Board meeting in person and fails to appoint a representative to attend the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.

The Company shall bear the reasonable expenses incurred by directors attending the Board meetings. Such expenses may include costs for transportation from the place(s) where the directors reside to the venue of the meeting (if such venue is not located at the place where directors are stationed), meal and accommodation expenses and local transportation costs during the duration of the meeting.

Article 144 If there are connected relationships between the enterprises involved in the matters referred to in the resolutions of the directors and the Board, a director may not exercise his/her voting right, nor shall he/she vote on behalf of other directors. Such Board meeting can be held if more than one half of the non-connected directors attend such meeting. Resolutions made by the Board meeting shall be required to be passed by more than one half of the non-connected directors. If less than three non-connected directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.

Article 145 The Board meeting shall vote for resolutions by a majority of disclosed ballots.

Article 146 The Board shall keep minutes of its decisions on the matters discussed at the meeting. The directors and secretary of the Board who attend the meeting shall sign on the minutes of such meeting.

The directors shall be responsible for the resolutions of the Board. Where a resolution of the Board is in violation of laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he/she expressed his/her opposition to such resolution when such resolution was put to the vote, and that such opposition was recorded in the minutes of the meeting, the director shall be relieved from such liability.

The minutes of Board meeting shall be kept as a company file for a period of no less than ten years.

Article 147 The minutes of the Board shall consist of the following:

- (1) date and venue of the meeting and the name of the convener;
- (2) the name of the director present and name of director being appointed to attend on the other's behalf (proxy);
- (3) the agenda;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the result (and the result shall specify the number of votes for, against and abstaining from each resolution).

CHAPTER 11 SECRETARY TO THE BOARD

Article 148 The Company shall have one secretary of the Board. The secretary is a senior management officer of the Company.

Article 149 The secretary of the Board shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board.

The principal duties of the secretary of the Board are:

- (1) to ensure that the Company has a complete set of organizational documents and records;
- (2) to ensure that the Company prepares and submits the reports and documents as required by the authorities principally to the law;
- (3) to ensure that the register of shareholders of the Company is kept in a proper manner and that the persons entitled to the access to the relevant records and documents of the Company may obtain the same in a timely manner;

(4) to carry out any other duties as prescribed by laws, administrative regulations, departmental rules and regulations or these Articles of Association.

Article 150 Directors or other senior management officers may concurrently act as the secretary of the Board. No accounting (s) of the accounting firm has is appointed by the Company may concurrently act as the secretary of the Board.

Where the secretary of the Board concurrently act as a director, for an act which is required to be made by a director and the secretary of the Board separately, the person who concurrently act as a director and the secretary of the Board may not perform the act in dual capacity.

Article 151 The Company's directors, general manager and related internal departments shall support the secretary of the Board to perform his or her duties legally and shall provide guarantee in respect of organizational security, staff deployment, and funding. All relevant departments of the Company shall actively cooperate with the secretary of the Board regarding the work of the latter's working organization.

CHAPTER 12 COMPANY SECRETARY

Article 152 The Company shall appoint a company secretary to ensure good communication between and among the members of the Board and to ensure each Board member to follow the policies and procedures of the Board. The company secretary shall report directly to the chairman of the Board and/or the general manager, advise the Board on corporate governance matters through the chairman of the Board and/or the general manager, and shall also arrange for on-job training and professional development of directors.

Article 153 The selection, appointment and dismissal of a company secretary shall be subject to approval by the Board. Decisions in this regard shall be made by a concluding special meeting of the Board by a two-thirds majority of its members. The company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Company may select its company secretary from and among the employees of the Company who should have adequate knowledge of the Company's business. It may also engage an external service provider as its company secretary, in which case it should designate a senior management officer as a contact point with the external service provider.

Article 154 The company secretary shall undergo no less than 15 hours of professional training in each financial year.

Article 155 All directors should have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are observed.

CHAPTER 13 GENERAL MANAGER

Article 156 The Company shall have a team of managers who, under the steering of the Board, implement the decisions of the Board and superintend the Company's daily business operation. A general-manager responsibility system shall be in place within the team of managers.

The Company shall have one general manager, one standing deputy general manager and several deputy general managers to assist the general manager, and also have one chief financial officer. The general manager, standing deputy general manager, deputy general managers and chief financial officer shall be appointed and dismissed by the Board.

Article 157 The term of office of the general manager shall be three years. The general manager shall be re-elected upon reappointment.

The general manager can submit his resignation prior to the expiry of his term of office. The procedure concerning the general manager's resignation shall be stipulated by the employment contract and between the general manager and the Company. Should the general manager fail to perform his duties for special reasons, the standing deputy general manager or one deputy general manager designated by the Board shall perform the duties of the general manager on his behalf.

A director may concurrently act as the general manager, standing deputy general manager or deputy general manager, but the positions of chairman of the Board and general manager must be taken by different persons.

Article 158 The Company's general manager shall be accountable to the Board and shall exercise the following functions and powers:

- (1) to lead the Company's production, operation and management, and report to the Board;
- (2) to organize and implement the Board's resolutions;
- (3) to organize the implementation of the Company's annual business plan and investment plan formulated by the Board;
- (4) to draft plans for the establishment of the Company's internal management system;
- (5) to formulate the system scheme for an branch(es) of the Company;
- (6) to draft the basic management system of the Company;
- (7) to formulate detailed rules and regulations of the Company;

- (8) to propose to the Board the appointment or dismissal of the Company's standing deputy general manager, deputy general manager(s) and chief financial officer;
- (9) to appoint or dismiss other management officers other than those required to be appointed or dismissed by the Board;
- (10) to exercise other powers conferred upon by these Articles of Association or the Board.

