

AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
SHANGHAI HENLIUS BIOTECH, INC.

(Considered and approved at the general meeting held by the Company on 20 May 2024)

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CHAPTER 1 GENERAL

Article 1 The Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and other relevant provisions, with reference to the Guidelines on the Articles of Association of Listed Companies in order to protect the legal interest of Shanghai Henlius Biotech, Inc. (the "Company"), the shareholders and creditors and standardize the organization and activities of the Company.

Article 2 The Company was incorporated as a joint stock limited company according to the Company Law and other PRC laws and administrative regulations.

The Company was incorporated as a joint stock limited company by means of sponsorship through the overall change of Shanghai Henlius Biotech, Inc., registered with and has received the business license of the Company from the Administration for Industry and Commerce of Shanghai on 26 September 2016. The Unified Social Credit Number is 91310000550094566N.

The promoters of the Company upon its incorporation are as follows:

No.	Name of promoters	Number of shares subscribed for (0'000)	Shareholding (%)	Way of capital contribution	Time of capital contribution
1	Shanghai Fosun New Medicine Research Company Limited (上海復星新藥研究有限公司)	24,968.4925	71.33855	Shares converted from net assets	14 September 2016
2	Henlius Biopharmaceuticals Inc.	5,739.636	16.39896	Shares converted from net assets	14 September 2016
3	Scott Shi-Kau Liu	241.0695	0.68877	Shares converted from net assets	14 September 2016
4	Wei-Dong Jiang	68.6455	0.19613	Shares converted from net assets	14 September 2016
5	Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership) (上海果友生物技術合夥企業 (有限合夥))	321.4295	0.91837	Shares converted from net assets	14 September 2016
6	Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership) (上海果宏生物技術合夥企業 (有限合夥))	321.4295	0.91837	Shares converted from net assets	14 September 2016

No.	Name of promoters	Number of shares subscribed for (0'000)	Shareholding (%)	Way of capital contribution	Time of capital contribution
7	Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership) (上海果智生物技術合夥企業(有限合夥))	482.1425	1.37755	Shares converted from net assets	14 September 2016
8	Shanghai Qingke Pien Tze Huang Investment Management Centre (Limited Partnership) (上海清科片仔癀投資管理中心(有限合夥))	607.145	1.73470	Shares converted from net assets	14 September 2016
9	Huagai Medical Investment Management (Beijing) Co., Ltd. (華蓋醫療投資管理(北京)有限公司)	642.859	1.83674	Shares converted from net assets	14 September 2016
10	Huagai Medical Health Venture Capital Investment Chengdu Partnership Enterprise (Limited Partnership) (華蓋醫療健康創業投資成都合夥企業(有限合夥))	107.1455	0.30613	Shares converted from net assets	14 September 2016
11	Shanghai Founder KIP Equity Investment Partnership (Limited Partnership) (上海方正韓投股權投資合夥企業(有限合夥))	571.431	1.63266	Shares converted from net assets	14 September 2016
12	Suzhou Industrial Park New Metabiology Venture Capital Investment Enterprise (Limited Partnership) (蘇州工業園區新建元生物創業投資企業(有限合夥))	374.2865	1.06939	Shares converted from net assets	14 September 2016
13	Ningbo FTZ Yifei Investment Partnership Enterprise (Limited Partnership) (寧波保稅區益飛投資合夥企業(有限合夥))	197.1445	0.56327	Shares converted from net assets	14 September 2016
14	Shanghai Orient Securities Innovation Investment Company Limited (上海東方證券創新投資有限公司)	357.1435	1.02041	Shares converted from net assets	14 September 2016
	Total	35,000	100	-	-

On 5 July 2019, the Company obtained the approval of China Securities Regulatory Commission for the initial public offering of the overseas listed foreign shares (H shares). H shares on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange” or “Stock Exchange”) commenced trading on 25 September 2019.

Article 3 Registered name of the Company: 上海復宏漢霖生物技術股份有限公司.

Full name in English: Shanghai Henlius Biotech, Inc.

Article 4 The address of the Company: Room 901, 9th Floor, Building 1, No. 367 Shengrong Road, China (Shanghai) Pilot Free Trade Zone.

Telephone: +86 021-33395800

Fax: +86 021-34611802

Postal code: 201210

Article 5 The registered capital of the Company is RMB543,494,853.

Article 6 The Company is a joint stock limited company with permanent existence.

The Company is an independent legal person with independent legal person properties and enjoys the right to legal person property.

Article 7 The Company's legal representative is the chairman of the board of directors of the Company.

Article 8 The total capital of the Company is divided into equal shares. A shareholder shall be liable for the debts of the Company to the extent of the shares it has subscribed to, whereas the Company shall be liable for its debts with all of its assets.

Article 9 The Articles of Association has been approved by a special resolution at a general meeting of the Company and become effective; the original Articles of Association of the Company shall be invalidated automatically on the effective date of the Articles of Association.

From the date on which the Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders and are binding on the Company, shareholders, directors, supervisors and senior management personnel.

Article 10 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, Chief Executive Officers ("CEO") and other senior management officers, and the above-mentioned persons shall be entitled to make claims on matters relating to the Company in accordance with the Articles of Association.

Pursuant to the Articles of Association, a shareholder can sue the Company, the Company can sue its shareholders, a shareholder can sue another shareholder or other shareholders, and a shareholder can sue directors, supervisors, CEO and other senior management officers of the Company.

The term "sue" as mentioned in the preceding paragraph shall include the initiation of proceedings in a court or application to an arbitration organization for arbitration.

The term “other senior management officers” as mentioned in this Article shall include the president, senior vice president, vice president, the secretary to the board of directors and chief financial officer.

Article 11 The Company may invest in other limited liability companies and joint stock limited companies and undertake liabilities for the invested company as limited to the capital contribution made by it. Unless otherwise provided by laws, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company.

CHAPTER 2 THE COMPANY’S OBJECTIVES AND SCOPE OF BUSINESS

Article 12 The operation objectives of the Company

The operation objectives of the Company are: to take advantage of advanced biotechnology to develop, produce and sell biopharmaceuticals with characteristics to enhance the Company’s competitiveness and economic effectiveness in the domestic and foreign markets, so that all parties can obtain satisfactory economic benefits.

Article 13 The Company’s scope of business

Research and development of monoclonal antibody drugs (except for the development and application of human stem cells, genetic diagnosis and treatment technologies), transfer of self-developed technology, and provision of related technical services and technical consultation. (Businesses subject to approvals under laws shall be carried out upon approval by relevant authorities)

CHAPTER 3 SHARES

Section 1 Issue of Shares

Article 14 There must, at all times, be ordinary shares in the Company. Subject to the approval of or filing with the relevant state authorities, the Company may, according to its requirements, create other classes of shares.

Article 15 The issue of shares by the Company shall adhere to the principle of equality and fairness. Shares of the same class shall have the same rights.

Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share shall be the same.

Article 16 The Company’s shares shall be in the form of share certificates. All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

Article 17 The overseas listed shares of the Company listed in Hong Kong shall be referred to as H shares. H shares shall refer to shares with a par value denominated in RMB, which are approved by the Hong Kong Stock Exchange for listing and will be subscribed for and traded in Hong Kong dollars.

The shares issued by the Company which are not listed in domestic and overseas stock exchanges are referred to as “unlisted shares”. Upon filing with the securities regulatory authorities under the State Council, the shareholders held the unlisted shares of the Company may list and trade the shares held by them on overseas stock exchange(s). The aforesaid shares shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded in an overseas stock exchange. The listing and trading of the aforesaid shares in an overseas stock exchange, or the conversion of unlisted shares into foreign shares and the listing and trading of such foreign shares in an overseas stock exchange, are not subject to the holding of a shareholders meeting for voting.

For the shares issued by the Company, the unlisted shares shall be centrally registered and deposited with a domestic securities registration and clearing institution, and the registration and clearing arrangements for overseas listed shares shall be subject to the regulations of the place where the shares of the Company are listed.

Article 18 The total number of ordinary shares issued upon the establishment of the Company shall be 350,000,000 shares, all of which shall be subscribed by the promoters upon the establishment of the Company.

Article 19 Upon completion of the initial public offering of overseas-listed foreign shares, the Company’s share capital shall be 543,494,853. The shareholding structure of the Company was as follows: 364,189,618 domestic shares, 15,876,694 unlisted foreign shares and 163,428,541 overseas-listed foreign shares.

The Company has an existing share capital of 543,494,853 shares. The shareholding structure of the Company is as follows: 380,066,312 unlisted shares and 163,428,541 H shares.

Section 2 Increase, Reduction and Repurchase of Shares

Article 20 The Company may, based on its operating and development needs and in accordance with laws and regulations and the resolution of any general meeting, increase its capital by the following methods:

- (1) the public offering of shares;
- (2) the private offering of shares;
- (3) placing bonus shares with existing shareholders;
- (4) the capitalization of capital reserve; or
- (5) other means permitted by laws and administrative regulations and approved by the competent administrative department.

The Company’s increase of capital by issuing new shares shall be carried out in accordance with the procedures specified in relevant PRC laws and administrative regulations, after having been approved in accordance with the Articles of Association.

Article 21 The Company may reduce its registered capital. In doing so, it shall act according to the Company Law, other relevant regulations and the Articles of Association.

Article 22 Where the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adoption of the resolution to reduce its registered capital and shall make announcement of the resolution in newspapers within 30 days. Creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the announcement in the case of failure of receipt of the notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

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

Article 23 The Company shall not repurchase its shares, except under any of the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares in the employee stock ownership plan or as share incentive;
- (4) requested by shareholders who vote against any resolution proposed at any general meeting on the merger or division of the Company to purchase their shares;
- (5) using the shares to satisfy the conversion of corporate bonds convertible into shares issued by the listed company;
- (6) safeguarding corporate value and shareholders' rights as deems necessary; or
- (7) other circumstances as permitted by laws and administrative regulations.

