

魯商生活服務股份有限公司
Lushang Life Services Co., Ltd.

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

Articles of Association

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Notes: In the marginal notes to the provisions of the Articles of Association:

1. **The Company Law** refers to the Company Law of the People's Republic of China (as amended in 2018);
2. **The Administrative Measures of Overseas Securities Offering and Listing** refers to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) issued by the China Securities Regulatory Commission (CSRC Announcement [2023] No. 43);
3. **The Opinions** refers to the Opinions on Further Promoting Standardized Operation and Deepening Reform of Overseas Listed Companies (《關於進一步促進境外上市公司規範運作和深化改革的意見》) jointly promulgated by the former State Economic and Trade Commission and the China Securities Regulatory Commission (Guo Jing Mao Qi Gai [1999] No. 230);
4. **The Hong Kong Listing Rules** refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented and otherwise modified from time to time;
5. **The Guidelines for Articles of Association** refers to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (as amended in 2019) promulgated by the China Securities Regulatory Commission (Announcement of the China Securities Regulatory Commission [2019] No. 10);
6. **The Guide for Listed Companies No. 8** refers to the Guide for Listed Companies No. 8 — Regulatory Requirements Governing Financial Transactions and Third-party Guarantees of Listed Companies (《上市公司監管指引第8號—上市公司資金往來、對外擔保的監管要求》) promulgated by the CSRC, the Ministry of Public Security, the SASAC and the China Banking Regulatory Commission (Abolished) (CSRC Announcement [2022] No. 26);
7. **The Rules for General Meetings** refers to the Rules for General Meetings of Listed Companies (as amended in 2025) issued by the China Securities Regulatory Commission (CSRC Announcement [2025] No. 7);
8. **The Reply on Adjusting the Notice Period** refers to the Reply of the State Council on Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to the Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) promulgated by the State Council (Guo Han [2019] No. 97);
9. **The Administrative Measures for Articles of Association of State-owned Enterprises** refers to the Administrative Measures for the Formulation of Articles of Association of State-owned Enterprises (Guo Zi Fa Gai Ge Gui [2020] No.86) (《國有企業公司章程制定管理辦法》(國資發改革規[2020]86號) jointly promulgated by State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish modernized corporate systems, safeguard the legitimate interests of Lushang Life Services Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and regulate the organization and activities of the Company, the Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidelines for the Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines for the Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), the Administrative Measures for the Formulation of Articles of Association of State-owned Enterprises (hereinafter referred to as the “Administrative Measures for Articles of Association of State-owned Enterprises”) and the provisions of other laws, administrative regulations, departmental rules, normative documents and relevant regulatory authorities.

Article 1 of the
Guidelines for
Articles of
Association

Article 2 The Company is a joint stock limited company reorganized and established by way of sponsorship in accordance with the Company Law, the Securities Law, and other relevant laws and regulations of the People’s Republic of China (the “PRC”, which, for the purposes of the Articles of Association, does not include the Hong Kong Special Administrative Region (hereinafter referred to “Hong Kong”), the Macao Special Administrative Region and Taiwan).

Article 2, 13 of
the Guidelines
for Articles of
Association

The organization of the Party shall be established in accordance with the provisions of the Constitution of the Communist Party of China, the Party activities should be carried out, the Party’s working institutions shall be set up, the Party staff shall be fully staffed, and the working funds of the organization the Party shall be ensured.

Article 6 of the
Administrative
Measures for
Articles of
Association of
State-owned
Enterprises

Article 3 On March 12, 2021, the Company registered with the Administrative Examination and Approval Bureau of Lixia District of Jinan (濟南市曆下區行政審批服務局) and obtained a business license. The Uniform Social Credit Code of the Company is 913701027806467687.

Article 2 of the
Guidelines for
Articles of
Association;

The promoters of the Company are Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司) (formerly known as Lushang Health Industry Development Co., Ltd. (魯商健康產業發展股份有限公司)) and Shandong Urban and Rural Green Industry Development Investment Co., Ltd. (山東省城鄉綠色產業發展投資有限公司) (formerly known as Shandong Lushang Innovation Development Co., Ltd. (山東魯商創新發展有限公司)).

