

LEPU SCIEN TECH MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD.

Articles of Association (Draft)

Upon review and approval at the 6th Extraordinary General Meeting for 2021 held on June 9, 2021, the Articles of Association will take effect from the date when the Company's H shares are approved by the relevant state departments and relevant regulatory authorities to be listed and traded on The Stock Exchange of Hong Kong Limited.

(The Articles of Association was originally drafted in Chinese and the unofficial English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.)

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CHAPTER 1 GENERAL PROVISIONS

Article 1

To protect the legitimate rights and interests of the Company, its shareholders and creditors thereof, and to regulate the organization and acts of the Company, the Articles of Association is formulated pursuant to the Company Law of the PRC (hereinafter referred to as the “Company Law”), the Securities Law of the PRC (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Official Reply of the State Council on Adjusting the Provisions Governing Matters Including the Application of the Notice Period for the Convening of Shareholders’ General Meetings by Companies Listed Overseas and other relevant laws, administrative regulations, rules, and normative documents (hereinafter referred to as “Laws and Regulations”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”).

Article 2

The Company is a joint stock company with limited liability incorporated in accordance with the Company Law, the Special Regulations and other relevant laws and regulations.

The Company was established on January 29, 2021 by promotion, and was registered with the Shanghai Municipal Administration for Market Regulation (上海市市場監督管理局) on January 29, 2021 and obtained the business license. The uniform social credit code is 91310000MA1FL7PF84.

The promoters of the Company are Lepu Medical Technology (Beijing) Co., Ltd. and Beijing Target Medical Technologies Co., Ltd.

Article 3

The registered Chinese name of the Company: 樂普心泰醫療科技(上海)股份有限公司
The registered English name of the Company: LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.

Article 4

Domicile of the Company: Room 201, Building 41, No. 258, Xinzhuan Road, Xinqiao Town, Songjiang District, Shanghai
Postal code: 201600
Telephone number: 86-21-3701 5600
Fax number: 86-21-3701 5601

Article 5

The legal representative of the Company is the chairman of the Board of Directors of the Company.

Article 6

The Company is a joint stock company with limited liability and permanently surviving.

The Company is a corporate legal person with independent legal person properties and entitlements to such legal person properties.

All the assets of the Company are divided into shares of equal par value. Each shareholder shall be liable to the Company to the extent of the shares as subscribed by such shareholder. The Company shall be liable for its debts to the extent of all its assets.

Article 7

The Articles of Association shall take effect after consideration and approval at the shareholders' general meeting and as from the date on which the Company's H shares are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange"). The original Articles of Association shall automatically become invalid on the date the Articles of Association enters into effect.

From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders themselves.

Article 8

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

The shareholders of the Company may pursue actions against the Company in accordance with the Articles of Association, and the Company may pursue actions against its shareholders in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's other shareholders in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's directors, supervisors and senior management in accordance with the Articles of Association.

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitration institution for arbitration.

Article 9

The Company may invest in other limited liability companies or joint stock limited companies, and shall be liable for the invested companies to the extent of its capital contribution.

Article 10

Senior management mentioned herein refer to general manager, deputy general manager, financial officer and secretary to the Board of the Company.

CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS

Article 11

The Company's business objective is: upholding the development concept of "Science and Technology Caring for Life", insisting on promoting the development of human health with technological innovation, creating mutual benefit and win-win situation with patients, doctors, employees and business partners, and striving to create good economic and social benefits.

Article 12

The Company's business scope:

Licensed items: import and export of goods, import and export of technologies (for businesses that are subject to approval in accordance with the laws, the business activities shall only be conducted upon approval by the relevant authorities, and the specific businesses shall be subject to the approval documents or licenses granted by the relevant authorities)

General items: engaged in technology development, technology consultation, technical services, technology transfer and marketing planning in the field of medical technology (except for businesses that are subject to approval in accordance with the laws, the business activities shall be carried out independently with the business license(s) in accordance with the laws)

The business scope of the Company is subject to the businesses approved by the company registration authority.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 13

The Company shall maintain ordinary shares at all times. With the approval of the company approval authority authorized by the State Council, the Company may create other classes of shares when needed.

Article 14

All shares issued by the Company are par value stock with par value per share of RMB1.

RMB referred to in the preceding paragraph refers to the statutory currency of the People's Republic of China.

Article 15

The issuance of shares by the Company shall adhere to the principles of openness, fairness and impartiality, and each share in the same category shall carry the same rights.

For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or individual, the price per share paid must be the same.

Article 16

Subject to the approval by the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and foreign investors.

The term “foreign investors” referred to in the preceding paragraph shall refer to those investors from foreign countries and Hong Kong, Macau or Taiwan who subscribe for shares issued by the Company. The term “domestic investors” shall refer to those investors in the PRC, excluding the aforementioned regions, who subscribe for shares issued by the Company.

Article 17

Shares that the Company issues to domestic investors for subscription in RMB shall be referred to as Domestic Shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares listed outside the PRC are referred to as overseas-listed foreign shares.

The term “foreign currency” referred to in the preceding paragraph shall refer to the statutory currency, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the State and can be used to pay the share price to the Company.

Foreign shares issued by the Company which are listed on the Hong Kong Stock Exchange shall be called “H shares”. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Domestic Shares and overseas-listed foreign shares are both ordinary shares. Domestic Shares and overseas-listed foreign shares issued by the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

As permitted by relevant laws and regulations and approved by the securities regulatory authorities of the State Council and any other relevant regulatory authorities, shareholders of the Company may list and trade their unlisted shares outside the PRC. The listing and trading of the aforesaid shares on an overseas stock exchange shall comply with the regulatory procedures, regulations and requirements prescribed by the overseas stock market. Listing and trading of the aforesaid shares on an overseas stock exchange does not need resolution through voting at a class general meeting.

Article 18

The Company, at the time of its establishment, issued 280,000,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:

Lepu Medical Technology (Beijing) Co., Ltd. holds 277,200,000 shares, accounting for 99% of the total number of ordinary shares issued by the Company at the time of its establishment, which are paid by the equity interest corresponding to its 100% equity in Shanghai Shape Memory Alloy Co., Ltd.

Beijing Target Medical Technologies Co., Ltd. holds 2,800,000 shares, accounting for 1% of the total number of ordinary shares issued by the Company at the time of its establishment, which are paid in RMB by cash.

Article 19

After its establishment, the Company issued 9,136,842 shares to Ningbo Jiadu Enterprise Management Partnership (Limited Partnership), 5,600,000 shares to Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership), 15,527,950 shares to Vivo Capital Fund IX, L.P., and 6,211,180 shares to SCC Growth VI Holdco AF, Ltd.; issued 3,152,637 shares to Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership), 3,105,590 shares to CDH Supermatrix D Limited, and 1,560,798 shares to Huaihua Haozhi Enterprise Management Partnership (Limited Partnership). Besides, 22,455,000 H shares are issued in the initial public offering. After the completion of the initial public offering (before the Over-allotment Option is exercised), the total share capital is 346,749,997 shares. The aforementioned H shares are listed on the Main Board of the Hong Kong Stock Exchange.

After the completion of the aforementioned H shares issuance and if the Over-allotment Option is not exercised, the share capital structure of the Company will be as follows: Lepu Medical Technology (Beijing) Co., Ltd. holds 277,200,000 shares, accounting for 79.94% of the Company's total share capital; Beijing Target Medical Technologies Co., Ltd. holds 2,800,000 shares, accounting for 0.81% of the Company's total share capital; Ningbo Jiadu Enterprise Management Partnership (Limited Partnership) holds 9,136,842 shares, accounting for 2.63% of the Company's total share capital; Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership) holds 5,600,000 shares, accounting for the 1.61% of the Company's total share capital; Vivo Capital Fund IX, L.P. holds 15,527,950 shares, accounting for 4.48% of the Company's total share capital; SCC Growth VI Holdco AF, Ltd. holds 6,211,180 shares, accounting for 1.79% of the Company's total share capital; Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership) holds 3,152,637 shares, accounting for 0.91% of the Company's total share capital; CDH Supermatrix D Limited holds 3,105,590 shares, accounting for 0.90% of the Company's total share capital; Huaihua Haozhi Enterprise Management Partnership (Limited Partnership) holds 1,560,798 shares, accounting for 0.45% of the Company's total share capital; holders of H shares hold 22,455,000 shares, accounting for 6.48% of the Company's total share capital.

After the completion of the aforementioned H shares issuance and if the Over-allotment Option is fully exercised, the share capital structure of the Company will be as follows: Lepu Medical Technology (Beijing) Co., Ltd. holds 277,200,000 shares, accounting for 79.17% of the Company's total share capital; Beijing Target Medical Technologies Co., Ltd. holds 2,800,000 shares, accounting for 0.80% of the Company's total share capital; Ningbo Jiadu Enterprise Management Partnership (Limited Partnership) holds 9,136,842 shares, accounting for 2.61% of the Company's total share capital; Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership) holds 5,600,000 shares, accounting for 1.60% of the Company's total share capital; Vivo Capital Fund IX, L.P. holds 15,527,950 shares, accounting for 4.44% of the Company's total share capital; SCC Growth VI Holdco AF, Ltd. holds 6,211,180 shares, accounting for 1.77% of the Company's total share capital; Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership) holds 3,152,637 shares, accounting for 0.90% of the Company's total share capital; CDH Supermatrix D Limited holds 3,105,590 shares, accounting for 0.89% of the Company's total share capital; Huaihua Haozhi Enterprise Management Partnership (Limited Partnership) holds 1,560,798 shares, accounting for 0.45% of the Company's total share capital; holders of H shares hold 25,823,000 shares, accounting for 7.38% of the Company's total share capital.

Article 20

With the plan for issuing overseas-listed foreign shares and Domestic Shares by the Company approved by the securities regulatory authorities of the State Council, the Board of Directors of the Company may arrange for the implementation of such plan by means of separate issuances.

The Company may implement its plan for separate issuances of overseas-listed foreign shares and Domestic Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council, unless otherwise provided by the securities regulatory authorities of the State Council.

Article 21

Where the Company issues overseas-listed foreign shares and Domestic Shares separately within the total number of shares specified in the issuance plan, every such issue shall be fully subscribed for in one time. Where it is impossible for every such issue to be fully subscribed for in one time due to special circumstances, the shares may be issued in several stages, subject to the approval of the securities regulatory authorities of the State Council.

Article 22

The registered capital of the Company before the issuance of H shares was RMB324,294,997. After the completion of the aforementioned H shares issuance and if the Over-allotment Option is not exercised, the Company's registered capital will be RMB346,749,997; if the Over-allotment Option is exercised, the Company's registered capital will be up to RMB350,117,997.

CHAPTER 4 INCREASE AND DECREASE OF CAPITAL AND BUY BACK OF SHARES

Article 23

The Company may, in accordance with its needs of business and development, approve the increase in its capital pursuant to relevant provisions of the Articles of Association.

The Company may increase its capital by the following ways:

- (I) offering new shares to non-specific investors;
- (II) placing new shares to existing shareholders;
- (III) distributing new shares to existing shareholders;
- (IV) converting funds in the capital reserve into share capital;
- (V) other ways as approved by the laws and regulations and the securities regulatory authorities of the State Council.

The Company's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant national laws and regulations, after being approved according to the Articles of Association.

Article 24

In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 25

When reducing its registered capital, the Company must prepare a balance sheet and an inventory of assets.

Within 10 days from the date on which the resolution on reducing registered capital is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days. The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

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

Article 26

The Company may, in accordance with the procedures under the Articles of Association and with the approval by the relevant competent authorities of the state, repurchase its issued shares in the following circumstances:

- (I) deregistration of shares for reducing the Company's capital;
- (II) merger with other company which holds the shares of the Company;
- (III) the shares are to be used for employee share ownership plans or equity incentives;
- (IV) a shareholder who objects to the resolution on the Company's merger or division passed by the shareholders' general meeting requests that the Company buy back his/her/its shares;
- (V) the shares are to be used to convert corporate bonds issued by the Company that can be converted to shares;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests.