Article 24 The Company may repurchase its shares through public and centralized trading or other methods as permitted by laws, administrative regulations and the CSRC and the stock exchange of the place where the shares of the Company are listed.

If the relevant laws and regulations, regulatory documents and the requirements of the securities regulatory authority of the place where the shares of the Company are listed otherwise have provisions in respect of matters related to the aforesaid share repurchase, such provisions shall prevail.

Article 25 Where the Company acquires its shares for purposes set out in clauses (1) and (2) of Article 23 of the Articles of Association, it shall be subject to approval by the general meeting; where the Company acquires its shares pursuant to clauses (3), (5) and (6) of Article 23, it can be carried out upon resolution by more than two-thirds of the directors present at a board meeting. If the Company repurchases its own shares in accordance with Article 23 under the circumstance set out in clause (1), the shares so repurchased shall be cancelled within ten days from the date of acquisition; In the event of the circumstances set out in clauses (2) and (4), the shares so repurchased shall be transferred or cancelled within six months; In the event of the circumstances set out in clauses (3), (5) and (6), the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and the shares so repurchased shall be transferred or cancelled within 3 years.

Article 26 In the event of a repurchase of its outstanding shares, the Company shall comply with laws, administrative regulations, departmental rules, the Articles of Association and the relevant provisions stipulated by the stock exchange of the place where the shares of the Company are listed.

Section 3 Transfer of Shares

Article 27 The Company's shares can be transferred, gifted, inherited and mortgaged in accordance with the relevant laws and administrative regulations and the Articles of Association.

Article 28 No transfer of the shares of the Company issued before its public offering shall be made within one year from the date on which the shares are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company shall declare to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares in the Company per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

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

Section 4 Financial Assistance for the Acquisition of Shares in the Company

Article 30 The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or intends to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 32 of this section.

Article 31 The financial assistance referred to in this Section includes, but not limited to the following means:

- (I) gift;
- (II) guarantee (including the assumption of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release or waive of any rights;
- (III) provision of loan or entering into contract under which the obligations of the Company are to be fulfilled before the obligations of other parties, or change in the parties to, or the assignment of rights arising under such loan or agreement; and
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression assuming an obligation referred to in this Section includes the assuming of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether assumes on its own account or with any other persons), or by any other means.

Article 32 The following shall not be deemed to be behaviors as prohibited in Article 30 of this section:

- (I) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (II) the lawful distribution of the Company's assets by way of dividend;
- (III) the allotment of bonus shares as dividends;
- (IV) a reduction in registered capital, repurchase of shares or reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (V) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (VI) the provision of money by the Company for contributions to employee share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING

Section 1 Shareholders and Register of Shareholders

Article 33 The shares of the Company shall be in registered form.

The share certificates of the Company shall, other than those specified in the Company Law, include other matters as required to be specified by the stock exchange of the place where the shares of the Company are listed.

Article 34 The Company shall keep a register of shareholders according to the evidence provided by the share registrars. The register of shareholders shall be the sufficient evidence of the shareholders' shareholding in the Company.

Subject to compliance with the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the names of the share transferees will be included as holders of these shares in the register of shareholders.

Any assignment and transfer of stocks must be registered in the register of shareholders.

Article 35 The Company shall keep a complete register of shareholders. The register of shareholders shall include the following:

- (i) the register of shareholders maintained at the Company's domicile other than those as described in Items (ii) and (iii) of this Article;
- (ii) the register of shareholders of overseas-listed shares maintained at the place where the overseas stock exchange is domiciled; and
- (iii) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the shares of the Company.

Article 36 Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any other part of the register shall, during the existence of registration of such shares, be registered in any other part of the register. Changes or corrections to each part of the register of shareholders shall be made in accordance with the laws of the places where each part of the register of shareholders is maintained.

All H shares that are fully paid up shall be freely transferable under the Articles of Association; however, unless the following conditions are satisfied, the board of directors may refuse to recognize any transfer documents and shall not be required to state any reasons:

- (i) any transfer documents and other documents relating to the ownership of any shares or which may affect the ownership of the shares must be registered and must be paid to the Company in accordance with the fee standards prescribed by the Hong Kong Listing Rules, but such fees shall not exceed the maximum amount stipulated by Hong Kong Stock Exchange in the Hong Kong Listing Rules from time to time;
- (ii) the transfer documents only relate to H shares that are listed in Hong Kong;
- (iii) the stamp duty payable in respect of the transfer documents as required by the Hong Kong laws have been paid;
- (iv) the relevant share certificates and such other evidences as are reasonably requested by the board of directors to prove the right of the transferor to transfer the shares have been submitted;
- (v) if the shares are intended to be transferred to joint holders, the number of shareholders registered jointly may not exceed four;
- (vi) there are no Company liens on the relevant shares.

Article 37 The transfer of the oversea-listed shares shall be conducted pursuant to the relevant requirements of the places where the shares are listed.

Article 38 Where the PRC laws and regulations and laws and regulations of the place where the Company is listed stipulate the period of closure of transfer books or registration of changes of register of shareholders prior to a general meeting or the base date on which the Company decides to distribute dividends, such provisions shall prevail.

Article 39 When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve the determination of shareholdings, the board of directors or the convener of a general meeting shall decide on the date for the determination of shareholdings. Shareholders whose names appear on the register of members after the market close of such date are deemed to be shareholders of the Company entitled to relevant rights and interests.

Article 40 Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of shareholders may (if his/her share certificate (the “original share certificate”) is lost) apply for replacement in accordance with the relevant laws and regulations.

Article 41 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Article 42 The shareholders of the Company shall have the following rights:

- (i) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;
- (ii) to propose, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with laws;
- (iii) to supervise and manage the business activities of the Company and to put forward proposals or raise inquiries;
- (iv) to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (v) to review the Articles of Association, the register of shareholders, corporate bond stubs, minutes of shareholders’ general meetings, resolutions of the board of directors, resolutions of the board of supervisors and financial and accounting reports;
- (vi) upon termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (vii) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;
- (viii) other rights conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Article 43 Shareholders demanding inspection of the relevant information or requesting data mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company held by them. The Company shall, upon verification of the shareholder’s identity, provide such information at the shareholder’s request.

Article 44 Shareholders shall have the right to protect their legitimate rights and interests through civil procedure or other legal means according to the laws, administrative regulations and the Articles of Association.

If a resolution passed at the Company's general meeting or board meeting violates the laws or administrative regulations, shareholders shall have the right to initiate proceeding to the People's Court to render the same invalid.

If the procedures for convening, or the method of voting at, a general meeting or board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to initiate proceeding to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

If the Company has carried out the change of registration particulars in accordance with the resolution of the general meeting of shareholders or the board of directors and it has been declared that the resolution is invalid or the resolution has been rescinded, the Company shall apply to the company registration authority for rescission of the change in registration.

Article 45 Where the Company incurs losses as a result of violation by directors and senior management officers of the laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the shareholders individually or in the aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings to the People's Court; where the Company incurs losses as a result of violation by the board of supervisors of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, such shareholders may make a request in writing to the board of directors to initiate proceedings to the People's Court.

In the event that the board of supervisors or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to, for the benefit of the Company, initiate proceedings to the People's Court directly in their own names.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in Paragraph 1 of this Article may initiate proceedings to the People's Court pursuant to the provisions of the first two paragraphs.

Article 46 Shareholders may initiate proceedings to the People's Court in the event that a director or a senior management officer has violated the laws, administrative regulations or the Articles of Association, damaging the interests of shareholders.

Article 47 The shareholders of the Company shall assume the following obligations:

- (i) to abide by laws, administrative regulations and the Articles of Association;
- (ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (iii) not to surrender the shares unless required by the laws and regulations;
- (iv) not to abuse the shareholder's rights so as to damage the interests of the Company or those of any other shareholders; not to abuse the independent legal person status of the Company and the limited liability owed by the shareholders so as to damage the interests of the Company's creditors;
- (v) other obligations imposed by laws, administrative regulations, rules, normative documents, the listing rules of place where the shares of the Company are listed and the Articles of Association.

Where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for indemnity in accordance with laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability owed by the shareholders for the purposes of evading from making debt repayments, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Article 48 The controlling shareholder and actual controller of the Company may not take advantage of their connected relationships to harm the interests of the Company, and shall be held liable for indemnity should their violation of regulation result in causing loss on the Company.

Article 49 The term "controlling shareholder" referred to in the preceding provision means a person who satisfies any one of the following conditions:

- (i) a person who, acting alone or in concert with others, has the power to elect a majority of the directors;
- (ii) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (iii) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (iv) a person who, acting alone or in concert with others, has de facto control over the Company in any other way.

Section 2 General Provisions on the General Meeting

Article 50 The shareholders' general meeting shall be the organ of power of the Company and shall exercise the following duties and powers according to law:

- (i) to decide on the operating guidelines and investment plans of the Company;
- (ii) to elect and replace the directors and decide on matters relating to the remuneration of the directors;
- (iii) to elect and replace the supervisors who are not representatives of the staff, and decide on matters relating to the remuneration of supervisors;
- (iv) to consider and approve reports of the board of directors;
- (v) to consider and approve reports of the board of supervisors;
- (vi) to consider and approve the Company's annual financial budgets and final accounts;
- (vii) to consider and approve the Company's profit distribution plans and plans for making up losses;
- (viii) to decide on increases or reductions in the Company's registered capital;
- (ix) to decide on merger, division, dissolution, liquidation or change of corporate form, etc.;
- (x) to decide on the issuance of bonds, other securities by the Company and on the listing;
- (xi) to decide on the Company's appointment and removal of accounting firms;
- (xii) to amend the Articles of Association;
- (xiii) to examine the proposals of the shareholders, individually or in the aggregate, holding 3% or more of the voting shares of the Company;
- (xiv) to consider any matters on the acquisition or disposal of a substantial assets or provision of a guarantee during a year, which involves an amount exceeding 30% of the latest audited total assets of the Company for the most recent period;
- (xv) to examine other matters required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association, to be resolved by the general meeting.