Article 159 The Company's general manager shall attend the meetings of the Board. A non-director manager shall not have the right to vote at such meetings.

Article 160 The general manager shall formulate the detailed working rules of the general manager, and such working rules shall be submitted to the Board for approval.

The working rules of the general manager shall include the following:

- (1) conditions, procedures and the number of participants for convening meetings of the managers/officers;
- (2) respective duties and division of work among the general manager and other senior management;
- (3) limits of authority in using company funds and assets as well as the signing of significant contracts, together with the system of reporting to the Board and the Supervisor/Committee;
- (4) other matters deemed to be necessary by the Board.

Article 161 When exercising his functions and powers, the general manager of the company shall bear the duties of good faith and due diligence in accordance with law, administrative regulations and these Articles of Association.

CHAPTER 14 SUPERVISORY COMMITTEE

Section 1 Supervisors

Article 162 The term of office of a supervisor shall be 3 years. Upon expiration, the supervisor's term of office shall be renewable upon re-election and re-appointment.

Article 163 A director and a senior management officer cannot concurrently act as a supervisor.

Article 164 When a supervisor's term of office expires while a new supervisor is not yet appointed, or when a supervisor resigns during his term of office, leading to the number of members in the Supervisor Committee falling below the quorum, and before the newly appointed supervisor takes up his appointment, the original supervisor shall continue to perform his duties according to the provisions of laws, administrative regulations and these Articles of Association.

Article 165 A supervisor shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 166 A supervisor may attend meetings of the Board. He can also question or make suggestions concerning proposed resolutions at the Board meeting.

Article 167 A supervisor may not make use of his or her connected relationship to harm the Company's interests. For any losses caused to the Company arising herefrom, he shall be liable to make indemnification.

Article 168 A supervisor shall faithfully perform his or her supervisor duties in accordance with the provisions of laws, administrative regulations and these Articles of Association.

If a supervisor violates the provisions of laws, administrative regulations, departmental rules and regulations or these Articles of Association while performing the duties for the Company and causing losses to the Company, he shall be liable to make indemnification.

Section 2 Supervisory Committee

Article 169 The Company shall establish a Supervisory Committee.

Article 170 The Supervisory Committee shall be composed of five members, one of whom shall be the chairman of the Supervisory Committee.

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by more than one-half of its members.

Article 171 The Supervisory Committee shall be composed of shareholder representative members, independent members and employee representative members. The shareholder representative members and independent members shall be elected and dismissed by the general meeting, and the employee representative members shall be no less than one-third of the members of the Supervisory Committee, and democratically elected and dismissed by the Company's employees.

Article 172 The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers according to law:

- (1) to examine the Company's financial standing;
- (2) to supervise the directors and senior management officers to ensure that they perform their duties to the Company in violation of an law, administrative regulations or these Articles of Association, and to propose and suggest for dismissing an director or senior management officers who are in violation of law, administrative regulations, these Articles of Association or resolutions of the general meeting;
- (3) to demand rectification made by a director and another senior management officers when the act of the foregoing persons damages the Company's interests;

- (4) to verify the financial information such as the financial reports, business reports and profit distribution plans and others, to be submitted by the Board to the general meeting and, should any queries arise, to enquire, in the name of the Company, certified public accountants and practicing auditors, to conduct a review thereof;
- (5) to propose to convene an extraordinary general meeting and to convene and preside over general meetings when the Board fails to perform such duties of convening and presiding over general meetings;
- (6) to submit proposals to the general meetings;
- (7) to propose to convene an extraordinary meeting of the Board;
- (8) to represent the Company in negotiating with or in bringing legal action against the directors and senior management officers in accordance with the provisions of the Company Law;
- (9) to conduct investigations, upon discovery of abnormality in the business operation and engage professional firms such as accounting firms and law firms to assist in work where necessary. The cost shall be borne by the Company;
- (10) and other functions and powers as stipulated by these Articles of Association.

Article 173

The meeting of the Supervisor Committee shall be held at least once every six months, which shall be convened and presided over by the chairman of the Supervisor Committee. A supervisor may propose to convene an extraordinary meeting of the board of supervisors.

Where the chairman of the board of supervisors is incapable of performing or fails to perform his duties, a supervisor elected by no less than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

Article 174 The Supervisor Committee shall formulate the working rules for the board of supervisors in order to ensure the efficiency of work and scientific decision-making. The convening and voting procedures stipulated in the working rules of the Supervisor Committee (appended to these Articles) shall be drafted by the board of supervisors and approved by the general meeting.

Article 175 A meeting of the Supervisor Committee shall not be conducted, unless it is attended by more than half of the supervisors. Voting at the meeting of Supervisor Committee shall be carried out by disclosed ballot and each supervisor shall have one vote. A supervisor shall attend meetings of the board of supervisors in person, or appoint in writing another supervisor to attend the meeting on his behalf during his absence if necessary. The proxy form shall specify the extent of authorization.

Resolutions at the meeting of the board of supervisors shall be passed by more than two-thirds of the supervisors' votes.

Article 176 The discussed issues shall be recorded in the minutes of the meeting of the Supervisor Committee. Supervisors attending the meeting shall sign on the minutes of meetings.