Except for the aforesaid circumstances, the Company shall not trade in its shares.

Article 27

With the approval of relevant competent authorities of the state for repurchasing its shares, the Company may conduct the repurchase in one of the following manners:

- (I) to make a repurchase offer to all shareholders in the same proportion;
- (II) to repurchase its own shares through public transaction on a stock exchange;
- (III) to repurchase shares under an off-market agreement;
- (IV) other methods recognized by the laws and regulations and the securities regulatory authorities of the State Council.

To the extent that the Company has the right to repurchase redeemable shares:

- (I) the price shall not exceed a certain maximum price limit unless repurchased by market or by means of tender;
- (II) if repurchased by means of tender, the proposal on tender shall be made to all shareholders equally.

Repurchase of the Company's shares for reasons set out in Item (III), (V) or (VI) of the first paragraph of Article 26 of the Articles of Association shall be conducted by way of open and centralized transaction.

Article 28

A prior approval shall be obtained from the shareholders' general meeting in respect of any share repurchase by the Company through an off-market agreement in accordance with the provisions of the Articles of Association. Upon prior approval of the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

The Company may not assign contracts for the repurchase of its shares or any of its rights thereunder.

Article 29

A resolution of a shareholders' general meeting is required for the repurchase of shares by the Company under either of the circumstances stipulated in item (I) to item (II) of Article 26 of the Articles of Association; for the Company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) of Article 26 of the Articles of Association, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Articles of Association or as authorized by the shareholders' general meeting.

The shares acquired by the Company under the circumstance stipulated in item (I) in accordance with Article 26 of the Articles of Association shall be deregistered within ten days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the Company held in total by the Company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or deregistered within three years. Where the laws, regulations, or the securities regulatory authorities at the place where shares of the Company are listed stipulate other provisions on the relevant matters related to the aforesaid share repurchase, such provisions shall prevail.

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

Article 30

Unless the Company is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its outstanding shares:

- (I) where the Company repurchases its shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit of the Company and from the proceeds of a new share issuance made to repurchase the old shares;
- (II) where the Company repurchases its 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 profit of the Company and from the proceeds of a new share issuance made to repurchase the old shares. The portion in excess of the par value shall be handled according to the following methods:
 - (1) where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit of the Company;
 - (2) where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit of the Company and from the proceeds of a new share issuance made to repurchase the old shares; however, the amount deducted from the proceeds of the new share issuance may not exceed the total premium obtained at the time of issuance of the old shares so repurchased nor may it exceed the amount in the Company's share premium account (or capital reserve account) (including the premiums from the new share issuance) at the time of repurchase.

- (III) 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 rights to repurchase its shares;
 - (2) variation of any contracts for the repurchase of its shares;
 - (3) release from its obligations under a repurchase contract.
- (IV) after the total par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profits for the payment of the par value of shares repurchased shall be included in the Company's premium account (or capital reserve account).

CHAPTER 5 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF THE SHARES OF THE COMPANY

Article 31

The Company or its subsidiaries shall not, at any time and in any manner, provide any financial assistance to purchasers or prospective purchasers of the shares of the Company. The aforesaid purchasers of shares of the Company shall include persons who directly or indirectly assume obligations as a result of purchasing shares of the Company.

The Company or its subsidiaries shall not, at any time and in any manner, provide any financial assistance to the above obligors in order to reduce or discharge their obligations.

The provisions in this article do not apply to the circumstances set out in Article 33 of this chapter.

Article 32

"Financial assistance" referred to in this chapter shall include, without limitation, the following:

- (I) financial assistance given by gifts;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of properties by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's neglect or default) or the release or waiver of rights;
- (III) provision of a loan or execution of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of other parties to such contract, or a change in the parties to such loan or contract or the assignment of rights under such loan or contract, etc.;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when such assistance would lead to a material reduction in the Company's net assets.

The obligations referred to in this chapter shall include the obligations of an obligor which have arisen by making a contract or arrangement (regardless of whether the aforesaid contract or arrangement is enforceable, or whether such obligations are assumed by the obligor individually or jointly with any other person) or any obligations that arise out of changes made in any other way to the obligor's financial condition.

Article 33

The following acts shall not be deemed as those prohibited under Article 31 of this chapter:

- (I) where the financial assistance given by the Company is genuinely for the benefits of the Company and the main purpose of such financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of a general plan of the Company;
- (II) distribution of the Company's properties as dividends pursuant to the law;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, repurchase of shares and adjustment in shareholding structure, etc., in accordance with the Articles of Association;
- (V) provision of a loan by the Company within its business scope and in the ordinary course of its business (provided that it does not lead to a reduction in the net assets of the Company or that if it constitutes a reduction, the financial assistance is paid out of the Company's distributable profits);
- (VI) provision of money by the Company for an employee share ownership plan (provided that it does not lead to a reduction in the net assets of the Company or that if it constitutes a reduction, the financial assistance is paid out of the Company's distributable profits).

CHAPTER 6 SHARES AND SHARE REGISTER

Article 34

The Company's share certificates shall be in registered form.

In addition to those provided in the Company Law and the Special Regulations, a share certificate of the Company shall also contain any other matters required to be specified by the stock exchange where the Company's shares are listed.

At all times during the listing of H Shares on the Hong Kong Stock Exchange, the Company must ensure that all documents of title of all its securities listed on the Hong Kong Stock Exchange (including the H Share certificates) contain the following statements:

- (I) 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, the Special Regulations and other relevant laws, regulations, and the Articles of Association.
- (II) the share purchaser agrees with each of the Company's shareholders, directors, supervisors and senior management, and the Company, acting on behalf of itself and each of its directors, supervisors and senior management, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims arising from the Articles of Association or any disputes or claims of right arising from the rights or obligations under the Company Law or other relevant laws or regulations of the PRC in relation to the Company's affairs in accordance with the Articles of Association, and that any referral to arbitration shall be deemed as an authorization to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such arbitration shall be final and conclusive.
- (III) the share purchaser agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder.
- (IV) the share purchaser authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management, pursuant to which the directors and senior management undertake to observe and fulfill their responsibilities to the shareholders stipulated in the Articles of Association.

The Company is required to instruct and urge its share registrar to reject registration of the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such individual holder delivers to the share registrar a signed form in respect of such shares bearing the aforesaid statements.

Article 35

The share certificates shall be signed by the chairman of the Board of Directors. Where the securities regulatory authorities or stock exchange of the place where the Company's shares are listed requires the share certificates to be signed by the senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall become effective after the Company's seal is affixed thereto or printed thereon. The share certificates shall only be sealed with the Company's seal with the authorization of the Board of Directors. The signature of the chairman or other relevant senior management of the Company may also be reproduced on the share certificate in the form of printing.

Under the conditions of paperless issuance and transactions of shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchange of the place where the Company's shares are listed shall apply.

Article 36

The Company shall keep a share register, in which the following particulars shall be recorded:

- (I) the name (title), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number(s) of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

The share register shall be the sufficient evidence for the shareholders' shareholding in the Company unless there is evidence to the contrary.

Article 37

Subject to the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name (title) of the transferee shall be listed in the share register as the holder of the said shares.

All the issuance or transfer of overseas-listed foreign shares will be registered in the register of holders of overseas-listed foreign shares kept at the place of listing in accordance with the Articles of Association.

All instruments of transfer and other documents relating to or affecting the ownership of any H Shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as joint holders of such shares and subject to the following restrictions:

- (I) the Company shall not register for exceeding four persons as joint shareholders of any shares;
- (II) all joint holders of any shares shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (III) if one of the joint holders is deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares, but the Board of Directors shall have the right, for the purpose of making amendments to the share register, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (IV) in case of joint holders of any shares, only the joint holder that is listed first in the share register shall be entitled to take share certificates for relevant shares from the Company, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares.

Article 38

The Company may keep overseas the register of holders of overseas-listed foreign shares and entrust an overseas agency for its custody in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities. The original copy of H Share register shall be kept in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at the Company's domicile. The appointed overseas agent(s) shall ensure the consistency between the original copy and the duplicate of registers of holders of overseas-listed foreign shares at all times.

If there is any inconsistency between the original copy and the duplicate of registers of holders of overseas-listed foreign shares, the original version shall prevail.

Article 39

The Company shall keep a complete share register.

A share register shall include the following parts:

- (I) share register kept at the domicile of the Company, save as specified in items (II) and (III) herein;
- (II) register of holders of overseas-listed foreign shares of the Company kept at the overseas stock exchange where the shares are listed;
- (III) share register that the Board of Directors decides to keep at other place for the purpose of listing of the Company's shares.

Article 40

The various parts of the share register shall not overlap with each another. The transfer of shares registered in a certain part of the share register shall not, during the continuance of the registration of such shares, be registered in any other part of the share register.

Any change or correction of each part of the share register shall comply with the law of the place where the said part is kept.

Article 41

When the Company convenes a shareholders' general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholder identity, the Board of Directors shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

Article 42

If any person objects to the share register and requests to have his/her name (title) recorded in or deleted from the share register, the said person may apply to the court with jurisdiction to correct the share register.

Article 43

If any shareholder in the share register or any person requesting to have his/her name or title entered into the share register has lost his/her share certificate (that is, the "original share certificate"), the said shareholder or person may apply to the Company for issuing a replacement share certificate for the said shares (that is, the "relevant shares").

Application for reissue of share certificates lost by holders of Domestic Shares shall be processed pursuant to the Company Law.

Application for reissue of share certificates lost by holders of overseas-listed foreign shares may be handled pursuant to the laws, regulations of the stock exchange or other relevant regulations of the place where the original of the register of holders of overseas-listed foreign shares is kept.

Application for reissue of share certificates lost by holders of H Shares shall meet the following requirements:

- (I) the applicant shall apply in the standard format designated by the Company and attach a notarial deed or statutory statement. The notarial deed or statutory statement shall state the reason for the application, the circumstances and evidence of the loss of the share certificates and a statement that no other person may request registration as a shareholder in respect of the relevant shares.
- (II) before deciding to reissue new share certificates, the Company has not received a statement from anyone other than the applicant requesting to be registered as shareholder for the said shares.

- (III) after deciding to reissue new share certificates to the applicant, the Company shall publish an announcement of its intention to reissue the new share certificates on the newspapers designated by the Board of Directors; the announcement period is 90 days, with at least one announcement every 30 days.
- (IV) before publishing the announcement of its intention to reissue the new share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where the Company is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said 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 reissuing share certificates is not approved by the registered holder of the relevant shares, the Company shall mail a copy of the to-be-published announcement to the said shareholder.

- (V) If, after expiry of the 90-day period of announcement and display specified in items (III) and (IV) of this article, the Company has not received any objection to reissue of share certificates from any person, the Company may issue new share certificates as requested by the applicant.
- (VI) When the Company reissues new share certificates as per this article, the Company shall immediately deregister the original share certificates, and record such deregistration and reissue in the share register.
- (VII) All the expenses for deregistering the original share certificates and reissuing new share certificates shall be borne by the applicant. The Company may refuse to take any action before the applicant provides any reasonable guarantee.

In case the Company is granted the right to issue warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubts, that the original warrants have been destroyed.

Article 44

After the Company reissues new share certificates in accordance with the Articles of Association, the name (title) of the bona fide purchaser of the said new share certificates or the shareholder (if it is a bona fide purchaser) later registered as owner of the said shares shall not be deleted from the share register.

Article 45

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of new share certificates, unless the claimant can prove that the Company has committed a fraudulent act.

CHAPTER 7 TRANSFER OF SHARES

Article 46

Unless otherwise specified by the laws and regulations, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, the shares of the Company may be transferred freely without any lien attached. Transfer of overseas-listed foreign shares listed in Hong Kong shall be registered with the local share registrar in Hong Kong as delegated by the Company.