Matters that should be decided at a shareholders' general meeting as prescribed by the laws, administrative regulations and the Articles of Association must be reviewed at the shareholders' general meeting so as to protect the right of the shareholders of the Company to decide on those matters. In circumstances where it is deemed necessary and reasonable, for specific matters relating to matters that are subject to be resolved but cannot be immediately decided on at the shareholders' general meeting, the shareholders' general meeting may authorize the board of directors to decide upon such matters within the scope of authorization granted at the shareholders' general meeting to the extent allowed by the applicable laws, regulations and the Articles of Association.

Article 51 The Company shall not, without the prior approval of the general meeting, enter into any contract with any persons other than directors, supervisors, CEO and other senior management officers for authorization of management of all or significant part of business of the Company to such persons.

Article 52 General meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.

The Company shall hold an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (i) the number of directors is less than that prescribed by the Company Law or less than the two thirds of the amount required by the Articles of Association;
- (ii) the uncovered losses are in excess of one-third of the Company's total paid-in share capital;
- (iii) shareholders individually or in the aggregate holding more than 10% of the Company's issued voting shares request in writing to hold an extraordinary general meeting;
- (iv) the board of directors considers it necessary or the board of supervisors proposes to hold such a meeting;
- (v) such other circumstances as provided for by laws, regulations, the listing rules of place where the shares of the Company are listed and the Articles of Association.

Article 53 The Company shall hold the general meeting at the domicile of the Company or such place as is specified in the notice from the general meeting.

The general meeting shall have a venue and be held on-site. The Company may also provide convenience for participation in the shareholders' general meeting by shareholders through other means required by the rules of the place where the shares of the Company are listed. A shareholder who participates in a general meeting in the aforesaid manner shall be deemed to have been present at the meeting.

Section 3 Convening of the General Meeting

Article 54 The general meeting shall be convened by the board of directors, unless otherwise provided by the laws or the Articles of Association.

Article 55 Shareholders holding, individually or in the aggregate, more than 10% of the shares of the Company shall have the right to request the board of directors for convening an extraordinary general meeting, and such request shall be made to the board of directors in writing.

If the board of directors cannot or fails to perform its duty to convene the general meeting, the board of supervisors shall convene and chair the meeting promptly; if the board of supervisors cannot or fails to perform its duty to convene the general meeting, the shareholders who separately or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and chair the meeting by themselves.

Article 56 The board of supervisors shall have the right to propose to the board of directors to convene an extraordinary general meeting and shall propose such to the board of directors in writing. The board of directors shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, inform in writing to indicate whether the board of directors has agreed or disagreed to convene such extraordinary general meeting within 10 days upon receipt of the proposal.

If the board of directors has agreed to hold such extraordinary general meeting, it shall give a notice of the general meeting within 5 days after the board of directors has adopted the board resolution; the board of supervisors' consent shall be sought in respect of any changes to the original proposal as contained in such notice.

If the board of directors does not agree to convene such extraordinary general meeting or fails to give any reply within 10 days upon receipt of such proposal, the board of directors shall be deemed incapable of or failure in carrying out the duties to convene a general meeting and the board of supervisors may proceed with the convening and holding of such meeting by itself.

Article 57 If the board of supervisors or any shareholder has decided to convene a general meeting by itself, a written notice shall be given to the board of directors. The shareholdings of the convening shareholders shall not be less than 10% of the shares of the Company before the announcement of the resolution of shareholders' general meeting.

Article 58 For the purpose of any general meeting convened by the board of supervisors or any shareholder, the board of directors shall provide assistance. The board of directors shall provide the register of shareholders on the equity rights registration date.

Article 59 The Company shall bear all expenses necessary for any general meeting convened by the board of supervisors or any shareholder.

Section 4 Proposals and Notices of the General Meeting

Article 60 Written notice of the annual general meeting by the Company shall be dispatched twenty days prior to the date of the meeting (excluding both the date of notice and the date of meeting) to all shareholders whose names appear on the register of shareholders, specifying the matters to be considered and the date and place of the meeting by way of announcement. When the Company convenes an extraordinary general meeting, an announcement to notify all shareholders whose names appear on the register of shareholders shall be given fifteen days (excluding the day on which the notice is sent and the day of the meeting) prior to the date of the meeting.

Article 61 When the Company convenes the general meeting, the board of directors, the board of supervisors and shareholders, individually or in aggregate, holding more than 3% of shares of the Company shall have the right to propose proposals. The contents of the proposal shall fall within the terms of reference of the general meeting and have specified subjects and specific resolutions, in further compliance with the laws and regulations and the Articles of Association.

Shareholders individually or in the aggregate holding more than 3% of the shares of the Company may propose and submit a temporary proposal to the convener in writing ten days prior to date of the meeting; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said temporary proposal, to notify other shareholders and to submit the said temporary proposal to the general meeting for consideration. The contents of the temporary proposal shall fall within the terms of reference of the general meeting and have specified subjects and specific resolutions.

The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of the general meeting or that is inconsistent with this Article.

Article 62 General meeting cannot decide on matters that are not set out in the notice.

Article 63 The notice of the general meeting shall contain the following details:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals to be considered at the meeting;
- (iii) contain a conspicuous statement that all holders of ordinary shares (including holders of preference shares whose voting rights have been restored) are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote on his/her behalf at the meeting, and that a proxy does not need not be a shareholder of the Company;
- (iv) the date of registration of equity entitlements for shareholders entitled to attend the general meeting;
- (v) the time and procedures for voting online or by other means.

Article 64 If the persons entitled to receive the notice are not notified due to negligence, or such persons have not received the notice for the meeting, the meeting and resolutions made at the meeting will not be invalidated.

Section 5 Holding of the General Meeting

Article 65 The board of directors and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner and shall take steps to prevent any activities interfering the general meeting and infringing the legal interests of shareholders and report such activities to the relevant authority.

Article 66 All holders of ordinary shares (including holders of preference shares with their voting rights restored) whose names appear on the register of members on the record date or their proxies shall have the right to attend a general meeting and to exercise their right to speak and right to vote in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend general meetings in person or, appoint a proxy (whether such person is a shareholder or not) to attend and vote at the meeting on their behalf.

If the shareholder is an accredited clearing house (or its proxy), it may, as it thinks fit, appoint one or more persons as its proxies to attend and vote at any shareholders' general meeting or creditors' meeting. However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the shares relating to each such proxy. The proxy may be signed by the authorized person of the accredited clearing house. Such person so appointed may attend the meeting and exercise the rights on behalf of the accredited clearing house (or its proxy) (not requiring presence of the shareholding voucher, notarized authorization and/or further evidences to prove the duly authorization) as if such person is an individual shareholder of the Company.

Article 67 If an individual shareholder attends the meeting in person, he/she shall produce his/her identity cards or other effective document or proof that can show his/her identity; if a proxy is appointed to attend the meeting, he/she shall present valid identity card and power of attorney of the relevant shareholder.

A non-natural person shareholder shall attend the meeting by its eligible/authorized proxy (and this shall be deemed to be present in person), and such proxy shall produce his/her identity card, and valid certificates that can prove his/her qualification as an eligible/authorized proxy.

Article 68 Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a proxy statement on behalf of the appointer, the proxy statement or other authorization documents authorized to be signed shall be notarized. The notarized proxy statement or other authorization documents shall, together with the proxy form, be maintained at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or such person as is authorized by resolution of the board of directors or other governing body may attend general meetings of the Company as a representative of the appointer.

Article 69 The power of attorney issued by shareholders to appoint proxies to attend the general meeting shall contain the following information:

- (i) name of the proxy;
- (ii) whether the proxy has the right to vote;
- (iii) separate instructions as to cast affirmative, negative or abstention votes in relation to each of the resolutions to be considered at, and to be listed on the agenda of, the general meeting;
- (iv) date of issuance and term of validity of the power of attorney;
- (v) signature (or seal) of the appointer; if the appointer is a legal person, the document shall be affixed with the legal person's seal.

Such proxy statement shall contain a statement that in absence of instructions by the shareholders, whether his/her proxy may vote as he/she thinks fit.

Article 70 A vote given by a proxy in accordance with the terms of the proxy statement shall be valid, notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or the authority under which the proxy statement was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of any such matters prior to the commencement of the relevant meeting.

Article 71 The general meeting shall be chaired and presided over by the chairman; if the chairman cannot or fails to perform his/her duties, the general meeting shall be chaired and presided over by a director co-elected by more than half of the directors.

A general meeting convened by the board of supervisors on their own shall be chaired and presided over by the chairman of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor elected as the chairman of the meeting by more than half of the supervisors shall preside over the meeting.

A general meeting convened by the shareholders on their own shall be chaired and presided over by a representative elected as the chairman of the meeting by the convener.

Article 72 The Company shall formulate rules of procedure for the general meetings defining the convening and voting procedures of the general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the board of directors on the general meetings. The rules of procedures for the general meeting are appendix to the Articles of Association and shall be formulated by the board of directors and approved on the general meetings.

Article 73 All directors, supervisors and senior management officers shall be in attendance at the meeting and accept any inquiries by shareholders if so required by the general meeting.