Supervisors are entitled to request a explanation of their comments made at the meetings be noted in the minutes. Minutes of meeting of the board of supervisors shall be maintained as company files for at least ten years.

Article 177 A notice of the regular meeting of the Superior Committee of all superiors shall be given in writing 10 days prior to the convening of such meeting. A notice of the extraordinary meeting of the Superior Committee of all superiors shall be given in writing 3 days prior to the convening of such meeting.

A notice of a Superior Committee meeting shall include the following contents:

- (1) date, time, and duration of the meeting;
- (2) causes and issues of discussion;
- (3) date of issuance of notice.

Article 178 The Company shall bear the reasonable expenses incurred by superiors in attending meetings of the Superior Committee. Such expenses may include costs for transportation to the time of the meeting (if not the region where superiors are stationed), meal and accommodation expenses, rental for the meeting time and local transportation costs during the duration of the meeting.

The reasonable expenses incurred by the board of superiors in the engagement of professional such as lawyers, certified public accountants,

CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Article 179 A person may not serve as a director, supervisor or senior management of the Company if any of the following occasions occur:

- (1) A person who has no capacity or has restricted capacity for civil acts;
- (2) A person who has committed an offence of corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the social economic order shall be penalized because of committing such offence; or who has been deprived of his political rights, in each case here less than 5 years have elapsed, upon the completion of implementation of such punishment or deprivation;
- (3) A person who is a former director, factotum manager or general manager of a company or enterprise which has undergone bankruptcy and he is personally liable for the bankruptcy of such company or enterprise, here less than 3 years have elapsed, upon the completion of the insolvency and liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise which has its business license revoked due to a violation of the law and who incurred personal liability, here less than 3 years have elapsed, upon the revocation of the business license;
- (5) A person who bears a relatively large amount of debt due and outstanding;
- (6) A person who is under criminal investigation or prosecution by a judicial organization for the violation of the criminal law here said in investigation or prosecution is not yet concluded;
- (7) A person who is prohibited from entering the securities market by the competent securities authority under the State Council and the aforementioned prohibition period has not yet expired;

- (8) An one who may or may not be a head of the company or any of the provisions of the law and administrative regulations, or rules and regulations of the competent authorities;
- (9) An one judged by the competent authorities to be in violation of the provisions of the relevant securities law, has been involved in fraud or dishonest acts where less than 5 years have elapsed since the date on which the judgment was made;
- (10) An one who is not a natural person;
- (11) Other circumstances stipulated by law, administrative regulations or departmental rules and regulations or rules of securities regulators and stock exchange(s) in the place(s) where the shares of the Company are listed.

The breach of the foregoing provisions regarding the election of directors and superintendents, or the appointment of the senior management shall render such election or appointment null and void. Should the occasion(s) arise for which in the foregoing provisions occur during a tenure of a director, superintendent or member of the senior management, the Company shall relieve such person from his/her duties.

Article 180 The validity of the acts of the directors, superintendents or senior management for representing the Company to bona fide third parties shall not be affected by an act not in compliance, with respect to their appointment, election or qualification.

Article 181 In addition to the obligations imposed by law, administrative regulations or listing rules of the stock exchange(s) in the place(s) where the shares of the Company are listed, the Company's directors, superintendents and senior management owe a duty to each Shareholder, in the exercise of the functions and powers conferred upon them by the Company :

- (1) not cause the Company to exceed the business scope as stipulated in its business license;

- (2) act honestly in the best interests of the Company ;
- (3) not exercise the Company's proper powers in any form, including (but not limited to) such opportunities and advantages of the Company ;
- (4) not deprive the shareholders of their individual rights or interests, including (but not limited to) rights of distribution and voting rights, as a prelude to a reorganisation of the Company or by any general meeting for approval in accordance with these Articles of Association.

Article 182 Each of the Company's directors, officers and senior management officers, in the exercise of his rights and discharge of his duties, shall exercise the care, diligence and skill that a reasonable person would exercise in similar circumstances.

Article 183 The Company's directors, officers, and senior management officers, in the exercise of their functions and powers, abide by the principles of good faith and shall not place themselves in a position where their personal interests conflict with their obligations. This principle shall include (but not limited to) the performance of the following obligations:

- (1) to act honestly in the best interests of the Company ;
- (2) to exercise functions and powers within the scope of their functions and powers and may not go beyond the scope of such powers;
- (3) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person and, may not delegate the exercise of his discretion to another person unless permitted by law and administrative regulations or with the informed consent of the general meeting;
- (4) to treat shareholders of the same class equally and to treat Shareholders of different classes fairly ;

- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in these Articles of Association or with the informed consent of the general meeting;
- (6) not to use the Company property for his own benefit in any manner without the informed consent of the general meeting;
- (7) not to employ his position to accept bribes or other illegal income, nor misappropriate the Company's funds or appropriate the Company's property by any means, including (but not limited to) opportunities and advantages of the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of the general meeting;
- (9) to abide by the Articles of Association, perform his duties faithfully, and protect the interests of the Company and not to employ his position and power in the Company to advance his own private interests;
- (10) not to make use of the convenience brought by his duties, nor seek for himself or others the business opportunities originally belonged to the Company, operate for himself or others business similar to the Company's and compete with the Company in any manner without the informed consent of the general meeting;
- (11) not to misappropriate Company funds or deposit the Company funds or assets in an account under his own or other's name;
- (12) not to violate the provisions of these Articles of Association, by lending funds to any other person or providing security for the Company's shareholders or other person with any properties of the Company, without the consent of the general meeting or the Board;
- (13) not to damage the interests of the Company by using his associated relationship;

(14) not to disclose such confidential information which is related to the Company and is acquired by him or her during his or her office in his or her informed consent of the general meeting, and not to use such information except for the purposes of the interests of the Company; however, such information may be disclosed to the court or other governmental authorities under any of the following circumstances:

1. there is a mandatory requirement;
2. it is subject to the requirement of the public interest; or
3. it is subject to the requirement of the interests of such directors, supervisors or senior management of the Company.