Article 47

All overseas-listed foreign shares listed in Hong Kong for which full payment has been made may be freely transferred, gifted, inherited or pledged in accordance with the Articles of Association; save under the following conditions, the Board of Directors may refuse to recognize any instrument of transfer without providing any reason:

- (I) the Company is paid such fees as the Board of Directors may require from time to time but not exceeding the amount as stipulated from time to time in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, for the registration of instruments of transfer of shares and other documents relating to or affecting the ownership of the shares;
- (II) the instrument of transfer only involves overseas-listed foreign shares listed in Hong Kong;
- (III) stamp duty payable has been paid for the instrument of transfer;
- (IV) relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) if the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares are not subject to lien of any company.

If the Company refuses to register the share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within two months after the request for transfer is submitted.

Article 48

Any holder of overseas-listed foreign shares may transfer all or part of his/her shares by a written instrument of transfer commonly used in any place of listing or in any other form acceptable to the Board of Directors, or by a standard form of transfer prescribed by the stock exchange where the Company's shares are listed. The instrument of transfer shall be executed by the transferor and the transferee either by hand or by printing or, if the transferor or transferee is a recognized clearing house within the meaning of the laws of Hong Kong or its nominee(s) (hereinafter referred to as "recognized clearing house"), by hand or by machine imprinted signature. All instruments of transfer shall be kept at the legal address of the Company or such place as designated by the Board of Directors from time to time.

Where the PRC laws and regulations and the Hong Kong Listing Rules have provisions regarding the period of closure of the register of members prior to a shareholders' general meeting or the benchmark date for the determination of dividend distribution by the Company, such provisions shall prevail.

Article 49

The promoters are not allowed to transfer the shares they hold in the Company for a period of one year after the date of establishment of the Company. Shares in issue prior to a public offering of the Company cannot be transferred within one year from the date of listing of the Company's shares on a stock exchange.

Directors, supervisors and senior management of the Company shall declare to the Company the numbers of the Company's shares held by them and the changes of the shares they hold, and the number of the Company's shares annually transferred by each of them during their terms of office shall not exceed 25% of the total number of the Company's shares held by them respectively. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office. Where relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed have any other provisions in respect of restrictions on transfer of overseas-listed shares, such provisions shall prevail.

Article 50

The Company shall not accept its own shares as the subject matter of a mortgage.

CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 51

The Company's shareholders are persons who lawfully hold shares of the Company and whose names (titles) are entered in the share register.

Shareholders shall enjoy rights and undertake obligations in accordance with the class and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and bear the same obligations.

Article 52

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

- (I) to receive dividends and other kinds of profit distributions as determined by the number of shares held by them;
- (II) to lawfully require, convene, chair, attend or appoint a proxy to attend a shareholders' general meeting and exercise the corresponding voting right;
- (III) to supervise the business operations of the Company, and make suggestions or enquiries accordingly;
- (IV) to transfer, bestow or pledge shares of the Company held by them in accordance with the laws, regulations and the Articles of Association;
- (V) to obtain related information in accordance with provisions prescribed by laws and the Articles of Association, including:
 - 1. to obtain the copies of the Articles of Associations after paying relevant costs;
 - 2. to acquire the right to inspect and photocopy after paying a reasonable charge:
 - (1) copies of all the parts of the share register, including information about their own shareholdings;
 - (2) personal information on the directors, supervisors, and senior management of the Company, including:
 - (a) current and former names and aliases;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and positions;
 - (e) identification documents and numbers.
 - (3) state of the share capital of the Company;
 - (4) report on the aggregate par value, number of shares, the highest and lowest prices of each class of shares in relation to any repurchase by the Company of its own shares since the last accounting year, as well as all the expenses paid by the Company in relation to such repurchases;
 - (5) for inspection by shareholders only, copies of minutes of shareholders' general meetings;

- (6) copy of the latest annual return filed with the market regulation authority or other competent authorities of China if applicable;
- (7) special resolutions;
- (8) bond stub of the Company;
- (9) resolutions of Board meetings;
- (10) resolutions of meetings of the Board of Supervisors;
- (11) the latest audited financial statements, report of the Board of Directors, auditors' report and report of the Board of Supervisors.

The Company shall keep at its Hong Kong address the documents above other than item (2) for free reference by the public and holders of overseas-listed foreign shares.

- (VI) upon termination or liquidation of the Company, participating in the distribution of the Company's residual assets based on their shareholding;
- (VII) a shareholder who objects to the resolution on merger or division of the Company passed by a shareholders' general meeting may request the Company to acquire his/her/its shares;
- (VIII) other rights conferred by the laws and regulations and the Articles of Association.

The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person fails to disclose his/her equity to the Company.

Article 53

When a shareholder requests to inspect the relevant information mentioned in the preceding article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares that he/she holds in the Company, and the Company shall provide such relevant information or such materials upon request after verifying his/her shareholder identity.

Article 54

Where the contents of a resolution of shareholders' general meeting or the Board of Directors of the Company violate any laws or regulations, the resolution shall be invalid.

Where the convening procedures or voting method of a shareholders' general meeting or a Board meeting violate any laws, regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholder shall have the right to apply to the people's court for revocation within 60 days from passing of such resolution.

Article 55

Where the directors or senior management violate the provisions of laws, regulations or the Articles of Association during the performance of their duties and cause losses to the Company, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer are entitled to request the Board of Supervisors to file a lawsuit with the people's court in writing; where the Board of Supervisors violates the provisions of laws, regulations or the Articles of Association in the performance of its duties and causes losses to the Company, shareholders may request the Board of Directors to file a lawsuit with the people's court in writing.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of an emergency where the interests of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interests of the Company.

Where other persons infringe legitimate rights and interests of the Company and cause losses to the Company, the shareholders as specified in the first paragraph of this article may file a lawsuit with the people's court pursuant to the provisions of the preceding two paragraphs.

Article 56

Where any director, supervisor or senior management violates the provisions of laws, regulations or the Articles of Association and causes damages to shareholders, the shareholders may file a lawsuit with the people's court.

Article 57

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

- (I) complying with laws, regulations and the Articles of Association;
- (II) making payment for shares subscribed for according to the quantity of shares subscribed for and the manners of subscription;
- (III) not withdrawing the investment, except for circumstances stipulated by the laws and regulations;
- (IV) not abusing shareholders' rights to harm the interests of the Company or other shareholders; not abusing the independent legal person status of the Company and shareholders' limited liability to harm the interests of the Company's creditors; shareholders of the Company who abuse shareholders' rights and cause damages to the Company or other shareholders shall be liable for compensation pursuant to the law.
- (V) Shareholders of the Company who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.
- (VI) other obligations for the shareholders prescribed by laws, regulations and the requirements of the Articles of Association.

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

Article 58

In addition to obligations imposed by laws, regulations or the listing rules of the stock exchange where the Company's shares are listed, while exercising shareholder's rights, a controlling shareholder (as defined in the following article) shall not make such decisions by exercising their voting rights to the detriment of all or part of the shareholders' interests as below:

- (I) exempting a director or supervisor from the responsibility of acting in good faith in the best interests of the Company;
- (II) approving a director or supervisor (for the benefit of himself/herself or others) to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (III) approving a director or supervisor (for the benefit of himself/herself or others) in depriving other shareholders of their personal interests, including (but not limited to) any distribution rights and voting rights, unless the deprivation is made pursuant to the restructuring of the Company submitted to and adopted at the shareholders' general meeting in accordance with the Articles of Association.

Article 59

The term "controlling shareholder" referred in the preceding article shall refer to a person satisfying any of the following conditions:

- (I) such person may elect more than half of the directors when acting alone or in concert with others;
- (II) when acting alone or acting in concert with others, such person has the power to exercise or control the exercise of more than 30% (inclusive) of the Company's voting rights;
- (III) such person holds more than 30% (inclusive) of issued and outstanding shares of the Company when acting alone or in concert with others;
- (IV) when acting alone or acting in concert with others, such person can obtain actual control of the Company in any other manner.

"Acting in concert" mentioned herein means that two or more persons reach an agreement (verbal or written) whereby any of them obtains the voting rights over the Company in order to control or consolidate the control over the Company.

CHAPTER 9 SHAREHOLDERS' GENERAL MEETING

Section 1 General Rules for the Shareholder's General Meeting

Article 60

The shareholders' general meeting is the organ of authority of the Company, and shall exercise following functions and powers pursuant to the law:

- (I) to decide on the Company's operational objectives and investment plans;
- (II) to elect and remove directors, and to determine the remuneration of the relevant directors;
- (III) to elect and replace the supervisors who are shareholder representatives, and to determine the remuneration of the relevant supervisors;
- (IV) to review and approve the reports of the Board of Directors;
- (V) to review and approve the reports of the Board of Supervisors;
- (VI) to deliberate and approve the Company's annual financial budget plan and final account plan;
- (VII) to deliberate and approve the Company's profit distribution plan and plan for covering losses;
- (VIII) to resolve on any increase or reduction of the Company's registered capital;
- (IX) to resolve on merger, division, dissolution and liquidation of the Company or change of its corporate form;
- (X) to resolve on issue of bonds or other securities and the listing of the Company;
- (XI) to resolve on the engagement, dismissal or discontinuation of the appointment of accounting firms of the Company;
- (XII) to amend the Articles of Association;
- (XIII) to examine proposals raised by the shareholders who hold 3% or more of the total voting shares of the Company;
- (XIV) to examine and approve guarantees required to be approved by the shareholders' general meeting as stipulated by the laws, regulations and Articles of Association;
- (XV) to deliberate matters regarding the purchase or sale of material assets by the Company that within one year exceed 30% of the latest audited total assets of the Company;

(XVI) to review and approve matters relating to the modification of use of raised fund;

(XVII) to consider the equity incentive plans;

(XVIII) to review and approve other issues which should be decided by the shareholders' general meeting as stipulated by laws, regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

Article 61

The Company may not, without approval of shareholders by special resolution at shareholders' general meeting, enter into any contract with any person other than a director, supervisor and other senior management pursuant to which such person shall be responsible for the management of the whole or any substantial part of the business of the Company.

Section 2 Convening of the General Meeting

Article 62

The general meetings shall be divided into annual general meetings and extraordinary general meetings. The general meeting shall be convened by the Board of Directors. The annual general meeting shall be convened once a year and shall be held within six months following the end of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within two months after the occurrence of any of the following events:

- (I) the number of directors is less than the number prescribed in the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (II) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (III) shareholders individually or jointly holding 10% or more of the Company's outstanding voting shares require in writing that an extraordinary general meeting shall be convened;
- (IV) the Board of Directors deems it necessary;
- (V) when proposed by the Board of Supervisors;
- (VI) other circumstances prescribed by the laws, regulations or the Articles of Association.

Article 63

If the Board of Directors is unable or fails to fulfill the obligation of convening the shareholders' general meetings, the Board of Supervisors shall convene and preside over such meetings in a timely manner. If the Board of Supervisors does not convene or preside over such meetings, the shareholder(s) individually or jointly holding 10% or more of the Company's shares for 90 or more consecutive days may convene and preside over such meetings on their own initiative.

Article 64

The Board of Supervisors requesting the convening of an extraordinary general meeting or a class meeting shall proceed in accordance with the procedures set forth below:

- (I) The Board of Directors is proposed in writing to convene an extraordinary general meeting or a class meeting and specify the agenda of the meeting. The Board of Directors shall provide written feedback agreeing with or disagreeing with the convening of the relevant meeting within 10 days after the receipt of the abovementioned written request.
- (II) If the Board of Directors agrees to convene an extraordinary general meeting or a class meeting, a notice of the meeting shall be dispatched within 10 days after the resolution is made by the Board of Directors. Any change to the original request at the meeting shall be subject to approval by the Board of Supervisors.
- (III) Where the Board of Directors disagrees to convene relevant meeting, or fails to make a response within 10 days upon the receipt of the request, the Board of Directors shall be deemed as not being able or fails to perform its duty to convene the general meeting. The Board of Supervisors may convene and preside over such meeting on its own initiative.