Article 74 Minutes shall be recorded for the general meeting, and the secretary to the board of directors shall be in charge of recording the minutes.

The minutes shall contain the following information:

- (i) the time, venue, and agenda of the meeting, as well as the name (or corporate name) of the convener;
- (ii) the names of the chairman of the meeting, and the directors, supervisors, CEO and other senior management personnel who have present at or attended the meeting;
- (iii) the number of shareholders and proxies present at the meeting, the total number of shares with voting rights held by such shareholders and proxies, and the percentage of such shares to the total number of shares of the Company;
- (iv) voting result for each resolution;
- (v) the names of the vote counter and scrutineer;
- (vi) any other matters that should be recorded in the minutes as required by the Articles of Association.

Article 75 The convener shall ensure the truthfulness, accuracy and completeness of the minutes. The present directors, supervisors, secretary to the board of directors, the convener or representative thereof, and the chairman of the meeting shall sign on the minutes of the meeting. The meeting minutes shall be kept together with the signature book of shareholders attending the site meeting and proxy statement and also the valid information on votes cast online or by other means for a period of not less than ten years.

Section 6 Voting and Resolutions of the General Meeting

Article 76 Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing a majority of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Shareholders attending a general meeting (including their proxies) shall expressly specify whether they are in favor of or against any matter which is being voted for. Any abstention vote or waiver of voting shall be deemed as “abstain”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstain”. The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

Article 77 A shareholder (including proxy) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote. Each share shall have one voting right.

If any shareholders should give up the voting right for certain proposal or are restricted to be only able to vote for or against certain proposal in accordance with the provisions of applicable laws and regulations and the listing rules of the place where the shares of the Company are listed, the votes by those shareholders or their representatives shall not be counted in case of any violation of the relevant provisions or restriction.

Article 78 If a poll is demanded in accordance with the relevant regulations of the securities regulatory authority at the place where the shares of the Company are listed, the chairman of the meeting may make a decision in good faith to permit the resolution on the pure relevant procedures or administrative matters to be passed on a show of hands.

In the event of vote by casing a ballot, the Company shall appoint the supervisor for votes counting in accordance with the listing rules of the place where the shares of the Company are listed, and disclose the relevant voting results to the extent required by laws, administrative regulations, relevant regulatory authorities or the listing rules of the place where the shares of the Company are listed.

Article 79 On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes is not required to cast all his/her votes for or against any proposal on all his/her votes.

At the time of voting at the general meeting, voting on each proposal shall be made one by one.

Article 80 The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the board of directors and the board of supervisors;
- (ii) profit distribution plans and plans to cover losses to be formulated by the board of directors;
- (iii) election, removal of members of board of directors and non-employee representative supervisors, their remuneration and manner of payment;
- (iv) annual budgets and final accounts, balance sheet, income statement, and other financial statements of the Company; and
- (v) other matters other than those which are required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association to be adopted by special resolution.

Article 81 The following matters shall be resolved by a special resolution at a general meeting:

- (i) increase or reduction in the registered capital of the Company;
- (ii) division, spin-off, merger, dissolution and liquidation of the Company;
- (iii) amendment of the Articles of Association;
- (iv) the purchase and disposal of material assets, or the provision of guarantee with an amount exceeding 30% of the Company's audited total assets for the most recent period, by the Company within one year;
- (v) other matters as resolved by an ordinary resolution at general meetings that will have a material impact on the Company and accordingly shall be approved by a special resolution;
- (vi) other matters requiring approval by special resolutions in accordance with laws, administrative regulations, the Articles of Association and listing rules of the place where the shares of the Company are listed.

Article 82 When a connected transaction is considered at a general meeting, the connected shareholders shall not participate in casting votes and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes. The announcement of the resolutions of the shareholders' general meeting shall fully disclose the voting status of the non-connected shareholders.

Article 83 The same voting right can only be exercised by one of the following methods: on-site, online or through any other voting methods. In the event of repeated voting with the same voting right, the result of the first voting shall prevail.

Article 84 The on-site general meeting shall not be concluded earlier than that held online or by other means. The chairman of the meeting shall announce the voting status and results of each proposal, and announce whether the proposal is approved or not according to the voting results.

Prior to the formal announcement of the voting results, all parties involved in voting on-site, online and by other voting methods at the general meeting, such as the Company, the vote counter, the scrutineer, the major shareholders and the network service provider etc., shall be obliged to keep the voting results confidential.

Article 85 If the chairman of the meeting has any doubt as to the result of a resolution which has been presented for voting at a general meeting, he/she may organize a vote count on the votes cast. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall organize a vote count immediately.

CHAPTER 5 BOARD OF DIRECTORS

Section 1 Directors

Article 86 Directors shall be elected at the general meeting and a director's term of office shall be three years. The term of office of a Director may be renewed upon reelection when it expires.

The chairman of board of directors shall be elected and removed by a majority of all directors, and term of office thereof shall be three years, and may be renewed upon reelection when it expires.

It is unnecessary for directors to hold shares of the Company.

Article 87 Generally, a proposal for candidates for directors will be submitted by the board of directors at the general meeting. The shareholders and the board of supervisors of the Company may nominate candidates for directors in accordance with the Articles of Association.

The Company will fully disclose in the meeting notice announcement the resume, reasons for election of the proposed director as well as the attitude of candidates about the nomination.

Article 88 A director may resign before expiry of his/her term of office, subject to submission of a written resignation report to the board of directors.

Subject to the relevant regulations and regulatory rules of the place where the shares of the Company are listed, if the board of directors appoints a new director to fill up the temporary vacancy of the board of director or add the number of directors, the term of office of the director so appointed shall end only upon the next annual general meeting of the Company, and the said director shall be qualified for reelection and renewal.

Article 89 Any director whose term of office has not expired shall be liable for any loss of the Company arising from his/her leaving office without authorization.

The general meeting may, subject to compliance with relevant laws and administrative regulations, by way of ordinary resolution, remove any director whose term of office has not expired, without prejudice to the director's claim for damages available under any contract.

In case a director has failed to be present in person twice consecutively without any due causes, nor authorized another director to be present at the board meeting on his/her behalf, he/she shall be considered unable to fulfill his/her duties as a director, and the board of directors shall accordingly suggest the general meeting making replacement.

Article 90 If no reelection is made timely upon expiration of the term of office of a director, or the number of members of the board of directors is less than the quorum due to any director's resignation during his/her term of office, before the reelected director takes office, the original director shall still perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association.

Section 2 Independent Non-executive Directors

Article 91 Independent non-executive directors mean such directors as serve no other positions in the Company other than directors, members of special committee of the board of directors or chairman and have no relationship with the Company and major shareholders which may affect their independent and objective judgment. Independent non-executive directors shall account for at least one third of the number of members of the board of directors, and be no less than three. At least one of the independent non-executive directors of the Company shall have suitable professional qualification or have suitable accounting or relevant financial management expertise, and there shall be at least one independent non-executive director who generally resides in Hong Kong.

Each term of office of independent non-executive directors shall be the same as that of other directors of the Company, and may be renewed upon re-election when it expires.

Article 92 Independent non-executive directors shall qualify for position and have independence as prescribed by laws and regulations and the listing rules of the place where the shares of the Company are listed.

Article 93 An independent non-executive director may resign before expiry of his/her term of office.

Article 94 Independent non-executive directors shall perform their duties in accordance with the laws and regulations and the listing rules of the place where the shares of the Company are listed.

Article 95 The Company shall formulate the working systems for independent non-executive directors, specifying the position conditions, nomination, election and replacement, rights and obligations, etc. of independent non-executive directors, subject to approval of the general meeting.

Article 96 Where it is not expressly provided for in this Section in relation to independent non-executive directors, the relevant provisions of relevant laws and regulations and the listing rules of the place where the shares of the Company are listed and the Articles of Association concerning the directors of the Company shall apply.

Section 3 Board of Directors

Article 97 The Company shall have a board of directors, consisting of 11 directors, and shall have one chairman. The independent non-executive directors shall account for at least one third of the number of directors, and at least one of them shall be a Certified Professional Accountant.

Article 98 The board of directors shall be accountable to the general meeting, and shall exercise the following powers:

- (i) to convene the general meeting and to report on its work to the general meeting;
- (ii) to implement the resolutions adopted by the general meeting;
- (iii) to determine the Company's business plans and investment plans;
- (iv) to formulate the Company's plans for annual financial budgets and final accounts;
- (v) to formulate the Company's profit distribution plans and plans to cover losses;
- (vi) to formulate the plans for the increase or reduction of the Company's registered capital and the plans for the issuance of the Company's bonds;
- (vii) to draft the plans for major acquisitions, repurchases of the Company's shares or merger, division, dissolution or change of the corporate form of the Company;
- (viii) to decide on the establishment of the Company's internal management organizations;
- (ix) to appoint or remove the Company's CEO, and, according to the nomination of the CEO, to appoint or remove the Company's other senior management officers including president, senior vice president, vice president and chief financial officer and decide on their remuneration;
- (x) to formulate the Company's basic management system;
- (xi) to formulate the plans for the amendment of the Articles of Association;
- (xii) to consider and approve the change of use of proceeds;
- (xiii) to propose to the general meeting the appointment or replacement of an accounting firm that performs audits for the Company;
- (xiv) to listen to the work report of the CEO of the Company and inspect the work of the CEO;
- (xv) to exercise any other powers granted by the laws, regulations, the listing rules of the place where the shares of the Company are listed, the general meeting and the Articles of Association.

If the contents of a matter considered by the board of directors are beyond the scope of authority delegated to it by the general meeting and the Articles of Association, such matter shall be submitted to the general meeting for consideration. The board of directors shall perform duties in accordance with the laws, administrative regulations, the listing rules of the place where the shares of the company are listed, the Articles of Association and the resolutions of the general meeting.