Gains generated by such personnel set forth in this Article in violation hereof this Article shall belong to the Company, and for an loss suffered by the Company as a result hereof, the personnel in violation hereof this Article shall be liable for making indemnification.

Article 184

Directors, supervisors and the senior management of the Company may not cause the following persons or institutions (hereinafter referred to as the **Connected Persons**) to do that such directors, supervisors and the senior management are prohibited from doing in their capacity:

- (1) the spouse or minor child of such directors, supervisors and the senior management of the Company;
- (2) the trustee of a director, supervisor or the senior management of the Company or of a person referred to in Item (1) of this Article;
- (3) the partner of a director, supervisor or the senior management of the Company or of a person referred to in Items (1) and (2) of this Article;

- (4) the company or other which a director, supervisor or the senior management of the Company individually control, or joint control with an person referred to in Items (1), (2) and (3) of this Article or another director, supervisor or the senior management of the Company, has actual common control; and
- (5) the director, supervisor or the senior management of such company being controlled as referred to in Item (4) of this Article.

Article 185 The fiduciary duties of the directors, supervisors and the senior management of the Company do not necessarily cease with the termination of their tenure while their obligation to read such trade secrets of the Company confidential or reveal the termination of their tenure, until such secrets become publicly available. Other duties may continue for such period as fairness may require, depending on the time lapse between the termination of tenure and the occurrence of the event concerned, and the circumstances and conditions under which the relationship between them and the Company is terminated.

Article 186 Except for such circumstances provided in Article 60 of the Articles of Association, a director, supervisor and the senior management of the Company may be relieved from such liability for the violation of his/her specific duty by the informed consent of shareholders given at a general meeting.

Article 187 Where a director, supervisor and the senior management of the Company has significant relationship in any way, direct or indirect, in an established or proposed contract, transaction or arrangement entered into by and with the Company, (other than the service contract entered into by and between a director, supervisor and the senior management of the Company and the Company), he/she shall disclose the nature and extent of his/her interest to the Board promptly whether or not such contract, transaction or arrangement is subject to the approval of the Board under normal circumstances.

A director shall not be a party to a contract, transaction or arrangement in which he himself or any of his associates has a significant interest, nor shall such director be included in the quorum for a meeting.

Unless the interested director, officer or senior management of the Company has disclosed such interest to the Board as required under the first paragraph of this Article and the matter has been approved by the Board at a meeting where he was not concerned in the quorum and had refrained from voting, the Company shall have the right to rescind the contract, transaction or arrangement, except where the other party is a bona fide party acting in good faith without knowledge of the breach of obligation by the director, officer or senior management concerned.

A director, officer or senior management of the Company shall be deemed to have some interest in a certain contract, transaction or arrangement in which a Connected Person of such director, officer or senior management has some interest.

Article 188 In the event that a director, officer or senior management of the Company gives a written notice to the Board before the Company considers to establish the contract, transaction or arrangement for the first time, stating that due to the content of the notice, such director, officer or senior management of the Company has an interest in the contract, transaction or arrangement, that matter shall be deemed to be made by the Company, such director, officer or senior management shall be deemed, for the purpose of the preceding Articles of this Chapter, to have declared his/her interest, insofar as attributable to the scope stated in the notice.

Article 189 The Company may not, in any manner, pay a fee for or on behalf of its directors, officers or senior management.

Article 190 The Company may not directly or indirectly provide a loan or loan security for a director, officer or senior management of the Company and of its Company's parent company, or Connected Persons of the foregoing persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (1) The Company provides a loan to its subsidiary or the Company provides a loan security for its subsidiary;
- (2) The Company provides a loan, loan security or other funds to a director, officer or senior management of the Company pursuant to an appointment contract approved by the general meeting, so as to enable such director, officer or senior management of the Company to pay the expenses incurred for the purposes of the Company or for performing his/her duties of the Company; and
- (3) In the event that the normal business scope of the Company includes provision of loans and loan security, the Company can provide loans and loan security to a related director, officer or senior management of the Company or to a Connected Person hereof, and provided that the conditions for the provision of loans and loan security shall be normal business conditions.

Article 191 As for each loan provided by the Company in violation of the preceding Article, the recipient of each loan shall immediately repay each loan regardless of the terms of the loan.

Article 192 As for each loan guarantee provided by the Company in breach of paragraph 1 of Article 190, no enforcement shall be imposed upon the Company, except for the following conditions:

- (1) When the loan is provided to a Connected Person of a director, officer or senior management of the Company or its parent company, the loan provider is not a part of the circumstance;
- (2) The collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

Article 193 For the purposes of the preceding Articles of this Chapter, the term "security" shall include an acknowledgment or arrangement assumed in liability or provided properly to guarantee in order to secure the performance of obligations by an obligor.