Article 65

Shareholders' requests of convening of an extraordinary general meeting or a class shareholders' meeting shall proceed in accordance with the procedures set forth below:

- (I) Two or more shareholders individually or jointly holding 10% or more of shares with voting rights at the meeting to be convened may sign one or several written requests in identical form and content to propose to the Board of Directors to convene an extraordinary general meeting or a class meeting, and specify the agenda of the meeting. The Board of Directors shall provide written feedbacks agreeing with or disagreeing with the convening of the relevant meeting within 10 days after the receipt of the abovementioned written request.
- (II) Where the Board of Directors agrees to convene an extraordinary general meeting or a class meeting, a notice of the meeting shall be dispatched within 10 days after the resolution is made by the Board of Directors. Any changes to the original request at the meeting shall be subject to approval by the relevant shareholders.
- (III) Where the Board of Directors disagrees to convene the relevant meeting, or fails to make a response within 10 days after the receipt of the request, the proposing shareholders shall have the right to request the Board of Supervisors in written to convene the relevant meeting.
- (IV) Where the Board of Supervisors agrees to convene the relevant meeting, a notice of convening the relevant meeting shall be dispatched within 10 days after the receipt of the request. Any changes to the original proposal in the notice shall be subject to approval by the relevant shareholders.

Where the Board of Supervisors fails to dispatch a notice of the relevant meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors does not convene or preside over the relevant meeting, and it is proposed that shareholders may convene and preside over such meeting on their own initiative.

Any reasonable expenses incurred by shareholders' convening and presiding over a meeting due to the failure of the Board of Directors to duly convene a meeting in compliance with the abovementioned request shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors.

Section 3 Proposals and Notices of the General Meeting

Article 66

Where the Company is to convene an annual general meeting, it shall notify each shareholder of the date and venue of the meeting as well as the matters to be considered at the meeting 20 business days prior to the meeting; and where the Company is to convene an extraordinary general meeting, it shall notify each shareholder 15 days or 10 business days (whichever is longer) prior to the meeting.

Article 67

Where the Company is to convene a general meeting, the Board of Directors, the Board of Supervisors and shareholders severally or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company. The contents of the proposals shall fall within the functions and powers of the general meeting, have clear agenda and specific matters to be resolved, and shall comply with relevant requirements of laws, regulations and the Articles of Association.

Shareholder(s) severally or jointly holding more than 3% of the shares of the Company may raise interim proposals and submit them in writing to the convener 10 days before a general meeting. The convener shall, within 2 days after the receipt of such proposals, issue a supplemental notice of the general meeting, announce the contents of the interim proposals, and submit the interim proposals to the general meeting for consideration.

Save as the circumstances referred to in the preceding clause, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

Proposals not set out in the notice of general meeting or not complying with Clause 1 of Article 67 of the Articles of Association shall not be voted on and resolved at the general meeting.

Article 68

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

Article 69

The notice of a shareholders' general meeting shall meet the following requirements:

- (I) be made in writing;
- (II) specifies the venue, duration, date and time of the meeting;
- (III) states the matters to be discussed at the meeting;
- (IV) provides necessary information and explanations to the shareholders, so as to enable them to make informed decisions on the matters to be discussed. This principle shall apply, including but not limited to, when the Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, and shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explains the cause and consequence of the transaction;
- (V) if any of the directors, supervisors and senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the matters to be discussed have a different effect on a director, supervisor or senior management as shareholders compared to that on other shareholders of that same class, they shall explain this difference;
- (VI) sets forth the full text of any proposed special resolution to be passed on at the meeting;
- (VII) states clearly that all shareholders are entitled to attend the shareholders' general meeting and a shareholder entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote on his/her behalf and such proxies need not be a shareholder;
- (VIII) states the time and address for serving the proxy forms of the voting for the meeting;
- (IX) states the record date of Shareholders entitled to attend the shareholders' general meeting;
- (X) states the name and phone number of the standing contact person of the meeting.

Article 70

Save as otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote at the shareholders' general meeting) by personal delivery or per-paid mail to the recipient's address in the share register. For holders of Domestic Shares, the notice of the shareholders' general meeting may also be given by way of announcement.

The announcement as referred to on the preceding paragraph shall be published on one or more national newspaper(s) specified by the securities regulatory authorities of the State Council. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Article 71

Where a notice of meeting is not delivered to persons who have the right to receive the notice or such persons do not receive the notice of meeting due to accidental omission, the meeting and the resolutions passed at the meeting shall not be rendered invalid as a result thereof.

If the relevant regulation of securities regulatory authorities of the place where the shares of the Company are listed stipulate that the Company sends, posts, distributes, issues, announces or otherwise provides communications of the Company in English version and Chinese version, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

Section 4 Holding of the General Meeting

Article 72

Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (who need not be a shareholder or shareholders) as his/her/its proxy to attend and vote on his/her/its behalf. The proxy(ies) may exercise the following powers according to the entrustment of the shareholder(s):

- (I) the same right of speech as the shareholder at the shareholders' general meeting;
- (II) the authority to demand or join other shareholders in demanding a poll;
- (III) the right to vote by hand or on a poll, but when more than one proxy has been appointed, such proxies shall only have the right to vote on a poll.

Article 73

The appointment of a proxy shall be in writing and signed by the appointing shareholder or his/her attorney authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or signed by its director or attorney duly authorized.

The power of attorney shall state the number of shares represented by the proxy. If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.

Article 74

The instrument appointing a voting proxy shall be deposited at the Company's domicile or at any other place as specified in the notice of meeting at least 24 hours prior to either the convening of the relevant meeting at which the proxy is authorized to vote or the designated voting time. Where the instrument of proxy is signed by a person authorized by the appointing shareholder, the power of attorney authorizing such person to sign or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing a voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other decision-making bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

Where the shareholder is a recognized clearing house or its agent as defined in Hong Kong Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the shareholder may authorize more than one person as he/she deems appropriate as his/her proxy(ies) at any shareholders' general meeting or class meeting; however, where two or more than two persons are thus authorized, the power of attorney shall specify the numbers and classes of shares of each of such authorized proxies. The power of attorney shall be signed by the persons authorized by the recognized clearing house. The person thus authorized may represent the recognized clearing house (or agent thereof) in exercising its rights at any meeting (without being required to present a share certificate, notarized power of attorney and/or further evidence of due authorization) as if that person was an individual shareholder of the Company.

Article 75

Any format of the power of attorney issued to a shareholder by the Board of the Company for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided on at the meeting. Such a power of attorney shall specify that in default of directives from the shareholder, the proxy may vote as he/she thinks fit.

Article 76

If the principal has passed away, lost his/her ability to act, revoked the entrustment or withdrawn the authorization for signing the entrustment or has transferred relevant shares prior to voting, as long as the Company has not received any written notice regarding these matters before the commencement of the relevant meeting, the vote cast by the proxy in accordance with the power of attorney shall remain valid.

Article 77

The chairman of the Board of Directors shall act as the chairman of the shareholders' general meeting. Where the chairman is unable to attend the meeting for any reason, a director nominated by more than half of directors shall chair the meeting. In the event that the chairman of the meeting is not elected, the shareholders present at the meeting may elect one person at the meeting to be the chairman. If shareholders cannot elect the chairman for any reason, the shareholder (including proxies) present at the meeting who holds the largest number of voting shares shall be the chairman of the meeting.

The chairman of the Board of Supervisors shall preside over the shareholders' general meeting convened by the Board of Supervisors on its own initiative and act as the chairman of the meeting. A supervisor shall be elected jointly by more than half of supervisors to preside over the meeting when the chairman of the Board of Supervisors fails or refuses to perform the duty.

In the case of a shareholders' general meeting convened by shareholders on their own initiative, a representative recommended by convener(s) shall preside over the meeting and act as the chairman of the meeting.

Where a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman to continue the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

Section 5 Votes and Resolutions of Shareholders' General Meeting

Article 78

Resolutions made at a shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights represented by shareholders (including their proxies) present at the meeting.

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

Article 79

Shareholders (including their proxies) who vote at a shareholders' general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share carries the right to one vote.

The shares of the Company held by the Company itself shall have no voting right and shall not be included in the total number of shares with voting rights of the shareholders who are present at the shareholders' general meeting.

If any laws and regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association require that any shareholder shall abstain from voting on a certain proposal or limit any shareholder to only cast affirmative or negative votes on a certain proposal, any votes cast by the shareholder or proxy thereof in violation of the aforesaid requirement or restriction shall not be counted to the results of the voting.

Article 80

In the event the matters of connected transactions are considered at a shareholders' general meeting, connected shareholders shall abstain from voting upon such connected transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolution of such meeting shall fully disclose the votes of the unrelated shareholders.

Article 81

A vote at a shareholders' general meeting shall be taken by a show of hands unless a ballot is taken specifically in accordance with the requirements of the listing rules of the stock exchange where the Company's shares are listed, or unless a ballot is demanded by the following persons before or after a vote by a show of hands:

- (I) chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies thereof;
- (III) shareholder(s) (including proxies thereof) severally or jointly holding more than 10% (inclusive) of shares with voting rights at the meeting.

Unless anybody requires voting by ballot, the chairman of the meeting shall announce the result of voting by show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions approved at the meeting.

The request for voting by ballot may be revoked by the person tendering the request.

When voting is conducted on a proposal at a shareholders' general meeting, the Company shall appoint its auditors, share registrar or external accountants qualified for auditors to act as scrutineer for the vote-taking and state the identity of the scrutineer in the announcement.

Article 82

If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issues. The voting results shall be deemed as resolutions passed at the said meeting.

Article 83

In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all the votes in the same way of pros or cons.

Article 84

In case of an equality of votes, whether by a show of hands or by ballot, the chairman of the meeting shall be entitled to an additional vote.

Article 85

The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) dismissal of members of the Board of Directors and the Board of Supervisors, and their remunerations and the method of payment thereof;
- (IV) the annual budget and final accounts, the balance sheet, statements of profits and other financial statements of the Company;
- (V) all other matters other than those shall be passed by special resolution as stipulated by laws, regulations, listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

Article 86

The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (I) increase or reduction in the share capital of the Company, and issuance of any class of shares, warrants and other similar securities;
- (II) issuance of corporate bonds or listing;
- (III) division, merger, dissolution and liquidation of the Company or change of its corporate form;
- (IV) amendment to the Articles of Association;
- (V) the amount of the Company's purchase or disposal of material assets or providing guarantee in one year exceeds 30% of the latest audited total assets of the Company;
- (VI) consideration and implementation of the equity incentive plans;
- (VII) other matters that are specified by laws, regulations or the Articles of Association and that, resolved by the shareholders' general meeting by an ordinary resolution, may have a material effect on the Company and should therefore be approved by a special resolution.

Article 87

The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed or not, and his/her decision shall be final and conclusive, and shall be announced at the meeting and recorded in the minutes.

Article 88

If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may have the votes counted. If the chairman of the meeting fails to count the votes, any shareholder who is present in person or by proxy who objects to the result announced by the chairman of the meeting is entitled to, immediately after the declaration of the voting result, demand to count the votes and the chairman of the meeting shall have the votes counted immediately.

Article 89

If votes are counted at a shareholders' general meeting, the counting result shall be recorded in the minutes.

The minutes together with the attendance book of shareholders and the powers of attorney for attendance by proxy shall be kept at the domicile of the Company.

Article 90

Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. If any shareholder asks for copies of relevant minutes, the Company shall send out the said copies within seven days after receipt of reasonable charges.

CHAPTER 10 SPECIAL PROCEDURES FOR THE VOTING OF CLASS SHAREHOLDERS

Article 91

Shareholders who hold different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws and regulations, and the Articles of Association.

If the share capital of the Company includes shares without voting rights, such shares shall be specified as “Without Voting Right”.

If the share capital includes shares with different voting rights, each class of shares (except those with most preferential voting rights) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

Article 92

If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders’ general meeting and by a separate shareholders’ meeting convened by the affected class shareholders according to Article 94 to Article 98.