Article 99 The chairman of the board of directors shall exercise the following powers:

- (i) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (ii) to inspect the implementation of resolutions passed by the board of directors;
- (iii) to sign the securities certificates issued by the Company;
- (iv) to exercise other powers granted by the board of directors or the listing rules of the place where the shares of the Company are listed.

If the chairman of the board of directors is unable or fails to perform his/her duties, a director elected by more than half of the directors shall perform such duties.

Article 100 Meetings of the board of directors are divided into regular meetings and interim meetings. Regular meetings shall be held at least four times each year, and convened by the chairman of the board of directors. A notice shall be given no less than 14 days in the case of regular meetings, or no less than 5 days in the case of interim meetings, before the proposed date of the meeting; with the consent of all directors of the Company, the abovementioned notice period may be waived. If an interim meeting of the board of directors is required to be held as soon as possible under emergencies, a meeting notice may be given at any time by telephone or other oral means, however, the convener shall make explanations at the meeting.

An interim meeting of the board of directors may be convened under any of the following circumstances:

- (i) the shareholders representing one tenth or more of the voting rights propose to hold such meeting;
- (ii) one third or more directors jointly propose to hold such meeting;
- (iii) the board of supervisors proposes to hold such meeting;
- (iv) the chairman of the board of directors considers necessary to hold such meeting;
- (v) more than one half of independent non-executive directors propose to hold such meeting;
- (vi) the CEO proposes to hold such meeting.

The chairman of the board of directors shall convene and preside over the meetings of the board of directors within ten days of receipt of the proposal.

Article 101 Notice of regular or interim meetings of the board of directors may be delivered by hand, e-mail, via facsimile or telephone.

If any director has attended the meeting and does not raise objection as to failure of receiving the meeting notice before or on the meeting, it shall be deemed that the meeting notice has been given to him.

Regular or interim meetings of the board of directors may be held by conference call, video conference or similar communication tools, provided that, all directors present at the meeting can hear and exchange with each other, and all directors that attend the meeting by such means shall be deemed presence at the meeting in person.

Unless otherwise provided by the laws and regulations or the listing rules of the place where the shares of the Company are listed, the board of directors may use the method of adoption of written resolutions in lieu of a meeting of the board of directors. The written resolutions shall be deemed being adopted after signature thereon by the directors of the quorum at the meeting of the board of directors which is duly constituted and convened as prescribed by the laws and regulations and the Articles of Association. Such written resolutions shall be placed on file together with the meeting minutes of the board of directors and other archives of the Company, and have the same binding force and effect as the voting by the members of the board of directors present at the meetings of the board of directors.

Article 102 Meetings of the board of directors shall be held only if more than half of the directors (including the directors appointed to attend the meeting on behalf pursuant to the Articles of Association) are present.

Resolutions to be adopted at the meeting of the board of directors shall be voted by a show of hands or by open ballot. Interim meetings of the board of directors may, under the premise that directors will be guaranteed to have their opinions fully and thoroughly expressed, be conducted via facsimile or circulation and resolutions may be passed thereat, to be signed by the directors present at the meeting.

Article 103 The board of directors shall formulate rules of procedures of the board of directors, specify the method for conducting business and the voting procedures of the board of directors, so as to ensure the working efficiency and scientific decision of the board of directors.

Each director shall have one vote. Any resolutions of the board of directors must be subject to adoption by a majority of all directors unless otherwise specified herein. Where there is an equality of votes both for and against a resolution, the chairman of the board of directors shall have another casting vote.

Article 104 The directors shall attend in person the meetings of the board of directors. Where any director is unable to attend the meeting for reason, he/she may, by issuing a written proxy statement, entrust another director to attend the meeting on his/her behalf, with the scope of authorization to be stated therein.

The directors who attend the meeting on behalf shall exercise the rights as directors within the scope of authorization. Failure by a director to attend a meeting of the board of directors or to authorize a representative to attend the meeting on his/her behalf shall be deemed waiver of the voting right at such meeting.

Article 105 The board of directors and its committee shall prepare meeting minutes in respect of the resolutions on the matters to be considered thereat, make records in sufficient details of the matters to be discussed and the resolutions to be adopted thereat, including any doubts or dissenting opinions from directors. The board of directors shall, after the end of the meeting, send the preliminary and finalized draft of the meeting minutes to all directors in a reasonable period of time successively, the former shall be used for expression of opinions by directors, and the latter shall be used for record purpose.

The directors present at the meeting and the recorder shall sign on the meeting minutes. The meeting minutes shall be kept for at least ten years. The directors shall be responsible for any resolutions adopted by the board of directors. If any resolution of the board of directors violates the laws, administrative regulations or the Articles of Association, and the Company suffers serious losses as a result thereof, the directors who have participated in the passing of such resolution shall compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted, and that such objection was recorded in the meeting minutes, such director shall be released from such liability.

The opinions from independent non-executive directors shall be indicated in the resolutions of the board of directors.

Section 4 Special Committee of the Board of Directors

Article 106 The board of directors shall have special committees, namely the audit committee, the remuneration committee and the nomination committee, and formulate corresponding implementation rules to specify the main duties, decision procedures and rules of procedures of each special committee. The board of directors shall be responsible for amendment and interpretation of the implementation rules of each special committee.

Article 107 Each special committee shall be accountable for the board of directors, and submit their proposals to the board of directors for examination and making decision. Each special committee may engage an intermediary to provide professional opinions, at the expense of the Company.

Section 5 Secretary to the Board of Directors

Article 108 The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a senior management officer of the Company.

Article 109 The secretary to the board of directors shall be a natural person who has essential expertise and experience, to be employed or dismissed by the board of directors, with the main responsibilities as follows:

- (i) to ensure that the Company have complete organizational documents and records;
- (ii) to ensure that the Company prepare and deliver, in accordance with law, the reports and documents required by competent authorities, and to accept and organize accomplishment of any relevant tasks sent down by the regulatory authorities;
- (iii) to ensure proper establishment of the register of shareholders of the Company, and ensure that the persons entitled to obtain related records and documents of the Company timely obtain such records and documents;

- (iv) to be responsible for the disclosure of information of the Company to ensure the timely, accurate, legal, true and complete information disclosure; and
- (v) to perform other duties as granted by the board of directors and required by the stock exchange at the place where the shares of the Company are listed.

Article 110 The secretary to the board of directors may be held concurrently by a director or senior management officer. The accountant from the accounting firm engaged by the Company shall not sever as the secretary to the board of directors concurrently.

Where the office of secretary to the board of directors is held concurrently by a director, and an act is required to be conducted by a director and a secretary to the board of directors separately, the person who holds the offices of director and secretary to the board of directors concurrently may not perform such act in a dual capacity.

CHAPTER 6 CEO AND OTHER SENIOR MANAGEMENT OFFICERS OF THE COMPANY

Article 111 The Company shall have one CEO, who shall be appointed or dismissed by the board of directors.

The board of directors may decide on the issue that a member of the board of directors may serve as the CEO concurrently.

The term of office of the senior management officers shall be three years, renewable upon re-appointment.

Other senior management officers refer to CEO, the president, senior vice president, vice president, the secretary to the board of directors and chief financial officer.

The term “other senior management officers” as mentioned in the Articles of Association shall include the president, senior vice president, vice president, the secretary to the board of directors and chief financial officer.

Article 112 The CEO of the Company shall be accountable to the board of directors and shall exercise the following powers:

- (i) to preside over the operation and management of the Company and report to the board of directors;
- (ii) to organize the implementation of the resolutions of the board of directors and organize the implementation of the Company’s annual operation plans and investment plans;
- (iii) to organize the drafting and implementation of the strategic plan of the Company;
- (iv) to draft the plan for the establishment of the Company’s internal management organizations;
- (v) to draft the basic management system of the Company;
- (vi) to formulate specific rules and regulations of the Company;

- (vii) to propose to the board of directors on the appointment or dismissal of the Company's other senior management officers including president, senior vice president, vice president, secretary to the board of directors and chief financial officer;
- (viii) to determine to appoint or dismiss the management personnel except for those who should be appointed or dismissed by the board of directors;
- (ix) other powers granted by the Articles of Association or the board of directors.

Article 113 The CEO of the Company shall attend meetings of the board of directors. The CEO who is not a director shall not have any voting rights at meetings of the board of directors.

Article 114 The senior management officers of the Company, in exercising his/her powers, shall act honestly and diligently in accordance with laws, administrative regulations, rules, regulatory documents, relevant requirements of the securities regulatory authority at the place where the shares of the Company are listed and the Articles of Association.

CHAPTER 7 BOARD OF SUPERVISORS

Article 115 The Company shall have the board of supervisors.

Article 116 The board of supervisors shall consist of 3 supervisors, and one of whom shall act as the chairman of the board of supervisors. Each supervisor shall serve for a term of three years, renewable upon reelection upon expiration.

The chairman of the board of supervisors shall be elected by a majority of all supervisors.

Article 117 The members of the board of supervisors shall consist of 2 shareholder representatives who shall be elected and dismissed by the general meeting and one employee representative who shall be elected and dismissed democratically by the employees of the Company.

If no reelection is made timely upon expiration of the term of office of a supervisor, or the number of members of the board of supervisors is less than the quorum due to any supervisor's resignation during his/her term of office, before the reelected supervisor takes office, the original supervisor shall still perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association.

Article 118 The directors, CEO and other senior management officers of the Company shall not act concurrently as supervisors.

Article 119 Meetings of the board of supervisors are divided into regular meetings and interim meetings. Regular meetings shall be held at least once every six months, and convened and presided over by the chairman of the board of supervisors. Supervisors may propose to hold an interim meeting of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform the duties, a majority of supervisors shall jointly elect a supervisor to convene and preside over the meeting of the board of supervisors.