Article 194 When a director, supervisor and senior management of the Company is in breach of his/her duties to the Company, the Company shall have the right to adopt the following measures in addition to prior rights and remedies as provided in laws and administrative regulations:

- (1) to demand the relevant director, supervisor or senior management to compensate for the losses suffered by the Company as a consequence of his/her dereliction of duty;
- (2) to revoke any contract or transaction concluded by the Company with the relevant director, supervisor or senior management or contract with a third party (here each third party is a party of or should be a party of having the director, supervisor or senior management representing the Company is in breach of his/her obligations to the Company);
- (3) to demand the relevant director, supervisor or senior management to surrender the gains derived from the breach of his obligations;
- (4) to recover any funds which are received by the relevant director, supervisor or senior management and shall have been collected for the Company, including (but not limited to) commissions;
- (5) to demand the relevant director, supervisor or senior management to return the interest earned or possibly earned on the funds which shall have been given to the Company; and
- (6) to take legal proceedings to obtain the judgment that each director, supervisor or senior management should return to the Company the properly obtained results from his/her breach of obligations.

Article 195

The Company shall enter into a contract in writing with the directors and members of the Company concerning his/her remuneration, with prior consent of the general meeting. The foregoing remuneration shall include:

- (1) remuneration in respect of his/her service as a director, member or senior management of the Company;
- (2) remuneration in respect of his/her service as a director, member or senior management of a subsidiary of the Company;
- (3) remuneration in connection with the provision of other service for the management of the Company and its subsidiary; and
- (4) funds received by each director or member as compensation for their loss of office or for their retirement.

A director or member may not sue the Company for such benefits due to him on the grounds of the foregoing matters, except for, under such contract as mentioned above.

In addition, the Company shall enter into a contract in writing with each director, member and senior management and such contract shall at least include, inter alia, the following provisions:

- (1) The directors, members or senior management of the Company shall undertake that he/she shall observe and comply with the Company Law, the Special Provisions, these Articles of Association, the Codes on Takeovers and Mergers in Hong Kong, the Codes on Share Repurchase in Hong Kong, and other regulations formulated by the Hong Kong Stock Exchange, and shall agree that the Company shall be entitled to the remedies provided in these Articles of Association and that neither the contract nor his office may be transferred;
- (2) The directors, members or senior management of the Company shall undertake that he/she shall observe and perform his/her duties to the shareholders as stipulated in these Articles of Association; and
- (3) The arbitration clause shall be provided for in Article 244 hereof.

Article 196 The contract regarding employment entered into by and between the Company and its directors and officers shall provide that in the event of a takeover of the Company, the Company's directors and officers shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment for loss of their office or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (1) anyone makes a tender offer to all the shareholders;
- (2) anyone making a tender offer aims at having the offeror become a controlling shareholder which has the same definition as has provided herein.

If the relevant director or officer fails to comply with this Article, any funds received by him/her shall belong to those persons who have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such funds on a pro rata basis shall be borne by the relevant director and officer and may not be paid out of such funds.

Article 197 The Company may establish a liability insurance to them as required for directors, officers and senior management in order to reduce the risks which may arise from the performance of duties by such personnel in normal manner.

CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS

Article 198 The Company shall formulate its own financial and accounting systems in accordance with the provisions of laws, administrative regulations and accounting standards of China developed by the competent department in charge of finance, under the Share Council.

Article 199 The Company shall adopt the calendar year as its fiscal year which shall begin from 1 January and end on 31 December of the Gregorian calendar per annum.

The Company shall prepare financial reports at the end of each fiscal year, and such reports shall be examined and verified according to laws.

Article 200 At each annual general meeting, the Board shall submit to the shareholders such financial reports prepared by the Company pursuant to the relevant laws, administrative regulations and such regulatory documents promulgated by the local governments and the competent authorities. The annual general meeting for a particular year shall be held within no more than six months from the settlement date of which the annual accounts for that year is made up.

Article 201 The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting to be convened. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred herein in this Chapter.

The financial reports mentioned in the preceding paragraph shall include the reports of the Board, together with the balance sheet (including each document required to be attached hereto in accordance with the laws and administrative regulations of the PRC or otherwise), profit and loss account or income and expenditure statement, or (where applicable) in violation of the relevant PRC laws) the summary of financial reports approved by Hong Kong Stock Exchange.

At least 21 days before the annual general meeting is convened, and in any event no more than four months from the end of the relevant year, the Company shall deliver the foregoing reports to each holder of overseas-listed foreign shares by postage-paid mail or other means (including through posting at the Company website or other websites as designated by the relevant stock exchange or securities electronic means) permitted by the laws and regulations or listing rules of the stock exchange(s) in the place(s) in which the shares are listed, at the recipient's address as registered in the shareholders register.

The Company shall also send interim financial reports to each holder of overseas-listed foreign shares for the first six months of each fiscal year. The time of delivery shall be three months upon the completion of each six-month period.

Article 202

The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards, laws and regulations but also in accordance with the international accounting standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed. If the financial statements prepared in accordance with each set of accounting standards differ significantly, such differences shall be stated in notes appended to each financial statement. For the purpose of the Company's distribution of after-tax profits in a given fiscal year, the amount, whichever is less, of after-tax profits shown in the said foregoing financial statements shall prevail.

Article 203

The Company may publish its financial results for each fiscal year, which is an announcement regarding interim results within 60 months upon the completion of the first 6 months of the fiscal year and an announcement regarding annual results within 3 months upon the completion of the fiscal year.

Article 205 The Company may not maintain an account book other than a ledger or account book. Assets of the Company shall not be held in an account opened under the name of an individual.