Article 93

The rights of a class shareholder shall be deemed to be changed or abrogated under any of the following circumstances:

- (I) increase or reduce the number of shares of that class, or increase or reduce the number of shares of other class with equal or more voting rights, distribution rights and other privileges;
- (II) convert all or part of the shares of that class into other class(es) or convert all or part of shares of other class(es) into that class, or grant such conversion right;
- (III) cancel or reduce the right of that class of shares to obtain dividends generated or cumulative dividends;

- (IV) reduce or remove a dividend preference or property distribution preference during liquidation of the Company attached to shares of that class;
- (V) add, remove or reduce share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to shares of that class;
- (VI) remove or reduce rights to receive amounts payable by the Company in a specified currency attached to shares of that class;
- (VII) create new class(es) of shares entitled to equal or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (VIII) impose restrictions on the transfer or ownership of that class of shares or increase such restrictions;
- (IX) issue subscription or conversion rights for shares of that class or another class;
- (X) increase the rights and privileges of other class(es) of shares;
- (XI) a restructuring plan of the Company which will cause shareholders of different categories to bear liability to different extents during the restructuring;
- (XII) revise or nullify the provisions in this chapter.

Article 94

Affected class shareholders, whether or not having the right to vote at shareholders' general meeting, shall have the right to vote at class meetings in respect of matters referred to in Items (II) to (VIII) or (XI) to (XII) of Article 93, provided that interested shareholders shall not have the right to vote at class meetings.

The interested shareholders as specified in the preceding paragraph refer to:

- (I) if the Company has made a repurchase offer to all shareholders in the same proportion in accordance with the provisions of the Articles of Association or has repurchased its own shares through public transaction on a stock exchange, "interested shareholders" shall mean the controlling shareholders defined in Chapter 8 of the Articles of Association;
- (II) if the Company has bought back its own shares by an agreement outside a stock exchange in accordance with the provisions of Chapter 4 of the Articles of Association, "interested shareholders" shall mean the shareholders related to the agreement;
- (III) under a restructuring plan of the Company, "interested shareholders" shall mean the shareholders who are liable in a lower proportion than other shareholders of the same class or who have different interests from other shareholders of the same class.

Article 95

A resolution of the class meeting shall be adopted by more than two-thirds of the voting shares represented by shareholders of that class present at the meeting in accordance with Article 94.

Article 96

Where the Company holds a class meeting, it shall, in accordance with the time limit for holding the shareholders' general meeting, issue a notice informing all shareholders of the that class in the shares register of the matters to be deliberated at the meeting as well as the date and place of the meeting.

Where the listing rules of the place where the Company's shares are listed have special provisions, such provisions shall apply.

Article 97

The notice of a class meeting only needs to be delivered to the shareholders entitled to vote at that meeting.

The procedures for convening a class meeting shall be the same as the procedures for the shareholders' general meeting as far as possible and the provisions in the Articles of Association relating to the procedure to convene a shareholders' general meeting shall apply to the class meeting.

Article 98

Apart from other classes of shareholders, the holders of Domestic Shares and overseas-listed foreign shares are deemed to be shareholders of different classes.

The special procedures for the voting of class shareholders shall not apply in the following circumstances:

- (I) upon the approval by way of a special resolution passed by a shareholders' general meeting, the Company independently or simultaneously issues Domestic Shares, overseas-listed foreign shares every 12 months, provided that the amount of each class of shares intended to be issued should not be more than 20% of the outstanding shares of the respective class;
- (II) the Company's plan on issuing Domestic Shares and overseas-listed foreign shares at the time of incorporation, which is completed within 15 months upon the date of approval from the securities regulatory authorities of the State Council;
- (III) upon the approval by the securities regulatory authorities of the State Council, holders of Domestic Shares and unlisted foreign shares of the Company may transfer, in whole or in part, the shares held by them to foreign investors and list and trade such shares on an overseas stock exchange; or all or part of the Domestic Shares and unlisted foreign shares may be converted into overseas-listed shares and listed and traded on an overseas stock exchange.

CHAPTER 11 BOARD OF DIRECTORS

Section 1 Directors

Article 99

The Company shall establish a Board of Directors, which shall comprise 7 directors (including executive directors, non-executive directors and independent non-executive directors (hereinafter referred to as “Independent Directors”)), one of whom shall be chairman.

Independent Directors as referred to in the preceding paragraph shall refer to directors holding no positions other than that of directors in the Company and having no relationship with the Company and its substantial shareholders as to hindering their independent and objective judgments. The number of Independent Directors shall not be less than one third of the total membership of the Board and not less than three, and at least one independent director shall have appropriate professional qualifications, or shall have appropriate accounting or related financial management expertise.

Where the system of Independent Directors is not provided for in the Articles of Association, it shall be governed by the relevant laws and regulations and the relevant provisions of the listing rules of the stock exchange where the Company’s shares are listed.

Article 100

Directors shall be elected at a shareholders’ general meeting, and shall serve a term of office of three years. A director shall be eligible for re-election upon expiry of the term of office. Prior to expiry of term of office of a director, a shareholders’ general meeting shall not remove the director without a reason.

The term of office of a director shall be from the date of appointment to the expiry of tenure of the current Board of Directors. Where re-election is not promptly carried out upon expiry of the term of office of a director, prior to appointment of a new director, the original director shall continue fulfilling his/her duties as a director pursuant to the provisions of laws, regulations and the Articles of Association until the reelected director takes office.

The chairman of the Board of Directors shall be elected or removed by more than half of all the directors. The term of office for the chairman of the Board of Directors shall be three years and he/she shall be eligible for re-election.

Directors are not required to hold any shares of the Company.

Article 101

Candidates for directors shall normally be submitted by the Board of Directors of the Company to the shareholders’ general meeting of the Company by way of proposal. The shareholders and the Board of Supervisors of the Company may nominate candidates for election as directors in accordance with the provisions of the Articles of Association.

A written notice of the intention to nominate a candidate for director and a notice in writing by that candidate indicating his/her acceptance of such nomination shall be given to the Company not earlier than the day on which the notice of the shareholders’ general meeting is given and not later than seven days before the date of such shareholders’ general meeting. The period for nomination and acceptance of nominations shall not be less than seven days.

Article 102

A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board.

If any director resigns so that the membership of the Board lower than the quorum, the original director shall continue fulfilling his/her duties as a director pursuant to the provisions of laws, regulations and the Articles of Association until the reelected director takes office.

Save as provided in the preceding paragraph, the director's resignation shall be effective when his/her resignation is served to the Board.

Without violating the relevant laws, regulations and regulatory rules of a place where the Company's shares are listed, a person newly appointed as director by the Board to fill a temporary vacancy or to add to the quota of directors of the Board shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election.

Article 103

Any director who has left his/her office without authorization before his/her term of office expires and thereby causes the Company to incur a loss shall be liable for compensation.

Subject to compliance with the relevant laws and regulations, the shareholders' general meetings may remove any director whose tenure has not expired by ordinary resolutions (without prejudice to any claim which might be put forward in accordance with any contract).

A director shall ensure that he/she has sufficient time and effort to perform his/her duties as a director and shall be deemed to be unable to perform his/her duties if he/she fails to attend Board meetings in person or by proxy for two consecutive times, and the Board may suggest that the shareholders' general meeting replace the said director.

Section 2 Board of Directors

Article 104

The Board may establish special committees such as audit, remuneration and nomination committees as required. The Board may establish other special committees and adjust existing committees as required. The Board shall consult the relevant special committees before making relevant resolutions.

The members of each special committee under the Board shall all be directors and elected by the Board. Each special committee may engage intermediaries to provide professional advice, with costs to be borne by the Company.

The Audit Committee can only be composed of non-executive directors, a majority of whom shall be Independent Directors, and at least one member must be an independent director with appropriate professional qualifications as required by the Hong Kong Listing Rules or with appropriate accounting or related financial management expertise. The chairman of the Audit Committee must also be an independent director. The majority of the members of the Remuneration Committee shall be Independent Directors and the chairman shall be an Independent Director. The Nomination Committee shall be chaired by the chairman of the Board or an independent non-executive director and the majority of its members shall be independent non-executive directors.

All the special committees shall be accountable to the Board, and proposals of all the special committees shall be submitted to the Board for examination and decision.

Article 105

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

- (I) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;
- (II) to implement resolutions of shareholders' general meetings;
- (III) to decide on the Company's operational plans and investment plans;
- (IV) to formulate the Company's annual financial budget plan and final account plan;
- (V) to formulate the Company's profit distribution plan and plan for covering losses;
- (VI) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (VII) to formulate proposals for the merger, division, dissolution of the Company and change of its corporate form;
- (VIII) to decide on the setup of the Company's internal management organs;

- (IX) to appoint or dismiss the Company's general manager and secretary to the Board of Directors, appoint or dismiss other senior management of the Company based on the nomination of general manager, and to decide on matters relating to their emoluments;
- (X) to formulate the Company's basic management system;
- (XI) to formulate proposals for any amendment to the Articles of Association;
- (XII) to propose to the shareholders' general meeting on the appointment or replacement of accounting firm which provides audit services to the Company;
- (XIII) to decide on external guarantees of the Company beyond the scope of consideration by the shareholders' general meetings;
- (XIV) to decide on the matters in which the amount of the Company's purchase or disposal of material assets or providing guarantee in one year does not exceed 30% of the latest audited total assets of the Company;
- (XV) to approve connected transactions that are required to be approved by the Board of Directors under the laws, regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association;
- (XVI) to exercise any other functions and powers stipulated by laws, regulations or the listing rules of the stock exchange where the Company's shares are listed, and granted by the shareholders' general meetings.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors, unless otherwise provided by laws, regulations and the Articles of Association and with the exception of matters on formulating the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities of the Company and listing plan, formulating proposals for the merger, division, dissolution of the Company and change of its corporate form, as well as formulating proposals for any amendment to the Articles of Association, which must be passed by the affirmative vote of more than two-thirds of all the directors.

Article 106

For the disposal of any fixed assets by the Board, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four months preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the approval of the shareholders' general meeting.

The disposal of fixed assets referred to in this article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

Any breach of paragraph 1 of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

Article 107

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

- (I) presiding over shareholders' general meetings, and convening and presiding over Board meetings;
- (II) inspecting implementation of resolutions of the Board of Directors;
- (III) signing securities issued by the Company;
- (IV) signing important legally binding documents on behalf of the Company;
- (V) exercising other powers and functions granted by the Board of Directors.

Where the chairman is incapable of performing his/her duties, a director nominated jointly by more than half of the directors shall perform his/her duties.

Article 108

Regular meetings of the Board of Directors shall be held at least four times a year and convened by the chairman. The notice of such meeting shall be given to all directors and supervisors 14 days before the meeting. Under any of the circumstances, the chairman of the Board shall convene an interim Board meeting within 10 days after receipt of a proposal:

- (I) shareholders representing one tenth or more voting rights propose;
- (II) one third or more of the directors propose jointly;
- (III) the Board of Supervisors proposes;
- (IV) the general manager proposes.

Article 109

Notice of Board meetings and interim Board meetings shall be delivered by hand, fax, express mail service, registered post, email or paperless office system; the time limit for notice shall be at least fourteen days before a regular Board meeting, or at least three days before an interim Board meeting; when an interim Board meeting is required to be convened promptly in emergency situations, a notice of the meeting may be given at any time by telephone or other oral means, but the convener shall make an explanation at the meeting.

Notice of a Board meeting shall include the following details:

- (I) date and venue of the meeting;
- (II) the duration of the meeting;
- (III) reasons and topics;
- (IV) date on which the notice is sent.

Article 110

A director shall be deemed to have been given a notice of the meeting if he/she is present at the meeting and does not raise an objection before or at the commencement of the meeting that he/she has not received such notice.

Article 111

Regular or interim Board meetings may be held on-site, by telephone, by video conference or by any other similar communications equipment, and all directors present shall be deemed to have attended the meeting in person provided that they are able to hear and communicate with other directors.

Article 112

Meetings of the Board of Directors may be held only if more than half of the directors (including proxies) attend.

Every director shall have the right to one vote. The resolution proposed by the Board of Directors shall be passed by a simple majority of all the directors, unless otherwise stated in the Articles of Association.

When the negative votes and the affirmative votes are the same, the chairman has one more vote.