Article 4 The Company has issued 100,000,000 ordinary shares to the sponsors at the establishment of the Company. Upon approval of Securities Regulatory Authority, the Company has made an initial public offering of 33,340,000 H Shares, and listed on the main board of The Hong Kong Stock Exchange Limited (hereinafter referred to as the “Hong Kong Stock Exchange” on July 8, 2022.

Article 5 Registered name of the Company: Lushang Life Services Co., Ltd.

Full name in Chinese: 魯商生活服務股份有限公司

Short name in Chinese: 魯商服務

Full name in English: Lushang Life Services Co., Ltd.

Short name in English: Lushang Services

Article 95 of the Company Law;
Article 4 of the Guidelines for Articles of Association

Article 6 Address of the Company: Room 202, Block 2, Lushang Guo’ao City, No. 9777

Jingshi Road, Lixia District, Jinan, Shandong Province

Postal code: 250000

Tel No.: 0531-66688977

Article 95 of the Company Law;
Article 5 of the Guidelines for Articles of Association

Article 7 The registered capital of the Company is RMB133,340,000.

Article 8 The chairman of the board of directors or the general manager is the legal representative of the Company. The appointment and change of legal representative are both decided by the board of directors.

Article 8 of the Guidelines for Articles of Association;
Article 10 of the Company Law

Article 9 The Company is a joint stock limited company which has perpetual existence. The entire capital of the Company shall be divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares subscribed by them. The Company shall be liable for its debts and shall cover such debts with all its properties.

Article 4 of the Company Law;
Article 7 and Article 10 of the Guidelines for Articles of Association

Article 10 The Articles of Association were adopted by a special resolution of the shareholders’ meeting of the Company and the original Articles of Association of the Company filed with the Company’s share registrar shall be substituted.

Article 5 of the Company Law;
Article 11 of the Guidelines for Articles of Association

The Articles of Association shall, from the date when it comes into force, constitute a legally binding document regulating the organization and activities of the Company, the rights and obligations between the Company and each of its shareholder and those among the shareholders, and shall be binding on the Company and its shareholders, directors and senior management. All the aforementioned persons shall be entitled to claim their rights regarding matters related to the Company in accordance with the Articles of Association.

Pursuant to the Articles of Association, shareholder may sue other shareholders, and shareholders may sue the directors and senior management of the Company. Shareholders may sue the Company and the Company may sue its shareholders, directors and senior management.

Article 11 For the purposes of the Articles of Association, the term “senior management” shall include the Company’s general manager, deputy general manager, assistant general managers, person-incharge of finance, secretary to the board of directors and other officers expressly appointed by the board of directors as senior management of the Company.

Article 265 of the Company Law;
Article 12 of the Guidelines for Articles of Association

Article 12 To the extent permitted by laws and regulations, the Company may invest in other entities including limited liability companies and joint stock limited companies, and assume liabilities to the extent of its capital contribution. However, if the laws specify that the Company shall not become a contributor that is jointly and severally liable for the debts owed by the invested company, then the law shall prevail.

Article 14 of the Company Law

CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE

Article 13 The business objectives of the Company: to operate property management services and other businesses in accordance with the Company Law and provisions of other laws and regulations with warm-hearted service and active income generation to create favorable economic benefits.

Article 14 of the Guidelines for Articles of Association

Article 14 The main responsibility of the Company: “Adhering to the mission of serving a better life and sharing happiness, the Company relies on the one body and two wings business development pattern of seeking characteristics in basic services, creating value in value-added services, and seeking development in professional services, focusing on the sub-fields of property services, stabilizing residential property services, and accelerating the deployment of commercial property services. By utilizing the traffic advantages of C-end and B-end resources of properties, the Company will construct a property ecosystem, develop various To-C and To-B businesses in the community, realize the traffic resources, and devote itself to providing consumers with quality lifestyles, so as to build a Nationally first-class modern service enterprise.”