Article 120 The board of supervisors shall be accountable to the general meeting, and shall exercise the following powers in accordance with the law:

- (i) to review the Company's financial affairs;
- (ii) to supervise the directors, CEO and other senior management officers' acts in performing duties of the Company, propose for removal of any director or senior management officer in violation of any laws, administrative regulations, listing rules of the place where the shares of the Company are listed, the Articles of Association or the resolutions of the general meeting;
- (iii) to demand any director, CEO and other senior management officer who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (iv) to check the financial information, such as the financial reports, reports of operations and profit distribution plans to be submitted by the board of directors to the general meeting, and to authorize in the Company's name, public certified accountants and licensed auditors to assist in the re-examination of such information, should any doubt arise in respect thereof;
- (v) to propose to convene an extraordinary general meeting, and to convene and preside over the general meeting where the board of directors fails to perform his/her duty in accordance with the Company Law;
- (vi) to submit proposals to the general meeting;
- (vii) to represent the Company in negotiations with any director, or to initiate legal proceedings against any director, CEO and other senior management officers in accordance with the laws and the Articles of Association; and
- (viii) such other powers as provided by laws, administrative regulations and the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Supervisors may attend meetings of the board of directors and raise queries or suggestions regarding matters discussed at such meetings.

Article 121 The meeting of the board of supervisors shall only be held when more than half of the supervisors attend at the meeting. Votes by open ballot shall be made at the meeting of the board of supervisors. Each supervisor shall have one vote. The supervisors shall be present in person at the meetings of the board of supervisors. Where a supervisor is unable to be present for certain reason, he/she may by power of attorney entrust another supervisor in writing to be present on his/her behalf, with the scope of authorization indicated in the power of attorney.

A resolution of the board of supervisors must be passed by more than half of the members of the board of supervisors.

Article 122 The board of supervisors shall formulate rules of procedures of the board of supervisors, specify the method for conducting business and the voting procedures of the board of supervisors, so as to ensure the working efficiency and scientific decision of the board of supervisors.

Article 123 Minutes shall be prepared for the meeting of the board of supervisors, and supervisors and recorder present at the meeting shall sign thereon. Such minutes as archives of the Company shall be kept by a person designated by the chairman of the board of supervisors for at least ten years.

Article 124 All reasonable expenses incurred for the engagement by the board of supervisors of professionals such as lawyers, certified public accountants or licensed auditors in the exercise of its powers shall be borne by the Company.

Article 125 The supervisors shall faithfully perform the supervision duties in accordance with the laws, administrative regulations and the Articles of Association.

CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, CEO AND OTHER SENIOR MANAGEMENT OFFICERS OF THE COMPANY

Article 126 No one shall be a director, supervisor, CEO or other senior management officer of the Company if falling under any of the following circumstances:

- (i) being without civil capacity or having limited civil capacity;
- (ii) having been penalized or sentenced due to corruption, bribery, encroachment on property, misappropriation of property or disruption of the socialist market economy order, or having been deprived of political rights due to the committing of any crime, and in each case, five years not having elapsed since the completion of the relevant penalty, sentence or deprivation;
- (iii) having been a director, factory director or manager of a company or enterprise which had been bankrupt and liquidated whereby such person was personally liable for the bankruptcy of such company or enterprise, and three years not having elapsed since the date of completion of the liquidation of the company or enterprise;
- (iv) having been the legal representative of a company or enterprise whose business license was revoked due to violation of laws whereby such person was personally liable, and three years not having elapsed since the date of revocation of the business license of the company or enterprise;
- (v) being a debtor personally liable for a relatively large debt which has not been paid as it fell due;
- (vi) being subject to measures imposed by the CSRC in relation to the ban on the entry into the securities market for a period of time that has not been expired;
- (vii) other contents as required by laws, administrative regulations or departmental rules.

Any election, appointment or employment by the Company of any directors, supervisors or senior management officers in violation of the preceding paragraph shall be invalid.

Any director, supervisor or senior management officer who falls under the circumstances as set out in Paragraph (i) of this Article shall be removed from office by the Company.

Article 127 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the place where the shares of the Company are listed, each of the Company's directors, supervisors, CEO and other senior management officers shall have the following obligations to each shareholder, in the exercise their powers conferred by the Company:

- (i) not to cause the Company to exceed the scope of business stipulated in its business license;
- (ii) to act honestly in the best interests of the Company;
- (iii) not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company;
- (iv) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the general meeting for approval in accordance with the Articles of Association.

Article 128 Each of the Company's directors, supervisors, CEO and other senior management officers shall be obligated, in the exercise of his/her powers or performance of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

Article 129 Each of the Company's directors, supervisors, CEO and other senior management officers shall perform his/her duties in accordance with fiduciary principles; and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. These principles include (without limitation):

- (i) to act honestly in the best interests of the Company;
- (ii) to act within the scope of its powers and not to exceed such powers;
- (iii) to exercise his/her discretionary power in person without being subject to the manipulations of other persons, and not to transfer such power to other persons unless permitted by laws, administrative regulations or the listing rules of the place where the shares of the Company are listed or approved by the general meeting with full knowledge;
- (iv) to treat shareholders of the same class with equality, and shareholders of different classes with fairness;
- (v) not to enter into any contracts or transactions or arrangements with the Company unless otherwise required by the Articles of Association or the listing rules of the place where the shares of the Company are listed or approved by the general meeting with full knowledge;
- (vi) not to employ the Company's assets in any way so as to pursue interests for himself unless approved by the general meeting with full knowledge;
- (vii) not to accept any bribery or other illegal income by using his/her powers and position, nor seize the assets of the Company in any manner, including (but not limited to) opportunities beneficial to the Company;

- (viii) not to accept commissions relating to the transactions of the Company, without the approval of the general meeting with full knowledge;
- (ix) to obey the Articles of Association, perform his/her duties honestly and faithfully, protect the Company's interests, and not to pursue his/her personal gain by taking advantage of his/her powers and positions in the Company;
- (x) not to compete with the Company in any way unless approved by the general meeting with full knowledge;
- (xi) not to misappropriate the funds of the Company or loan the funds of the Company to other persons, open accounts in his/her own name or another individual's name for deposit of the Company's assets, or use Company's assets as security for the debts of the shareholders of the Company or other individuals; and
- (xii) not to divulge the confidential information relating to the Company received during his/her term of office, unless approved by the general meeting with full knowledge; and not to use such information unless for the purpose of the Company's interests; however, to be allowed to disclose such information to a court or other governmental authorities under the following circumstances:
 - 1. as prescribed by law;
 - 2. as required for the purpose of public interest;
 - 3. as required for the purpose of such director's, supervisor's, CEO's and other senior management officers' own interests.

Article 130 The fiduciary duty of a director, supervisor, CEO and any other senior management officer of the Company may not necessarily cease upon the conclusion of his/her term of office, their obligations to keep confidential the business secrets of the Company shall survive since the conclusion of his/her term of office. The duration of the other obligations and duties shall be determined in accordance with the principle of fairness, depending upon the time of length between the occurrence of the relevant event and the time when he leaves the office, and the situation and the circumstances and terms under which his/her relationship with the Company is ended.

Article 131 A director, supervisor, CEO and any other senior management officer of the Company who directly or indirectly has material interests in any contracts, transactions, or arrangements that are being planned or have already been concluded by the Company (except for the employment contracts between the directors, supervisors, CEO and other senior management officers and the Company), shall, as soon as possible, disclose to the board of directors the nature and extent of his/her interests, regardless of whether or not the relevant matters require the approval of the board of directors under normal circumstances.

Any director who has connected party relationship with the enterprise involved by the matters subject to resolution at the meeting of the board of directors shall not exercise the voting right on such resolution, nor exercise the voting right on behalf of another director and shall withdraw from voting. Such meeting of the board of directors may be held only if a majority of the directors without connected party relationship are present at the meeting, and the resolutions of the meeting of the board of directors shall be approved by a majority of the directors without connected party relationship. If the number of the directors without connected party relationship present at the meeting is less than three, such matters shall be submitted to the general meeting of the listed company for consideration.

Subject to the exceptions as provided by the Hong Kong Listing Rules or as approved by the Hong Kong Stock Exchange, no director shall vote for any resolutions of the board of directors regarding the approval of any contracts, transactions, arrangements or any other suggestion in which he/she or any of his/her close associates (as defined by the applicable listing rules effective from time to time) own significant interests, nor be counted towards the quorum of the meeting. If any contract, transaction, arrangement or suggestion relates to any related party transaction as provided by the Hong Kong Listing Rules, the “close associates” as mentioned in this paragraph shall be changed to “associates” (as defined by the applicable Hong Kong Listing Rules effective from time to time).

Unless the interested directors, supervisors, CEO and other senior management officers of the Company have made such disclosure to the board of directors as required by the first paragraph of this Article, and the relevant matter has been approved by the board of directors at the meeting of the board of directors where such directors, supervisors, CEO or other senior management officers 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 for any other party which is a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors, president and other senior management officers.

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

Article 132 If, prior to the Company’s initial consideration of relevant contracts, transactions, or arrangements, a director, supervisor, CEO and any other senior management officer of the Company has delivered a written notice to the board of directors, which contains the statement that he/she has interests in the contracts, transactions, or arrangements to be entered into by the Company in the future due to the contents specified in the notice, such director, supervisor, CEO and other senior management officer shall be deemed to have made the disclosure stipulated by the preceding Article in respect of the statement contained in the notice.

Article 133 The Company shall not, in any manner, pay taxes for its directors, supervisors, CEO and other senior management officers (except in the case of withholding and paying tax in accordance with the law).