Where a director or any of its associates (as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited) has any interest in the subject matter of the meeting (including the approval of any contract, transaction, arrangement, etc.) or the director has associated relationships with the enterprise related to the subject matter of the meeting, such director shall withdraw from the meeting, does not enjoy any voting rights and shall not be counted in the quorum thereof. The Board meeting may be held with the quorum of a simple majority of unrelated directors and resolutions to be passed at the Board meeting shall be passed by a simple majority of votes of unrelated directors. Where the number of unrelated directors present at the Board meeting is less than 3, the matter shall be submitted to the shareholders' general meeting for deliberation.

Article 113

Directors shall attend Board meetings in person and express clear views on the matters discussed. Where a director is unable to attend for any reason, he/she may appoint another director to vote on his/her behalf according to his/her intentions by a written power of attorney specifying the scope of authorization.

The director authorized to attend the meeting shall exercise the director's rights within the scope of authorization. Where a director does not attend a particular Board meeting nor appoint a proxy to attend the meeting, he/she shall be deemed to forfeit his/her voting rights at such meeting.

Article 114

The interim Board meetings may also be conducted by way of written proposals as the case may be, i.e., the content of the proposal to be discussed and considered is distributed in writing to all directors for voting, unless otherwise recorded by the directors on the resolution, the signature of the directors on the resolution shall be deemed to be a vote of approval.

For any matter which needs to be passed at an interim Board meeting, a resolution is deemed effectively passed if the Board has distributed the written proposals to be resolved (including by fax) to all directors and the number of directors who have signed and approved such resolution reached the number required to make such decision under Article 112 of this chapter.

Article 115

The Board of Directors shall make minutes of resolutions on matters discussed at the meeting, and the directors and the recorder attending the meeting shall sign the minutes. The directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates any laws, regulations, the Articles of Association or resolutions of the shareholders' general meeting, and as a result of which the Company sustains serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Minutes of Board meetings shall be true, accurate and complete and specify the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) names of the attending directors and the names of directors (proxies) attending through proxy;
- (III) agenda of the meeting;
- (IV) highlights of directors' speeches (where meetings are held by way of written proposals, written feedback from directors shall prevail);
- (V) voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions).
- (VI) the minutes of the Board meeting shall be kept as archives of the Company for a period of not less than 10 years.

CHAPTER 12 SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY

Article 116

The Company shall appoint a secretary to the Board of Directors. The secretary to the Board of Directors shall be a member of senior management of the Company, who is accountable to the Board of Directors.

Article 117

The secretary to the Board of Directors of the Company shall be a natural person with necessary expertise and experience and is appointed by the Board of Directors. His/her primary responsibilities are:

- (I) to ensure that the Company has a complete set of organizational documents and records;
- (II) to ensure that the Company legally prepares and submits reports and documents as required by the competent authorities;

- (III) to ensure that the share register of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents;
- (IV) to be responsible for the information disclosure of the Company;
- (V) to be responsible for preparing shareholders' general meetings and Board meetings;
- (VI) other responsibilities stipulated by the rules of the stock exchange where the Company's shares are listed.

Article 118

Directors or senior management of the Company may concurrently serve as the secretary to the Board of Directors of the Company. The accountants of the accounting firms engaged by the Company shall not concurrently serve as the secretary to the Board of Directors of the Company.

Where a director concurrently serves as the secretary to the Board of Directors of the Company, if any act needs to be done separately by a director and the secretary to the Board of Directors of the Company, the person concurrently serving as director and the secretary to the Board of Directors of the Company shall not take such action in both capacities.

CHAPTER 13 GENERAL MANAGER OF THE COMPANY

Article 119

The Company shall have one general manager to be appointed or dismissed by the Board of Directors.

Article 120

The general manager of the Company, who shall be accountable to the Board of Directors, may exercise the following functions and powers:

- (I) to manage the production, operation and administration of the Company and arrange for the implementation of the resolutions of the Board of Directors;
- (II) to organize the implementation of the Company's annual operational plans and investment plans;
- (III) to formulate plans for establishment of internal management organs of the Company;
- (IV) to formulate basic management system of the Company;
- (V) to formulate specific rules and regulations of the Company;

- (VI) to recommend the appointment or dismissal of any deputy general manager and chief financial officer of the Company;
- (VII) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) any other function and power granted by the Articles of Association and the Board of Directors.

Article 121

The general manager of the Company shall be present at Board meetings. Non-managing director shall have no voting rights at Board meetings.

Article 122

In exercising functions and powers, the general manager of the Company shall fulfil the obligation of integrity and diligence in accordance with laws, regulations and the Articles of Association.

CHAPTER 14 BOARD OF SUPERVISORS

Article 123

The Company shall establish a Board of Supervisors, which shall perform supervisory functions according to laws, regulations and the Articles of Association.

Article 124

The Board of Supervisors shall comprise three supervisors, including a chairman. The appointment and dismissal of the chairman of the Board of Supervisors shall be passed by the votes of more than two-thirds of the members of the Board of Supervisors. Each term of office of a supervisor shall be three years and he/she shall be eligible for re-election.

Article 125

The Board of Supervisors shall be composed of shareholder representatives and employee representatives. Shareholder representatives shall be elected and removed at shareholders' general meetings, and employee representatives shall be elected and removed democratically by the employees of the Company. The number of employee representative supervisors of the Company shall not be less than one-third of the supervisors.

Article 126

Directors and senior management of the Company shall not act concurrently as Supervisors.

Article 127

A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, regulations and the Articles of Association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of a supervisor results in the number of supervisors being less than the quorum.

Article 128

Meetings of the Board of Supervisors shall be convened at least once each six months and be convened and presided by its chairman. Extraordinary meetings of the Board of Supervisors can be convened by the supervisors.

A supervisor shall be elected jointly by more than half of supervisors to convene and host the meetings of the Board of Supervisors when the chairman of the Board of Supervisors is unable or fails to perform the duty.

If a supervisor fails to attend the meetings of the Board of Supervisors for two consecutive times in person, the supervisor shall be deemed to be unable to perform his/her duties. The shareholders' general meeting or the staff representative assembly shall replace such supervisor.

Article 129

The Board of Supervisors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with the laws:

- (I) to check the financial situations of the Company;
- (II) to supervise the acts of the directors and senior management in performing their duties to the Company and propose the removal of those directors and senior management who violate the laws, regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (III) to demand any director or senior management who acts in a manner which is detrimental to the Company's interests to rectify such behaviors;
- (IV) to verify financial information such as financial reports, business reports and profit distribution plans, etc. that the Board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in reviewing such information;
- (V) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the shareholders' general meetings in accordance with the Articles of Association, to convene and preside over the shareholders' general meetings;
- (VI) to represent the Company to negotiate with the directors and bring actions against directors and senior management according to the Company Law;
- (VII) to exercise other functions and powers as specified in the Articles of Association.

Supervisors may attend Board meetings as non-voting attendees and make enquiries or proposals in respect of Board resolutions.

Article 130

Notices of the meetings and extraordinary meetings of the Board of Supervisors shall be delivered by hand, fax, express mail service or other means of electronic communication; the time limit for meeting notice shall be at least ten days before the meeting of the Board of Supervisors, or at least three days before the extraordinary meeting of the Board of Supervisors; when an extraordinary meeting of the Board of Supervisors is required to be convened promptly in emergency situations, a notice of the meeting may be given at any time by telephone or other oral means, but the convener shall make explanations at the meeting.

Notice of a meeting of the Board of Supervisors shall include the following details:

- (I) the place, time and method for holding the meeting;
- (II) the convener of the meeting;
- (III) the duration of the meeting;
- (IV) the agenda, reasons and topics of the meeting;
- (V) the date on which the notice is given;
- (VI) the contact person and contact information of the meeting.

Meetings of the Board of Supervisors may be held only if more than two-thirds of the supervisors attend.

Every supervisor shall have the right to one vote. The resolution proposed by the Board of Supervisors shall be passed by more than two-thirds of all supervisors.

The Board of Supervisors shall make the minutes of the resolutions on matters discussed, and the supervisors attending the meeting shall sign the minutes.

Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the Board of Supervisors shall be kept as archives of the Company for at least 10 years.

Article 131

The reasonable expenses incurred by the Board of Supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

Article 132

Supervisors shall honestly fulfil the supervisory duty in accordance with laws, regulations and the Articles of Association.

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

Article 133

None of the following persons shall serve as a director, supervisor, or senior management of the Company:

- (I) persons without civil capacity or with limited capacity for civil conduct;
- (II) persons who have committed corruption, bribery, embezzlement, misappropriation of property or disruption of social and economic order and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- (III) persons who were directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and was ordered to close down due to violation of laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (V) persons with relatively large amounts of due and outstanding debt;
- (VI) a person under investigation by judicial authorities for violations of criminal law and the investigation is still ongoing;
- (VII) persons who cannot serve as corporate leaders according to laws and regulations;
- (VIII) non-natural persons;
- (IX) a person has been ruled as violations of the provisions of relevant securities regulations by the competent authority, involving fraud or dishonesty, and it does not exceed five years from the date of the ruling;
- (X) other circumstances as required by the relevant laws and regulations of a place where the Company's shares are listed.

Article 134

The validity of any act by a Director or senior management of the Company made on behalf of the Company towards a third party acting in good faith shall not be affected by any non-compliance of that person's position, election or qualifications.

Article 135

In exercising the functions and powers conferred by the Company, the directors, supervisors and senior management of the Company shall fulfil the following obligations to each shareholder in addition to the obligations required by laws, regulations or the listing rules of the stock exchange where the Company's shares are listed:

- (I) not cause the Company to operate beyond the business scope stipulated in its business license;
- (II) act in good faith in the best interests of the Company;
- (III) not deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (IV) not deprive shareholders of their personal rights and interests, including (but not limited to) any distribution rights and voting rights, unless the deprivation is made pursuant to the restructuring of the Company submitted to and adopted at the shareholders' general meeting in accordance with the Articles of Association.

Article 136

In exercising rights or fulfilling obligations, the directors, supervisors and senior management of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.

Article 137

The directors, supervisors and senior management of the Company must, in the performance of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties assumed. This principle shall include (but not limited to) the fulfilment of the following obligations:

- (I) to act in good faith in the best interests of the Company;
- (II) to exercise powers within the scope of his/her functions and powers and not to act beyond such powers;
- (III) to personally exercise the discretion invested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by laws and regulations or with the consent of the shareholders' general meeting that has been informed;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by the Articles of Association or with the consent of the shareholders' general meeting that has been informed;

- (VI) not to use the Company's assets for his/her own benefit in any way without the consent of the shareholders' general meeting that has been informed;
- (VII) not to abuse their authority in accepting bribes or other unlawful income and from misappropriate the Company's properties in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the consent of the shareholders' general meeting that has been informed;
- (IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gain with his/her position, functions and powers in the Company;
- (X) not to compete with the Company in any way without the consent of the shareholders' general meeting that has been informed;
- (XI) not to misappropriate the funds of the Company or lend them to others, not to deposit the Company's assets in accounts opened in his/her own or in another's name, not to use the Company's assets as security for the debts of the Company's shareholders or other individuals;
- (XII) not to disclose confidential information relating to the Company that was acquired by him/her during his/her term of office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other competent government authorities if:
 - 1. provided by law;
 - 2. required in the interests of the public;
 - 3. required in the own interest of such director, supervisor and senior management.

Article 138

Directors, supervisors and senior management of the Company shall not direct the following persons or organizations (hereinafter referred to as “Relevant Persons”) to engage in activities prohibited for directors, supervisors and senior management:

- (I) spouses or underage children of directors or senior management of the Company;
- (II) the trustees of directors, supervisors and senior management of the Company or of such persons as described in Item (I) of this Article;
- (III) partners of directors, supervisors and senior management of the Company or of such persons as described in Item (I) or (II) of this Article;
- (IV) a company (companies) which a director, supervisor or senior management of the Company has de facto sole control over or joint control over with such persons as described in Item (I), (II) or (III) of this Article or other directors, supervisors and senior management of the Company;
- (V) directors, supervisors and senior management of the controlled company (companies) referred to in Item (IV) of this Article.