Article 15 of the Guidelines for Articles of Association

Article 15 The main business of the Company: the Life Service Industry.

Article 16 The business scope of the Company: licensed business activities: urban domestic waste operation; sewage treatment and its reuse; tourism business; sports facilities management (exclusive of high-risk sports); high-risk sports (swimming); residential interior decoration and renovation; food business; online food sales; healthcare-related food sales; liquor business; road cargo transportation (exclusive of dangerous goods); kitchen waste disposal; catering services; ready-to-sell drinking water; food sales (only sales of pre-packaged food); animal diagnosis and treatment; pet services (excluding animal diagnosis and treatment). (operation of business activities that require approval by laws shall be conditional on the approval by the relevant authorities and the specific business activities shall be subject to approval documents or permits from the relevant authorities). General business activities: property management; human resource services (exclusive of occupational intermediary activities and labor dispatch services); parking lot-related service; real estate consultation; real estate agency services; residential leasing; non-residential real estate leasing; commercial complex management; urban greening management; urban and rural appearance management; urban park management; entities' logistics management services; highway management and maintenance; landscaping engineering construction; municipal facility management; conference and exhibition services; building cleaning services; housekeeping services; health consultancy services (exclusive of diagnosis and treatment services); professional cleaning, washing and disinfection services; general equipment repairs; furniture installation and repair services; computer and office equipment repairs; car washing services; elderly care services; etiquette services; information consultancy services (exclusive of licensing information consultancy services); information technology consultancy services; renewable resources recycling (other than scrap metal for production purpose) [operated by branch]; sales of renewable resources [operated by branch]; rural domestic waste management; water pollution control; business agency services; office equipment leasing services; sales agency services; flower and green plant leasing and agency management; internet sales (except for sales of products that require licenses); building materials sales; light building materials sales; daily necessities sales; daily goods sales; fresh vegetables retail; fresh fruits retail; edible agricultural products retail; cosmetics retail; fresh meat retail; aquatic products retail; fresh eggs retail; sales of household audio-visual equipment; sales of unprocessed nuts and dried fruits; sales of spare parts for household appliances; advertising production; advertisement release (non-radio, non-television, and non-newspaper publishers); advertising design, agency services sales of intelligent power transmission, distribution and control equipment; sales of charging piles; pet food and supplies retail. (business activities shall be operated independently by laws by virtue of the business license except for those subject to approval by laws.).

The business scope in the preceding paragraph is subject to the record of the Company maintained by the registration authority.

CHAPTER 3 SHARES

SECTION 1 ISSUANCE OF SHARES

Article 17 The shares of the Company shall be issued in the form of share certificates. The Company shall issue ordinary shares. The Company may issue other classes of shares when needed, subject to compliance with the laws, regulations and the requirements of the securities regulatory authorities.

Article 147 of the Company Law;
Article 16 of the Guidelines for Articles of Association

Article 18 The Company shall issue shares in an open, fair and just manner, and each shares of the same class shall enjoy the same rights.

Article 143 of the Company Law

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

Article 17 of the Guidelines for Articles of Association

Article 19 All the shares with nominal value issued by the Company shall be denominated in RMB. The term “RMB” referred to in the preceding paragraph shall mean the legal currency of the PRC.

Article 18 of the Guidelines for Articles of Association

Article 20 The Company may issue shares to domestic and overseas investors under the laws, and filed with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) in accordance with the regulations.

Article 16 of the Administrative Measures of Overseas Securities Offering

The term “overseas investors” referred to in the preceding paragraph shall refer to investors from foreign countries or Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong”), Macao Special Administrative Region or Taiwan Region that subscribe for shares issued by the Company. The term “domestic investors” shall refer to investors within the PRC, excluding the abovementioned regions, that subscribe for shares issued by the Company.

Article 21 The shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas-listed foreign shares”. Holders of domestic shares and overseas-listed foreign shares have equal rights in any distribution by way of dividend or otherwise.