Article 206 The common capital reserve shall include the following funds:

- (1) the premium obtained from the issue of shares in excess of the par;
- (2) each other reserve required to be included in the capital common reserve by the Share Council's competent department in charge of finance.

Article 207 Where a company distributes its after-tax profit of the current year, it shall allocate 10% of the profit as the Company's statutory common reserve. The Company may make no more allocation should the accumulated balance of the Company's statutory common reserve account for more than 50% of the Company's registered capital.

Should the accumulated balance of the Company's statutory common reserve be insufficient to make up for the losses of the Company of the previous year, the current year's profit shall first be used for making up such losses before the statutory common reserve is allocated according to the provisions of the preceding paragraph.

After the Company has allocated the statutory common reserve from the after-tax profit, it may allocate a discretionary common reserve from the after-tax profit, upon a resolution being made by the general meeting.

After the Company has made provision for the losses and has allocated surplus or common reserve, it shall distribute the remaining profits to the shareholders based on (a) the shareholding (ratio) of the shareholders. Distribution made not based on the shareholding ratio as provided herein these Articles of Association.

Should the general meeting distribute the profits to the shareholders before the losses have been made provision and the surplus or common reserve has been allocated, in violation of the provisions of the preceding paragraph, the profits shall be distributed in violation of such provisions may be returned to the Company.

No profit shall be distributed in respect of the shares of the Company being held by the Company.

Article 208 The reserve of the Company is used to make provision for the Company's losses, expand the production operation of the Company or increase the Company's capital. However, capital reserve shall not be used to make provision for the Company's losses.

When surplus or common reserve is converted into capital, the remaining balance of such reserve shall not be less than 25% of the registered capital of the Company before the conversion.

Article 209 The Company may distribute dividends in one of the following forms (or in more than two forms simultaneously): (1) cash dividends; (2) stock dividends; (3) other forms.

The Company shall pay cash dividends and other payments in RMB to domestic shareholders. Such payments made by the Company to holders of foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. Such Hong Kong dollars required for the Company's payments of cash dividends and other payments to the holders of foreign shares shall be handled pursuant to the relevant provisions of the State Administration of Foreign Exchange.

The Board shall be authorized by a resolution passed by the general meeting to implement the dividend distribution of the Company.

Article 210 An amount paid in advance of call on a share of the Company may carry interest but shall not entitle the holder of the share to participate in a dividend subsequently declared in respect thereof which prepaid amount for said share(s).

Article 211 The Company shall appoint a receiving agent for holders of overseas-listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas-listed foreign shares.

The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s) of such listing, or the relevant provisions of the Stock Exchange(s) of such listing.

The receiving agent appointed by the Company for holders of overseas-listed foreign shares listed on the HK Stock Exchange shall be an entity company registered pursuant to the Trade Ordinance of Hong Kong.

Subject to complying with the relevant PRC laws and regulation(a)0.5 (n)0.5 (). (

The Company has the right to cease delivering such dividend arrangements by post to holders of overseas-listed foreign shares, provided that such power shall not be exercised until and such dividend arrangements have been so left unclaimed on two consecutive occasions. However, such power may also be exercised by the Company should such arrangements be undelivered and returned for the first attempt of delivery.

In the event of exercising the right to issue arrangements to holders, no new arrangements shall be issued to replace the lost ones, unless the Company confirms, in writing on reasonable doubt, that the original arrangements have been destroyed.

The Company has the right to sell the shares of a holder of the overseas-listed foreign shares where such holder cannot be contacted in such manner deemed to be appropriate by the Board by the Company may observe the following conditions:

- (1) during a period of twelve years, there have been at least three distributions of such dividends in respect of the shares in question and no dividend during that period has been claimed;
- (2) upon the expiry of the twelve-year period, the Company shall give a notice requiring its attention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company is listed and shall notify the stock exchange of such listing of such shares of such attention.

Article 212 After the general meeting of the Company has resolved on the plan to allocate profits, the Board shall complete the distribution of dividends (or dividend shares) within 2 months after the meeting is convened.

Article 213 The Company will give full consideration to the interests of shareholders and shall implement reasonable profit distribution policy according to the business situation and market environment. The Company's (c)0.6 (o)0.5(1)0.5 p

CHAPTER 17 APPOINTMENT OF AN ACCOUNTING FIRM

Article 214 The Company shall engage an independent accounting firm which complies with the relevant provisions of the Securities and Exchange Ordinance and the annual report and other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting. The appointment period of each accounting firm shall end upon the conclusion of the first annual general meeting.

Should the Company's inaugural meeting fail to exercise its functions and power under the preceding paragraph, the Board shall exercise such functions and power.

Article 215 The term of engagement of an accounting firm engaged by the Company shall commence from the conclusion of the current annual general meeting and until the conclusion of the next annual general meeting.

Article 216 An accounting firm engaged by the Company shall be entitled to the following rights:

- (1) the right of access, at any time, to the accounting books, records or vouchers of the (c)0.5 (o)0.5 (m)0.5 (m)0.5 (e)0.5 (n)0.5 (c)0.5 (o)5.5 (h)0.5 (e)0.5

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Article 217 If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a general meeting is convened. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy exists, such accounting firms shall continue to act.

Article 218 Save as is provided for, under Article 217, the appointment of the accounting firm by the Company may be determined by the general meeting. The Board may not appoint an accounting firm before it is approved by the general meeting.