Article 139

The fiduciary duties of the directors, supervisors and senior management of the Company do not necessarily cease with the expiry of their terms of office, and their obligation to keep the Company’s trade secrets confidential shall remain valid after expiry of their terms of office. The duration of other obligations shall be determined on the basis of equitable principles, depending on the length of time between the occurrence of the event and their departure from office, and on the circumstances and conditions under which the relationship with the Company ends.

Article 140

The liability of directors, supervisors and senior management of the Company for breaching a given obligation may be exempted through an informed resolution of a shareholders’ general meeting, save for the circumstances specified in Article 58 of the Articles of Association.

Article 141

Where the directors, supervisors and senior management of the Company have material interests, directly or indirectly, in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors and senior management), regardless of whether such matters are subject to the approval and consent of the Board under normal circumstances, such persons shall disclose the nature and extent of the interests to the Board as soon as possible.

Except in such exceptions as specified in Note 1 to Appendix 3 to the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange, no directors shall vote on any resolution of the Board of Directors approving any contract or arrangement or any other relevant proposal in which they or any of their close associates (within the meaning of the applicable Hong Kong Listing Rules in effect from time to time) have material interests. When determining whether a quorum for the meeting is attained, such directors shall not be counted in the quorum.

Unless the interested directors, supervisors and senior management of the Company have made such disclosure to the Board as required by the preceding paragraph of this article, and the relevant matter has been approved by the Board at the Board meeting where such directors, supervisors and senior management have not been counted as part of the quorum and voted thereat, the Company shall be entitled to cancel such contracts, transactions, or arrangements, except as to any other party which is a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors and senior management.

Where the Relevant Persons of the directors, supervisors and senior management of the Company have interests in such contracts, transactions or arrangements, such directors, supervisors and senior management shall also be deemed to be interested.

Article 142

If the directors, supervisors and senior management of the Company, before the Company first considers entering into relevant contracts, transactions or arrangements, have notified the Board in writing that they will have interests in the contracts, transactions or arrangements to be concluded with the Company in the future because of the contents set out in the notice, such directors, supervisors and senior management will be deemed as having executed disclosure as specified in the preceding article of the Articles of Association in respect of the statement set forth in the notice.

Article 143

The Company shall not pay taxes in any manner for its directors, supervisors and senior management.

Article 144

The Company shall not, directly or indirectly, provide loans or loan guarantees to the directors, supervisors and senior management of the Company and its parent company, nor shall the Company provide the same to their Relevant Persons.

The preceding provision shall not apply in the following circumstances:

- (I) the Company provides loans or loan guarantees to its subsidiaries;
- (II) the Company provides loans, loan guarantees or other funds to the directors, supervisors and senior management of the Company pursuant to their employment contracts which were adopted by the shareholders' general meeting, so that the foregoing persons can make payments in the interests of the Company or for the expenses incurred in performing their duties and responsibilities;
- (III) in the event that the normal business scope of the Company includes provision of loans and loan guarantees, the Company can provide loans and loan guarantee to relevant directors, supervisors and senior management and their Relevant Persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

Article 145

If the Company provides a loan in breach of the provisions above, the person who has received the loan shall repay it immediately regardless of the terms of the loan.

Article 146

The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article 144 except in the following circumstances:

- (I) The loan provider does not know that it has provided a loan to the Relevant Persons of the directors, supervisors and senior management of the Company or its parent company;
- (II) The collateral provided by the Company has already been lawfully disposed of by the loan provider to a bona fide purchaser.

Article 147

The guarantee as referred to in the preceding articles of this chapter includes the act of the guarantor to assume the liability or provide properties to secure the performance of obligations by the obligor.

Article 148

If a director, supervisor and senior management of the Company breaches his/her obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and regulations, have a right to:

- (I) require the relevant director, supervisor and senior management of the Company to compensate for the losses sustained by the Company as a consequence of his/her dereliction of duty;
- (II) rescind any contract or transaction concluded by the Company with the relevant director, supervisor and senior management of the Company and contract or transaction with a third party (where such third party is aware or should be aware that the director, supervisor and senior management representing the Company was in breach of his/her obligations to the Company);
- (III) require the relevant director, supervisor and senior management of the Company to surrender the gains derived from the breach of his/her obligations;
- (IV) recover any funds received by the relevant director, supervisor and senior management of the Company that should have been received by the Company, including (but not limited to) commissions;
- (V) require the relevant director, supervisor and senior management of the Company to return the interest earned or possibly earned on the funds that should have been given to the Company.

Article 149

The Company shall enter into written contracts with the directors and supervisors regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The written contract shall cover at least the following provisions:

- (I) The directors, supervisors and senior management shall undertake to the Company to comply with the Company Law, Special Regulations, these Articles, Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong (as amended from time to time), the Share Buy-backs Code and other provisions formulated by the Hong Kong Stock Exchange, and agree that the Company will be entitled to the remedial measures under these Articles and relevant contract and positions thereof shall not be transferred;
- (II) The directors, supervisors and senior management shall undertake to the companies representing respective shareholders to observe and fulfil their due duties to the shareholders under these Articles;
- (III) Arbitration clauses as specified in Chapter 21 of these Articles.

The above remunerations include:

- (I) remunerations in respect to his/her service as director, supervisor or senior management of the Company;
- (II) remunerations in respect to his/her service as director, supervisor or senior management of any subsidiary of the Company;
- (III) remunerations in respect of the provision of other services for the management of the Company and its subsidiaries;
- (IV) compensation to directors or supervisors for loss of their office or upon retirement.

No proceedings shall be brought by a director or supervisor against the Company for any benefit due to him/her in respect to the foregoing matters except pursuant to the contract mentioned above.

Article 150

The contract regarding remunerations entered into by and between the Company and its directors and supervisors shall provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the shareholders' 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:

- (I) a takeover offer made by any person to all shareholders;
- (II) a takeover offer made by any person with the intent of becoming a controlling shareholder. The definition of a controlling shareholder is the same as that in Chapter 8 of the Articles of Association.

If the relevant directors and supervisors do not comply with this article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the proportional distribution of such amounts, and such expenses shall not be deducted from the amounts.

CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Article 151

The Company shall formulate its own financial accounting system in accordance with the laws, regulations and PRC accounting standards formulated by the competent financial authority under the State Council.

Article 152

The Company shall prepare financial reports at the end of each accounting year, which shall be subject to legal examination and verification.

Article 153

The Board of Directors of the Company shall deliver the shareholders at each annual general meeting a financial report prepared by the Company as required by the relevant laws and regulations and regulatory documents promulgated by the local government or competent authorities.

Article 154

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the convening of an annual general meeting. Each shareholder of the Company shall be entitled to obtain the financial reports referred to in this chapter.

Copies of the aforesaid reports, the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and income statement, or the summary financial report shall, at least 21 days before the date of the annual general meeting, be delivered by prepaid post to the address of the holders of overseas-listed foreign shares as registered in the share register.

Article 155

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place(s) outside China where shares of the Company are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. The lower of the after-tax profits of a specific accounting year stated in the statements prepared based on the above-mentioned principles shall prevail in the allocation of such profits.

Article 156

Interim results or financial information published or disclosed by the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place(s) outside China where shares of the Company are listed.

Article 157

The Company shall publish its financial reports twice every accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

Article 158

The Company shall have no accounting books other than the statutory books.

Article 159

The after-tax profits of the Company shall be applied in the following order:

- (I) recovery of losses;
- (II) allocation of 10% of the after-tax profits as the Company's statutory reserve fund;
- (III) allocation to discretionary common reserve fund as approved by the shareholders' general meeting;
- (IV) payment of dividends for the ordinary shares.

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

Such withdrawal may cease when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

No profit shall be distributed as dividends or in any other form as bonus before the losses have been made up and allocations have been made to the statutory reserve fund.

Monies paid for any shares before the calls on shares shall carry interest, but the holders of such shares are not entitled to dividends declared later for the said monies.

The Company shall appoint receiving agent for holders of overseas-listed foreign shares. The receiving agent shall collect on behalf of the shareholders concerned the dividends distributed and other payables by the Company in respect of the overseas-listed foreign shares, and shall keep such monies on behalf of the shareholders concerned for payment to them. The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s) or the relevant regulations of the stock exchange(s) where the shares are listed. The receiving agent appointed by the Company for holders of overseas-listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered pursuant to the Trustee Ordinance of Hong Kong.

Where power is given to forfeit unclaimed dividends, the said power shall not be exercised until the expiry of the applicable validity period. The Company has the right to cease sending dividend warrants to a holder of overseas-listed foreign shares by post, provided that such dividend warrants had not been cashed for two consecutive occasions. If a dividend warrant fails to be delivered to the addressee and returned for the first time, the Company may also exercise such right.

The Company is entitled to sell the share certificates of un-contactable holders of overseas-listed foreign shares in a manner the Board of Directors deems fit, subject to the following terms:

- (I) dividends have been distributed for the relevant shares for at least three times in 12 years, but are not claimed in the said period;
- (II) upon expiry of the 12-year period, the Company publishes an announcement on one or more newspapers of the place where the Company's shares are listed, stating its intention to dispose of the shares, and notifies the stock exchange where such shares are listed.

Article 160

The capital reserve fund shall include the following amounts:

- (I) the premium resulting from issuance of shares at a price above par value;
- (II) other revenues required by the competent financial authorities under the State Council to be stated as capital reserve fund.

Article 161

The common reserve fund of the Company shall only be used for the following purposes:

- (I) recovery of losses;
- (II) expansion of production and operation of the Company;
- (III) converted into capital.

When the Company converts its common reserve fund into its capital upon a resolution adopted in shareholders' general meeting, the Company shall either distribute new shares or increase the par value of each share based on the percentage of the shares of the shareholders. However, when the statutory reserve fund is converted into capital, the remainder of the reserve fund shall not fall below 25% of the Company's registered capital prior to conversion. The capital reserve fund cannot be used to make up losses of the Company.

Article 162

Dividends shall be paid by the Company in the following forms:

- (I) in cash;
- (II) by stock.

CHAPTER 17 APPOINTMENT OF ACCOUNTING FIRM

Article 163

The Company shall appoint a qualified independent accounting firm in accordance with the related provision of the PRC Law to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting and its term of office shall expire at the conclusion of the first annual general meeting.

Where the power as set out in the preceding articles has not been exercised by the inaugural meeting, the Board may exercise such power.

Article 164

The term of office of the accounting firm for the Company shall commence from the end of the current annual general meeting to the end of the next annual general meeting.

Article 165

An accounting firm employed by the Company shall have the following rights:

- (I) to access the accounts books, records or vouchers of the Company at any time and to require directors or senior management of the Company to provide the relevant information and explanations;
- (II) to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
- (III) to attend shareholders' general meetings, to receive meeting notices or other information related to the meetings which any shareholder is entitled to receive, and to deliver speeches at any shareholders' general meetings on matters involving it as the accounting firm of the Company.

Article 166

In the event of vacancy of accounting firm, the Board may appoint an accounting firm to fill the said vacancy before convening of a shareholders' general meeting. Any other incumbent accounting firm of the Company may continue to act during the period of vacancy.

Article 167

Regardless of the terms in the contract concluded between the accounting firm and the Company, the shareholders' general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof. In the event of any rights claimed by the accounting firm against the Company for the dismissal, the said rights shall not be affected.

Article 168

The remuneration or method of determining the remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the Board of Directors shall be determined by the Board of Directors.

Article 169

The engagement, dismissal or discontinuation of the renewal of the engagement of an accounting firm by the Company shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council.