Article 18 of the Trial Administrative Measures of Overseas Securities Offering and Listing

The shares issued by the Company and listed on the Hong Kong Stock Exchange shall be referred to as “H shares”. H shares shall be referred to the shares accepted for listing on the Hong Kong Stock Exchange which are denominated in Renminbi and are subscribed for and traded in Hong Kong dollars.

For the purpose of the foregoing paragraph, the term “foreign currencies” refers to the legal currencies, other than Renminbi, of other countries or regions which are approved by the foreign exchange administrative department of the People’s Republic of China for the payment of share monies to the Company.

Upon the approval under relevant laws, regulations and departmental rules, subject to the filing with the CSRC, domestic shareholders of the Company can transfer all or part of the unlisted shares (collectively the “unlisted shares”) held to foreign investors for listing and trading on overseas stock exchanges, or convert all or part of their unlisted shares to overseas-listed foreign shares for listing and trading on overseas stock exchanges. No shareholders meeting or class meeting shall be required for the above conversion of unlisted shares into overseas listed shares for listing and trading on overseas stock exchanges. The listing and trading of the abovementioned shares on overseas stock exchanges shall be subject to the regulatory procedures, regulations and requirements of the relevant overseas stock markets.

Rule 19A.01(3)(b)
to the Hong Kong
Listing Rules

Article 22 The total number of ordinary shares issued by the Company to its sponsors was 100,000,000 shares, representing 100% of the total number of ordinary shares issued at the time of its establishment, which included 95,100,000 shares and 4,900,000 shares subscribed and held respectively by Lushang Freda Pharmaceutical Co., Ltd. and Shandong Urban and Rural Green Industry Development Investment Co., Ltd., representing 95.10% and 4.90% of the total number of ordinary shares in issue of the Company, respectively.

Article 20 of the
Guidelines for
Articles of
Association

Article 23 The share capital structure comprises: 133,340,000 ordinary shares, of which 95,100,000 shares, 4,900,000 shares and 33,340,000 shares are held by Lushang Freda Pharmaceutical Co., Ltd. (the sponsor), Shandong Urban and Rural Green Industry Development Investment Co., Ltd. (the sponsor) and holders of H shares, respectively, representing approximately 71.32%, 3.67% and 25.00% of the total ordinary shares capital, respectively.

Article 20, 21 of
the Guidelines
for Articles of
Association

Article 24 Domestic shares issued by the Company are deposited under the centralized custody of the securities depository institution that meets relevant requirements. The H shares of the Company are mainly deposited under the custody of entrusted securities clearing companies in Hong Kong and such shares may also be held under the personal names of shareholders.

Article 19 of the
Guidelines for
Articles of
Association

SECTION 2 INCREASE, REDUCTION AND REPURCHASE OF SHARES

Article 25 The Company may, based on its business and development needs and in accordance with the laws, administrative regulations, normative documents, departmental rules, listing rules of the places where the shares of the Company are listed and the Articles of Association, increase its capital in the following manners upon resolutions being adopted by the general meetings:

Article 23 of the
Guidelines for
Articles of
Association

- (I) by offering of shares to non-specific targets;
- (II) by offering of shares to specific targets;
- (III) by placing shares to its existing shareholders;
- (IV) by distributing bonus shares to its existing shareholders;
- (V) by capitalizing its capital reserve;

- (VI) by other means required by the laws, administrative regulations and approved by competent authorities of the government.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the laws, administrative regulations, departmental rules, normative documents and the requirements of the listing rules of the places where the shares of the Company are listed.

Article 26 The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law, other relevant regulations and the Articles of Association.

Article 24 of the
Guidelines for
Articles of
Association

Whenever the Company intends to reduce its registered capital, it shall reduce the capital contribution or shares in proportion to shareholders' capital contribution or shareholding, except for those otherwise regulated by the Company Laws or approved by the shareholders' meeting of the Company.

Article 27 In the event of reduction of registered capital, the Company shall prepare a balance sheet and an inventory of assets.