Notwithstanding anything in the contract between the accounting firm and the Company, the general meeting may, by means of an ordinary resolution, dismiss an accounting firm prior to the expiration of its term of appointment. Such accounting firm's right to claim damages from the Company in respect of such dismissal shall not be affected hereby.

Article 219 The amount of remuneration of an accounting firm or the manner in which the remuneration is determined shall be decided upon by the general meeting. The amount of remuneration of the accounting firm appointed by the Board shall be decided by the Board.

Article 220 The appointment, dismissal or re-appointment of an accounting firm by the Company shall be decided upon by the general meeting and reported to the securities regulator or authorities under the Securities Council for the filing and record.

Where it is intended to pass a resolution at a general meeting to appoint an accounting firm which is not holding a current position to fill a vacancy of the position of the accounting firm, or to dismiss an accounting firm before the expiration of its term of appointment, such matters shall be handled pursuant to the following provisions:

- (1) Before dispatch of the general meeting notice, the proposal on the appointment or dismissal is delivered to the accounting firm to be appointed or to leave its office or already required in the relevant fiscal year. Leaving office shall include the dismissal, resignation and retirement for an accounting firm.

(1) The accompanying firm may resign from its position through by placing the resignation notice in writing at the legal address of the Company. Such notice shall take effect since the date on which it is placed at the legal address of the Company or a later date as specified in the notice. The notice shall include the following requirements:

1. in its opinion, has its resignation does not involve an requirement that should be made to shareholders or creditors of the Company ; or

2. on other such occasions, has shall be presented.

(2) Within 14 days, upon the receipt of such notice in writing as referred to in paragraph (1) of this Article, the Company shall deliver a copy of the notice to the competent authorities. Provided that the notice contains such requirements as above mentioned in paragraph (1) 2. of this Article, the Company shall prepare and place copies of such requirements at the company for inspection by shareholders. The Company shall also deliver duplicates of such foregoing requirements by postage prepaid mail to each holder of ordinary-listed foreign shares at the recipient's address registered in the shareholders register, or, subject to observing the applicable laws, regulations and listing rules, the Company shall post such information at the company website or such site specified by the stock exchange(s) of the place(s) where the Company's shares are listed.

(3) If the accompanying firm's resignation notice contains an requirement referred to in paragraph (1) 2. of this Article, the accompanying firm may request the Board to convene an extraordinary general meeting of shareholders to hear its explanation on the situation of its resignation.

CHAPTER 18 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

Section 1 Merger and Division

Article 222 The merger or division of the Company shall require the proposal prepared by the Board. After such proposal has been passed in accordance with the procedures specified in the Articles of Association of the Company, the relevant amendment and approval procedures regarding such proposal shall be carried out according to law. Shareholders have the right to require the Company or shareholders who are in favor of such proposal on merger or division to purchase their shares at a fair price. The contents of such resolutions approving the merger or division of the Company shall be compiled into a special document for inspection by shareholders.

For holders of overseas-listed foreign shares, the foregoing documents shall be served by post or in a manner permitted by the relevant laws, regulations or listing rules of the stock exchange(s) of the place(s) where the shares of the Company are listed.

Article 223 The merger of a company may be effected by way of a merger or a new consolidation.

As for a merger, both parties to the merger shall enter into an agreement of merger with each other and prepare the balance sheet and checklist of properties. The companies involved shall notify the creditors according to the Company Law, and shall make a public announcement on newspaper recognized by the stock exchange of the place(s) where the Company's shares are listed, and shall clear off its debts or provide corresponding guarantees as the creditors require.

In the case of a merger, the respective creditors' rights and debts of all parties to the merger shall be inherited by the existing company, or the newly established company upon the merger.

Article 224 As for the division of a company, the properties hereof shall be divided accordingly.

As for the division of a company, the balance sheet and checklist of properties of the Company shall be prepared. The companies involved shall notify the creditors according to the provisions of the Company Law, and make a public announcement on the newspaper recognized by the exchange of the place(s) where the Company's shares are listed.

Debts owed by the Company prior to the division shall be jointly assumed by the existing companies; upon the division, as to other issues agreed by written agreement with the Company and the creditors prior to the division.

Article 225 Where an act of the registered items is changed due to a merger or division of a company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be de-registered according to law. If a new company is established, it shall go through the registration for company establishment according to law.

Section 2 Dissolution and Liquidation

Article 226 The Company shall be dissolved and liquidated pursuant to law should the Company be under any of the following circumstances:

- (1) An act of the cause for dissolution as stipulated in these Articles of Association is present;
- (2) The general meeting resolves to dissolve it;
- (3) It is necessary to be dissolved due to merger or division of the Company;
- (4) The Company is declared bankrupt according to law for being unable to pay its due debts;

- (5) If a business license is revoked or it is ordered to close down or to be dissolved according to law; or
- (6) In the event that the Company has encountered serious difficulties in operation and management and that the interests of the shareholders of the Company are caused to suffer from substantial loss due to the continuing existence of the Company while such issue cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of all the shareholders of the Company may file an application with the people's court to dissolve the Company pursuant to law.

Article 227 Where the Company is dissolved according to the provisions of Article 226 (1), (2), (5) or (6) of these Articles of Association, a liquidation team shall be formed within 15 days of the occurrence of the cause of dissolution, to carry out liquidation. The liquidation team shall be composed of the directors or any other people as determined by the general meeting. Where no liquidation team is formed within the time limit, the creditors may file an application with the people's court to designate relevant persons to form a liquidation team to carry out liquidation.