Where a resolution at a shareholders' general meeting of shareholders is passed to appoint an accounting firm (other than an incumbent accounting firm) to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm which was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) The proposal for appointment or dismissal shall, before the notice of shareholders' general meeting is sent, be served to accounting firms to be appointed or to terminate service or having terminated service in the relevant fiscal year. Termination of service includes dismissal, resignation and removal.
- (II) If the accounting firms about to terminate service make a written statement and request the Company to notify the said statement to the shareholders, the Company shall take the following actions unless the statement is received too late:
 1. state on the notice issued for making resolution that the accountant firms about to terminate service has made statement;
 2. send the statement copy as an appendix to the notice to the shareholders by the method required under the Articles of Association.
- (III) If the Company fails to send out the statement of the accounting firms as specified in (II) herein, the relevant accounting firms may require that the said statement be read at the shareholders' general meeting and may further lodge a complaint.
- (IV) Accounting firms about to terminate service have the right to attend the following meetings:
 1. The shareholders' general meeting at which their term of appointment expires;
 2. The shareholders' general meeting for filling vacancy because of their termination of service;
 3. The shareholders' general meeting held because of their proactive resignation.

The accounting firm about to terminate service shall have the right to receive all notices of the aforesaid meetings or other information relating to the meetings, and to deliver speeches at the aforesaid meetings on matters involving it as the former accounting firm of the Company.

Article 170

The Company shall notify the accounting firm 30 days in advance before the dismissal or discontinuation of such accounting firm. The accounting firm shall have the right to state its opinions at the shareholders' general meeting. Where the accounting firm tenders its resignation, it shall state to the shareholders' general meeting whether the Company has anything inappropriate.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect on the date of placement of the resignation notice at the legal address of the Company, or on a later date specified in the notice. Such notice shall contain the following statements:

1. a statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
2. a statement of any information to be disclosed.

The Company shall send a copy of the written notice referred to in the preceding paragraph to the relevant competent authorities within 14 days upon receipt of such written notice. If the notice contains a statement as mentioned in Item 2 of the preceding paragraph, a copy of such statement shall be placed at the Company for inspection by shareholders. The aforesaid copy shall also be delivered by prepaid post to the address of each holder of overseas-listed foreign shares as registered in the share register.

In the event the accounting firm's notice of resignation contains a statement of any other circumstances requiring an explanation, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation in connection with its resignation.

CHAPTER 18 MERGER AND DIVISION OF THE COMPANY

Article 171

In respect of the merger or division of the Company, the Board of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Shareholders who oppose to the plan of merger or division of the Company shall be entitled to require the Company or the shareholders who agree to the plan of merger or division to purchase their shares at a fair price. The resolutions approving the merger or division of the Company shall be compiled into a special document and made available for inspection by shareholders.

The aforesaid document shall also be served by mail to holders of H Shares.

Article 172

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

In the event of merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. Within 10 days from the date on which the resolution on merger is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days. The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

In the case of a merger, the credits and debts of the companies involved shall be succeeded by the company that survives the merger or by the newly established company.

Article 173

Where the Company is divided, its properties shall be divided accordingly.

In the event of division of the Company, the parties to the division shall enter into a division agreement and prepare a balance sheet and an inventory of assets. Within 10 days from the date on which the resolution on division is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days.

The post-division companies shall bear joint liabilities for the debts of the Company before it is divided, unless it is otherwise prescribed by the Company and the creditors before the division with regard to the clearance of debts in written agreement.

Article 174

Change in matters of registration arising from a merger or division of the Company shall be registered with the company registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 175

The Company shall be dissolved and liquidated according to the laws in any of the following circumstances:

- (I) if the shareholders' general meeting resolves to do so;
- (II) merger or division of the Company entails dissolution;
- (III) the Company's business license is cancelled pursuant to the laws, or the Company is ordered to be closed down or revoked pursuant to the laws;
- (IV) the Company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the Company, on the grounds that the operation and management of the Company have suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the Company a cause for significant losses to the shareholders;
- (V) other circumstances under which the Company should dissolve pursuant to laws and regulations.

Article 176

If the Company is dissolved pursuant to Item (I), Item (III) and Item (IV) of Article 175, it shall establish a liquidation committee and commence liquidation within 15 days from occurrence of the cause of dissolution. The liquidation committee shall be composed of the directors or persons as determined by the shareholders' general meeting. If no liquidation committee is established after the said timeframe, the creditors may apply to the people's court for appointment of relevant persons to establish a liquidation committee to commence liquidation.

Article 177

If the Board decides that the Company shall be liquidated (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for such purpose that the Board have conducted a comprehensive investigation into the situation of the Company and believes that the Company is able to pay off all its debts within 12 months following the commencement of the liquidation.

After the shareholders' general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board of the Company shall be terminated immediately.

The liquidation committee shall follow the instructions of the shareholders' general meetings and shall report to the shareholders' general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation, and shall make a final report to the shareholders' general meeting at the end of the liquidation.

Article 178

Within 10 days from the date on which the liquidation committee is established, the creditors shall be notified and a public announcement shall be made in the press within 60 days.

The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, declare their creditor's rights to the liquidation committee. Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide evidentiary materials. The liquidation committee shall register the creditor's rights. During the period for declaration of creditor's rights, the liquidation committee shall not make repayment to creditors.

Article 179

During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (IV) to pay the outstanding taxes;
- (V) to settle creditor's rights and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts;
- (VII) to represent the Company in any civil proceedings.

Article 180

After the liquidation committee has liquidated the assets of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the relevant competent authorities for confirmation.

The assets of the Company shall be liquidated in the order required by laws and regulations or, in the absence of applicable laws, in a just and reasonable order as the liquidation committee may determine.

The remaining assets of the Company after repayment as specified in the preceding paragraph shall be distributed to the shareholders of the Company as per the classes of their shares and their shareholding percentages.

The Company shall not conduct any new business activity in the course of liquidation.

Article 181

If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to its dissolution, the liquidation committee discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for declaration of bankruptcy.

Upon declaration of the Company's bankruptcy pursuant to the ruling of the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

Article 182

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and income and expenditure statements and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the shareholders' general meeting or the relevant competent authorities for confirmation.

Within 30 days from the date of confirmation by the shareholders' general meeting or the relevant competent authorities, the liquidation committee shall submit the aforesaid documents to company registration authorities and apply for deregistration and make an announcement on termination of the Company.

Article 183

Members of the liquidation committee are required to discharge their duties in good faith and perform their liquidation obligation in compliance with laws.

Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's properties.

Any member of the liquidation committee shall be liable to indemnify the Company or its creditors in respect of any loss arising from his/her willful or gross negligence.

Article 184

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

CHAPTER 20 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 185

According to the laws and regulations, requirements of the listing rules of the place where the Company's shares are listed and the Articles of Association, the Company may amend the Articles of Association.

Article 186

The following procedures shall be followed to amend the Articles of Association:

- (I) the Board of Directors makes a proposal for the amendment of the Articles of Association;
- (II) the aforesaid proposal is submitted in writing to the shareholders and a shareholders' general meeting is convened;
- (III) a resolution shall be adopted by more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Article 187

The amendment to the Articles of Association involving content of the Mandatory Provisions will only be effective upon approval of the department in charge of company examination and approval authorized by the State Council and the securities regulatory authorities of the State Council, while the amendment to the Articles of Association involving matters of company registration must be registered in accordance with laws.

CHAPTER 21 SETTLEMENT OF DISPUTES

Article 188

The Company shall settle disputes following the rules below:

- (I) If any disputes or claims in relation to the Company's business, with respect to any rights or obligations under the Articles of Association, the Company Law or any other relevant laws and regulations, arise between holders of overseas-listed foreign shares and the Company, between holders of overseas-listed foreign shares and the directors, supervisors and senior management of the Company, or between holders of overseas-listed foreign shares and holders of Domestic Shares, the parties concerned shall submit such disputes or claims to arbitration.

The aforesaid disputes or claims submitted for arbitration shall be the entire disputes or claims; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are companies or company shareholders, directors, supervisors, senior management personnel.

Disputes with respect to the definition of shareholders and disputes concerning the register of members need not be resolved by arbitration.

- (II) The applicant for arbitration may choose to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the applicant for arbitration submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the applicant.

If the applicant for arbitration opts for arbitration by the Hong Kong International Arbitration Centre, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) Settlement of disputes or claims set out in Item (I) by way of arbitration shall be governed by PRC laws (exclusive of laws of Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan for the purpose of the Articles of Association), save as otherwise specified by laws and regulations.
- (IV) The decision made by the arbitration institution shall be final and binding on all parties.

CHAPTER 22 SUPPLEMENTARY PROVISIONS

Article 189

The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors”.

Article 190

A notice of the Company shall be sent by the following means:

- (I) by personal delivery;
- (II) by mail, e-mail, telegram or fax;
- (III) by announcement on the newspaper or other media;
- (IV) by publication on the website designated by the Company and the stock exchange subject to the laws, regulations and the listing rules of the stock exchange where the Company’s shares are listed;
- (V) by other means agreed upon by the Company or the recipient in advance or approved by the recipient after receipt of the notice;
- (VI) by other means approved by the securities regulatory authorities of the place where the Company’s shares are listed or specified in the Articles of Association.

Notwithstanding the requirements otherwise provided in the Articles of Association with respect to the form of issuance or notification of any documents, notices or other corporate communications, and subject to the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, the Company may elect to issue its corporate communications in the form as provided in Item (IV) of Paragraph 1 in this article in lieu of delivering its corporate communications in writing to all of the holders of overseas-listed foreign shares by personal delivery or prepaid post.

If the Company sends the notice to the holders of overseas-listed foreign shares by announcement, an electronic version for immediate publication shall be submitted on the same day to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange pursuant to the local listing rules for publication on the website of the Hong Kong Stock Exchange, or an announcement shall be published in newspapers (including publication of advertisements in the newspapers) according to the local listing rules. The announcement shall also be published on the website of the Company. In addition, save as otherwise specified in the Articles of Association, the said notice shall be sent by personal delivery or prepaid mail to each of the registered addresses in the register of holders of overseas-listed foreign shares, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.

The holders of overseas-listed foreign shares of the Company may obtain in written form (by electronic means or by mail) the corporate communications that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The holders of overseas-listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant language version thereof according to proper procedures.

To prove that they have sent the notices, documents, information or written statements to the Company, the shareholders or directors shall provide evidence showing that the relevant notices, documents, information or written statements have been sent to the correct addresses before the designated deadline by ordinary means or by prepaid mail.

Although the Company is required to provide and/or send corporate communications to shareholders in writing according to the preceding paragraph, regarding the means used by the Company to provide and/or send corporate communications to the shareholders according to the requirements of the Hong Kong Listing Rules, if the Company has obtained the shareholders' prior written consent or implied consent according to relevant laws and regulations and the Hong Kong Listing Rules amended from time to time, it may send or provide corporate communications to shareholders of the Company by electronic means or via publication on the website of the Company.

The abovementioned corporate communications shall refer to any documents issued or to be issued by the Company for the information or action of the shareholders, including but not limited to annual report (including annual financial reports), interim report (including interim financial reports), report of the Board (together with balance sheet and income statement), notice of shareholders' general meeting, circular, other corporate communications set out in the Hong Kong Listing Rules and other communications documents.

Article 191

If the notice of the Company is sent by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is sent by mail, the day 48 hours after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, e-mail or publication on the website, the sending date shall be the date of service; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service. The relevant announcement shall be published on the newspapers and periodicals in compliance with relevant regulations.

Article 192

For the purpose of the Articles of Association, references to “more than”, “within”, “before” and “at least” shall include the actual figures, while references to “less than”, “exceed”, “other than”, “higher than”, “lower than”, “majority” and “short of” shall exclude the actual figures. The “business days” referred to in the Articles of Association shall mean the days on which the Hong Kong Stock Exchange is open for business for dealing in securities.

Article 193

The Articles of Association shall be written in Chinese. If there are any discrepancies between the Articles of Association in any other language or version and the Chinese version of the Articles of Association, the latest Chinese version of the Articles of Association registered with the administration for industry and commerce shall prevail.

Article 194

The Articles of Association shall be subject to the interpretation of the Board of the Company. The Rules of Procedure for Shareholder’s General Meetings, the Rules of Procedure for Meetings of the Board of Directors and the Rules of Procedure for Meetings of the Board of Supervisors formulated by the Company shall be approved or amended by the shareholders’ general meeting of the Company.