Article 134 The Company shall not, directly or indirectly, make a loan to or provide a loan guarantee to any director, supervisor, CEO and other senior management officer of the Company and of the Company’s parent company or any of the Relevant Persons of the foregoing.

The preceding provision shall not apply to the following circumstances:

- (i) the provision by the Company of a loan or loan guarantee to its subsidiaries;
- (ii) the provision by the Company of a loan or loan guarantee or any other funds available to any of its directors, supervisors, CEO and other senior management officers to meet expenditures incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his/her duties in accordance with the employment contract approved by the general meeting; and
- (iii) if the ordinary course of the business of the Company includes the provision of a loan or loan guarantee, the Company may provide a loan or loan guarantee to the relevant directors, supervisors, CEO and other senior management officers and the Relevant Persons thereof, provided that they are on normal commercial terms.

Article 135 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds to the Company.

Article 136 The loan guarantee which has been provided by the Company in breach of the preceding Article 134 (i) shall not be enforceable against the Company, save in respect of the following circumstances:

- (i) the guarantee was provided in connection with a loan which was made to a Relevant Person of any of the directors, supervisors, CEO and other senior management officers of the Company or the Company's parent company and the lender of such funds did not know of the relevant circumstances at the time of the loan;
- (ii) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 137 For the purpose of the foregoing provisions of this Chapter, the term "guarantee" shall include the undertaking of liability or the provision of property by the guarantor to secure the obligator's performance of his/her obligations.

Article 138 When a director, supervisor, CEO and other senior management officer of the Company breaches the duties which he/she owes to the Company, in addition to any rights and remedies provided by laws, administrative regulations and the listing rules of the place where the shares of the Company are listed, the Company shall be entitled:

- (i) to demand relevant director, supervisor, CEO and other senior management officer to compensate for the losses sustained by it as a result of such breach of duty;
- (ii) to rescind any contract or transaction entered into between the Company and relevant director, supervisor, CEO and other senior management officer and between the Company and a third party (where such party knew or should have known that such director, supervisor, CEO and other senior management officer representing the Company has been in breach of his/her duty owed to the Company);
- (iii) to demand relevant director, supervisor, CEO and other senior management officer to deliver the proceeds as result of the breach of his/her duty;

- (iv) to recover any money which shall have been received by the Company but were received by relevant director, supervisor, CEO and other senior management officer instead, including (without limitation) any commissions;
- (v) to demand repayment of any interests earned or which may have been earned by relevant director, supervisor, CEO and other senior management officer on moneys which shall have been received by the Company.

Article 139 The Company shall, with the prior approval of the general meeting, enter into a written contract with any director or supervisor in respect of his/her remuneration.

Any contracts for remuneration between the Company and its directors or supervisors may provide that in the event that the Company is to be acquired by others, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (i) an acquisition offer made by any person to all the shareholders; or
- (ii) an acquisition offer made by any person with a view to enable the offeror to become a "controlling shareholder", which has the same meaning as that prescribed in Article 49 of the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of acceptance such offer. The expenses incurred for distributing such sum on a pro rata basis amongst such persons shall be borne by such director or supervisor and shall not be paid out of such sum.

CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Article 140 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and provisions of competent state authorities.

Article 141 The Company shall disclose its preliminary announcement of annual results within three months from the end of each accounting year, and its annual report within four months from the end of each accounting year, and its preliminary announcement of interim results within two months from the end of first half of each accounting year and its interim report within three months from the end of first half of each accounting year.

The Company shall file, disclose, and/or submit annual reports, interim reports, preliminary announcements of annual results and other documents to shareholders in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

Article 142 The board of directors of the Company shall present to the shareholders, at every annual general meeting, such financial reports as are required to be prepared by the Company in accordance with the relevant laws, administrative regulations, regulatory documents promulgated by local government and competent governmental authorities and the listing rules of the place where the shares of the Company are listed.

Article 143 Unless otherwise specified herein, the Company shall, at least 21 days before the date of the annual general meeting, deliver to each shareholder of overseas-listed shares, such financial and accounting reports, together with report of the board of directors and the balance sheet (including each document required to be attached to the balance sheet as provided by laws), the income statement or the statement of revenues and expenditures or the financial summary report.

Article 144 Any financial information published or disclosed by the Company shall be prepared in accordance with the relevant laws, administrative regulations, and the requirements of the CSRC and stock exchanges.

Article 145 The Company shall not establish accounting book other than those required by law. No assets of the Company shall be deposited in any account opened in the name of any individual.

Article 146 The capital reserve fund includes the following:

- (i) any premium from share issuance at the price higher than the par value of shares;
- (ii) any other income designated for the capital reserve fund as required by the competent finance authority under the State Council.

Article 147 The reserve funds of the Company shall be used to cover Company's losses, expand its production and operation, or be converted to the Company's increased capital. The reserve funds of the Company shall be used to:

- (i) cover losses, and the capital reserve funds shall not be used to cover losses.
- (ii) be converted into the increased capital. Where the statutory reserve fund is to be converted into capital by capitalization, the retained reserve fund may not fall below 25% of the registered capital of the Company before such conversion.
- (iii) expand production and operation of the Company.

Article 148 The Company will give full consideration to the interests of shareholders and make the implementation of a reasonable profit distribution policy each year according to business situation and market environment. The Company may distribute dividends in cash or by way of shares.

Article 149 In distributing its after-tax profits, the Company shall allocate ten percent of profits to the statutory reserve fund of the Company. Allocation to the Company's statutory reserve fund may be waived once the cumulative amount of statutory reserve fund is 50% or more of the Company's registered capital.

Where the statutory reserve fund of the Company is not sufficient to cover the Company's loss for the previous year, the profits for the current year shall be used to cover such loss before allocation is made to the statutory reserve fund pursuant to the previous paragraph.

After allocation to the statutory reserve fund has been made from the after-tax profits of the Company, allocation may be made to discretionary reserve fund if a resolution is adopted at the general meeting.

If the general meeting or the board of directors, in violation of the previous paragraph, distributes profits to shareholders before covering losses of the Company and making allocation to the Company's statutory reserve fund, the profits so distributed must be returned by the shareholders to the Company.

The shares of the Company held by the Company may not be applied to profit distribution.

CHAPTER 10 INTERNAL AUDIT AND ENGAGEMENT OF ACCOUNTING FIRMS

Article 150 The Company shall implement an internal auditing system and appoint full time auditors to carry out internal auditing and supervision of the Company's incomes and expenses and economic activities.

Article 151 The term of the accounting firm engaged by the Company shall commence from the conclusion of the annual general meeting and expire at the conclusion of the next annual general meeting; the accounting firm may be re-engaged upon expiration of the term.

Article 152 The accounting firm engaged by the Company shall have the following rights:

- (i) to inspect the books, records or vouchers of the Company at any time, to require the directors, CEO or other senior management officers of the Company to provide relevant information and explanations;
- (ii) to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the discharge of its duties by the accounting firm; and
- (iii) to attend the general meeting and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

Article 153 If there is a vacancy in the position of accounting firm of the Company, the board of directors may engage an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period during which a vacancy exists.

Article 154 The general meeting may by ordinary resolution remove any accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

Article 155 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. The remuneration of the accounting firm engaged by the board of directors shall be determined by the board of directors.

Article 156 The Company's engagement, removal or discontinuance of engagement of an accounting firm shall be resolved by the general meeting.

Article 157 When the Company intends to remove or do not renew the engagement of an accounting firm, it shall notify the said firm thirty days in advance. The accounting firm shall have the right to state its opinions to the general meeting. Where the accounting firm proposes for resignation, it shall state to the general meeting whether or not there is anything improper in the Company.

CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Article 158 In the event of the merger or division of the Company, a plan shall be presented by the board of directors of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association, the Company shall then handle the relevant approval procedures according to the laws. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire its shares at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.

Article 159 The merger of the Company may take the form of either merger by absorption and merger by consolidation.

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company whereby the merged companies shall be dissolved.

Article 160 In the event of merger of the Company, the parties to such merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of, and make announcement in the newspapers within thirty days of, the date of the Company's resolution for merger. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within forty-five days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

After merger, any creditor's rights and indebtedness of the merged parties shall be assumed by the Company which survives the merger or the newly established company.

In the event of division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of, and make announcement in the newspapers within thirty days, of the date of the Company's division resolution.

Debts owed by the Company prior to the division shall be assumed by the companies upon the division according to the agreement entered into unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.

Article 161 The Company must prepare a balance sheet and an inventory list of its assets when it intends to reduce its registered capital.

The Company shall notify its creditors within ten days of, and make announcement in the newspapers within thirty days, of the date of the Company's resolution for reduction of capital. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within forty-five days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

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

Article 162 The Company shall, in accordance with the law, handle the procedures for change registration with the company registration authority where a change in any registration items arises as a result of any merger or division. In the event of dissolution of the Company, the Company shall handle the procedures for registration of cancellation in accordance with the law. In the event of establishment of a new company, the Company shall handle the procedures for registration of establishment in accordance with the law.

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for change registration with the company registration authority in accordance with the laws.

Article 163 The Company may be dissolved and go into liquidation in accordance with the laws in any of the following circumstances:

- (i) where the operation period provided herein expires or where any cause for dissolution provided herein occurs;
- (ii) where the general meeting has adopted a resolution for dissolution;
- (iii) where dissolution is required due to merger or division of the Company;
- (iv) where the Company is declared bankrupt in accordance with the law due to its inability to pay the debts that are due;
- (v) where the business license of the Company is revoked, or the Company is ordered to close down or cancelled in accordance with the laws;
- (vi) where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding 10% or more of votes of all shareholders of the Company may file an application to the People's Court to dissolve the Company.