Where the Company is dissolved according to the provisions of Article 226 (4) of these Articles of Association, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation team to carry out liquidation.

Article 228 If the Board decides that the Company shall be liquidated (except for such liquidation as a result of the Company's declared bankruptcy), the notice of the general meeting convened for such purpose shall include a statement of the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay off its debts in full within 12 months after the liquidation has commenced.

The functions and powers of the Board shall terminate immediately after the general meeting has passed the resolution regarding the carrying out of liquidation.

The liquidation team shall take instructions from the general meeting and shall report to the general meeting on the liquidation team's income and expenditure, the business of the Company and the progress of the liquidation at least once per year. It shall make a final report to the general meeting upon the completion of each liquidation.

Article 229

The liquidation team shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make a public announcement on one newspaper recognized by the stock exchange (s) where the shares of the Company is/are listed. Creditors shall, within 30 days of the receipt of the notice or within 45 days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation team.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the identifying materials. f.5 (c)0.5 (e)1 the identifying.5 (h)0.5 (so(e)1 the)12 (a)0.5 (00.5 ed)12.4 (o)12.4

Article 231 After the liquidation team has liquidated the properties of the Company and has prepared the balance sheet and checklist of properties, it shall prepare a plan of liquidation, and report it to the general meeting or the people's

Article 233 Following the completion of the liquidation of the Company, the liquidation

- (2) The changes to the Company have undergone are not in consequence of the records made in the Articles of Association; or
- (3) The general meeting decides that the Article of Association should be amended.

Article 237 Amendments to the Articles of Association passed by resolution at the general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval. Should the registration of the Company be in order, the change to each registration shall be handled according to law.

Article 238 The Board shall amend these Articles of Association according to the resolutions of the general meeting and the opinions of the relevant competent authorities.

Notwithstanding the foregoing paragraph, in the following circumstances, the general meeting may pass a resolution to authorize the Board to amend these Articles of Association in line with the following principles:

- (1) Where as a result of the implementation of the general meeting's resolution, there is the need to make necessary non-substantive modifications (as required in accordance with the resolutions of the general meeting which include amendments to, among others, the registered capital amount, the number of shares and the name and address of the Company in the Articles of Association), the Board shall have the right to modify these Articles of Association according to specific circumstances;
- (2) In the event that changes in the content or the order of the articles are necessary for filing the Articles of Association approved by the general meeting with the competent authorities, the Board is entitled to amend these Articles of Association in accordance with the requirements of the competent authorities.

Article 239 An amendment to these Articles of Association having information to be disclosed as required by the law, regulations or the listing rules of the place(s) in which the shares of the Company are listed, shall be publicly announced as required.

CHAPTER 20 NOTICE

Article 240 Notices of the Company may be served through means as follows:

- (1) delivered by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to the law, regulations and listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, post at the Company's office or such office designated by the relevant stock exchange;
- (5) by public announcement;
- (6) other means as prescribed between the Company and the recipient or as confirmed means upon notice; or
- (7) other means approved by the relevant regulatory agency of the place(s) in which the shares of the Company are listed or as set out in these Articles of Association.

Where the Company issues a notice by public announcement, all relevant personnel shall be deemed to have received such notice once the public announcement has been made.

Unless otherwise required by these Articles of Association, if the notices to the holders of overseas-listed foreign shares are issued by a company of announcement, an e-read e-publish electronic copy of such notices shall be submitted through HKEX-ES of the HK Stock Exchange for publication on its website on the same day in accordance with the Listing Rules. The announcement shall meanwhile be published on the Company's website. In addition, it shall be served on each of the holders of the overseas-listed

Article 241 Unless otherwise provided in these Articles of Association, all means of service of notice as set out in the preceding Article may also be applicable to notices for general meeting, meetings of Board or the Supervisor Committee.

Article 242 If the notice is served by hand, the date of service is the date of acknowledgment of receipt by signature (or affixed seal) on the service receipt slip. If the notice is sent by post, the date of service is the fifth working day from the date of delivery at the post office. If the notice is made via facsimile, e-mail or website, the date of service is the date of transmission. If the notice is made by public announcement, the date of service is the date of the first publication of the public announcement.

Article 243 Where relevant corporate documents may be in English accompanied by a Chinese version and be served through delivery, post, distribution, sending or by announcement or other means according to the requirements of the listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders as the case may be.

CHAPTER 21 SETTLEMENT OF DISPUTES

Article 244 The Company shall comply with the following rules in settling disputes:

- (1) Whenever any disputes or claims arise from any rights or obligations as provided in these Articles of Association, the Company Law and other relevant laws and administrative regulations between a holder of overseas-listed foreign shares and the Company, between a holder of overseas-listed foreign shares and a director or supervisor or the general manager or other senior management of the Company, and between a holder of overseas-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, general manager or other senior management of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

(2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party may also submit to the arbitral body elected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

(3) The laws of the PRC shall govern the arbitration of disputes or claims described in Item (1) above, unless otherwise provided by the law or administrative regulations.

(4) The award of the arbitral body is final and shall be binding on the parties hereto.

CHAPTER 22 SUPPLEMENTARY ARTICLES

Article 245 Definition

(1) In these Articles of Association, acting in concert – means the act of

Article 247 The term accounting firm as used in these Articles of Association shall have the same meaning as a director.

Article 248 These Articles of Association are in Chinese. If it conflicts with a version in another language, the Chinese version shall prevail.