Article 164 In the circumstance as set out in the Item (i) of the preceding article, the Company may continue to exist by amending the Articles of Association; if this Articles of Association is amended subject to the aforesaid provisions, it must be approved by shareholders representing two-thirds or above of the voting rights present at the general meeting. Where the Company is dissolved pursuant to the items (i), (ii), (iv) and (v) of the preceding article, a liquidation team shall be established within 15 days and start to carry out liquidation. The liquidation team shall be composed of persons determined by directors or the general meeting.

In case no liquidation team is established within the specified period to carry out liquidation, the creditors may file an application to the People's Court to designate relevant persons to form a liquidation team to carry out liquidation.

Article 165 The liquidation team shall notify the creditors within 10 days of, and make announcements in the newspapers within 60 days, of the date of its establishment. A creditor shall, within 30 days of receipt of the notice, or in the case of failure to receive the notice, within 45 days of the date of the announcement, claim its rights to the liquidation team.

In claiming its rights, the creditor shall explain the relevant issues on the creditor's rights, and provide evidential materials in respect thereof. The liquidation team shall register the creditor's rights in accordance with the relevant laws.

In the course of claiming of creditors' rights, the liquidation team shall not make any repayment to creditors.

Article 166 During the liquidation period, the liquidation team shall exercise the following functions and powers;

- (i) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (ii) to notify or make announcement to the creditors;
- (iii) to deal with and liquidate any outstanding businesses of the Company;
- (iv) to pay all outstanding taxes and taxes arising from the liquidation;
- (v) to settle creditor's rights and debts;
- (vi) to deal with the remaining assets after the Company's debts have been paid;
- (vii) to represent the Company in any civil proceedings.

Article 167 After it has liquidated the Company's assets and prepared the balance sheet and an inventory of assets, the liquidation team shall formulate a liquidation plan and present it to the general meeting or to the People's Court for confirmation.

The assets of the Company shall be applied in the sequence below: payment of liquidation cost, salary of employees, social insurance premiums, statutory compensation, taxes payable, and debts of the Company.

The remaining assets after payment is made pursuant to the foregoing provision shall be distributed to its shareholders according to the category and proportion of the shares held by shareholders.

During the liquidation period, the Company remains in existence; however, it shall not carry out any business activities unrelated to liquidation.

The Company's assets shall not be distributed to its shareholders before payment is made pursuant to the foregoing provision.

Article 168 After liquidation of the Company's assets and preparation of a balance sheet and an inventory of assets, the liquidation team discovers that the Company's assets are insufficient to pay the Company's debts in full, the liquidation team shall file an application to the People's Court for declaration of bankruptcy in accordance with laws.

After the Company is declared bankrupt pursuant to the adjudication of the People's Court, the liquidation team shall transfer all matters relating to the liquidation to the People's Court.

Article 169 Upon completion of the liquidation, the liquidation team shall prepare a liquidation report and submit it to the general meeting or the People's Court for confirmation, and shall submit the same to the company registration authority and apply for cancellation of registration of the Company, and make announcement relating to the termination of the Company.

Article 170 Members of the liquidation team shall faithfully perform their duties and perform their liquidation obligations in accordance with the law. Members of the liquidation team may not, by abusing their authorities, accept bribes or receive other illegal income, nor misappropriate the Company's assets. Any member of the liquidation team who causes losses to the Company or its creditors due to his/her intentional misconduct or gross negligence shall be liable for damages.

Article 171 Where the Company is declared bankrupt in accordance with the laws, bankruptcy liquidation shall be carried out in accordance with the laws concerning bankruptcy of enterprises.

CHAPTER 12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 172 The Company may amend the Articles of Association in accordance with the laws, administrative regulations and the Articles of Association.

In any of the following circumstances, the Company shall amend the Articles of Association:

- (i) the Articles of Association are contradictory to any provision of the amended version of the Company Law or other relevant laws or administrative regulations;
- (ii) there is any change to the condition of the Company, which is inconsistent with any matter recorded in the Articles of Association;
- (iii) the general meeting adopts a resolution for amendment of the Articles of Association.

Article 173 If an amendment of the Articles of Association adopted by the resolution of the general meeting needs to be approved by the competent authority, it shall be submitted to the competent authority for approval; if there is any change relating to the registered particulars of the Company, the procedures for change registration shall be handled in accordance with the laws.

Article 174 The board of directors shall amend the Articles of Association according to the resolution of the general meeting for amendments hereof and the approval opinions of competent authority.

Any amendments to the Articles of Association which are required to be disclosed pursuant to laws and regulations shall be made known to the public in accordance with the relevant laws and regulations.

CHAPTER 13 NOTICES AND ANNOUNCEMENTS

Article 175 Any and all notices of the Company shall be delivered as follows:

- (i) personally;
- (ii) by mail;
- (iii) by facsimile or email;
- (iv) by means published on the website designated by the Company and the Hong Kong Stock Exchange, subject to compliance with the laws, administrative regulations and the listing rules of the place where the shares of the Company are listed;
- (v) by announcement;
- (vi) by other means previously agreed by the Company or the receiving party or as recognized by the receiving party after receipt of the notice; or
- (vii) by other means as recognized by the relevant regulatory authority at the place where the shares of the Company are listed or prescribed by the Articles of Association.

The term “announcement” as mentioned herein, unless otherwise stated in the context, for purposes of the announcement made to the shareholders of unlisted shares or which shall be made within PRC in accordance with the relevant regulations and the Articles of Association, means publication of announcement in the newspapers and periodicals of China. The relevant newspapers and periodicals shall be those prescribed by the laws and regulations of China, or designated, agreed or permitted by the securities regulatory authority under the State Council; for purposes of the announcement made to the shareholders of H-shares of the Company or which shall be made in Hong Kong in accordance with the relevant regulations and the Articles of Association, such announcement must be published in the newspapers and periodicals and/or other designated media (including websites) as required by the Hong Kong Listing Rules.

Unless otherwise specified herein, if any notice issued to the shareholders of H-shares of the Company is delivered by announcement, according to the requirements of the Hong Kong Listing Rules, on the same day, the electronic version available for publication immediately shall be submitted to the Hong Kong Stock Exchange via the electronic system of the Hong Kong Stock Exchange, for publication on the website of the Hong Kong Stock Exchange, or announcement shall be published in the newspapers (including publication of advertisements in the newspapers). The announcement must also be posted on the Company’s website. In addition, unless otherwise provided in the Articles of Association, the notice must be delivered personally or by postage prepaid mail at the address registered in the register of shareholders of each shareholder of overseas-listed shares, so that the shareholder may have sufficient notice and enough time to exercise its rights or act upon the terms notified.

The shareholders of overseas-listed shares of the Company may in writing select to receive, by electronic means or by mailing, any company communications which shall be mailed by the Company to shareholders, and to only receive the Chinese version or the English version, or both; and may also within reasonable time give a prior written notice to the Company to change the method for receiving the above information and the language version according to the appropriate procedures.

If a shareholder or director intends to prove that he/she has served a notice, document, information or written statement on the Company, he/she must provide the evidence to prove that the relevant notice, document, information or written statement has been served in the usual manner within the time specified or by postage prepaid mail mailed to the correct address.

Even if the foregoing provision expressly requires the provision and/or distribution of company communications to shareholders in writing, for purposes of the means for provision and/or distribution of company communications to shareholders according to the requirements of the Hong Kong Listing Rules, the Company may, with the prior written consent or implicit consent of the shareholders in accordance with the relevant laws and regulations and relevant requirements of the Hong Kong Listing Rules amended from time to time, send or provide company communications to shareholders of the Company by electronic means or by posting information on the Company's website. Company communications include, but are not limited to, circulars, annual reports, mid-year reports, notices of the general meeting, and other company communications listed in the Hong Kong Listing Rules.

Article 176 When a notice from the Company is sent out by hand, the recipient of the notice shall sign (or seal) on the return receipt of delivery and the date of the recipient's signature for receipt shall be deemed to be the delivery date; when a notice from the Company is sent out by mail, the delivery date shall be three days after such notice is delivered to the post office; when a notice from the Company is sent out by facsimile, the delivery date shall be the date when the facsimile enters the designated receiving system of the person to be served; when a notice from the Company is sent by e-mail, the delivery date shall be the date when the e-mail enters the mailbox system designated by the person to be served; when a notice from the Company is sent out by announcement, the delivery date shall be the first date of publication of such announcement on the media designated by the Company.

CHAPTER 14 SUPPLEMENTARY PROVISIONS

Article 177 The phrases "more than" and "less than" herein for the numbers shall include the numbers indicated themselves, while the phrases "exceed", "beyond" and "over" shall exclude the numbers indicated themselves.

The meaning of the accounting firm as used herein shall be the same as the "auditor".

The term "connected party relationship" means the relationship between the Company and the connected party as defined in the listing rules of the place where the shares of the Company are listed.

Article 178 Any and all notices or other documents to be submitted by the Company to the Hong Kong Stock Exchange shall be written in English or attached with the English translation that is signed and verified.

The Articles of Association are written in Chinese. In case of any discrepancy between any other language version or any different version hereof and the Articles of Association, the most recent Chinese version hereof registered with the company registration authority shall prevail.

If there is any discrepancy between the provisions concerning such matter of the Articles of Association and relevant laws and regulations, rules, regulatory documents and the listing rules of the place where the shares of the Company are listed, the latter shall prevail.

The matters not covered herein shall be governed by the relevant laws and regulations, rules, regulatory documents and the listing rules of the place where the shares of the Company are listed.

Article 179 The board of directors of the Company shall be responsible for interpretation of the Articles of Association, which shall become effective and be implemented from the date of approval at the general meeting.