Article 224 of the
Company Law;
Article 183 of the
Guidelines for
Articles of
Association

The Company shall notify its creditors within ten days where the shareholders' meeting adopts the resolution to reduce its' registered capital and shall publish an announcement, within thirty days, in the newspaper or the National Enterprise Credit Information Publicity System, and on the websites of the Company and relevant stock exchanges based on the requirements of the places where the Company's shares are listed. A creditor shall have the right within thirty days from the receipt of a written notice or, those who have not received a written notice, within forty-five days from the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee of repayment for such debts.

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

Article 28 In the following circumstances, provided that the laws and regulations, the listing rules of the places where the shares of the Company are listed and the Articles of Association are not violated, the Company may repurchase its issued shares in accordance with the procedures provided in the Articles of Association:

Article 162 of the
Company Law;
Article 25 of the
Guidelines for
Articles of
Association

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies which own shares in the Company;
- (III) to utilize its shares in employee stock ownership plans or equity incentive;

- (IV) where the shareholders, who disagree with the resolution in relation to merger or division of the Company made at the general meeting, require the Company to repurchase the shares held by such shareholders;
- (V) to utilize its shares to satisfy the conversion of convertible bonds issued by the Company;
- (VI) to safeguard the value of the Company and the interests of the shareholders when necessary;
- (VII) other circumstances permitted by the laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed and other relevant regulations.

The Company shall not acquire its own shares unless provided in the aforesaid circumstances. In the event that the Company repurchases its own shares according to this paragraph, the procedure, proportion and method of repurchase and disposal of the repurchased shares shall be in compliance with the requirements of relevant laws, administrative regulations and the listing rules of the places where the shares of the Company are listed.

Article 29 Repurchases of shares of the Company under the circumstances specified in items (I) and (II) stated in Article 28 of the Articles of Association shall be subject to the approval of the general meeting. Repurchases of shares of the Company under the circumstances specified in items (III), (V) and (VI) stated in Article 28 of the Articles of Association shall obtain approval from a meeting of the board of directors where over two thirds of the directors are present, in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Article 162 of the Company Law;
Article 27 of the Guidelines for Articles of Association

Unless otherwise specified in laws, regulations or the listing rules of the places where the shares of the Company are listed, for any repurchase of the Company's shares pursuant to Article 28 of the Articles of Association, shares repurchased pursuant to item (I) shall be cancelled within ten days from the date of the repurchase; for those circumstances described in items (II) or (IV), the shares shall be transferred or cancelled within six months; for those circumstances described in items (III), (V) or (VI), the total number of the Company's shares held by the Company shall not exceed ten percent (10%) of the Company's total issued shares and shall be transferred or cancelled within three years.

Article 30 After the repurchase of shares by the Company in accordance with laws, the Company shall cancel such shares that should be cancelled within the period prescribed by laws and administrative regulations, and shall apply to the original share registrar of the Company for registration of the change in its registered capital and make a relevant announcement.

The amount of the Company's registered capital shall be reduced by the aggregate nominal value of those cancelled shares.

SECTION 3 TRANSFER OF SHARES

Article 31 Save as otherwise specified by laws, administrative regulations, departmental rules, normative documents and relevant provisions of the securities regulatory authorities in the places where the shares of the Company are listed, the shares of the Company may be transferred in accordance with laws.

Article 32 The Company shall not accept its own shares as the subject of a pledge.

Article 29 of the Guidelines for Articles of Association; Article 162 of the Company Law

Article 33 The shares of the Company held by the promoters shall not be transferred within one (1) year after the incorporation of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one (1) year from the date when the Company's shares are listed and traded on the stock exchange.

Article 30 of the Guidelines for Articles of Association; Article 160 of the Company Law

Save as specified in the preceding paragraph, transfer of the shares of the Company by the sponsors and shareholders of the Company shall also conform with relevant provisions of laws, regulations and the places where the Company's shares are listed then in force.

The directors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than twenty-five percent (25%) of the total number of their shares in the Company per annum during their terms of office determined at the time of taking the role. These shares of the Company held thereby shall not be transferred within one (1) year from the date when the Company's shares are listed and traded on the stock exchange. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

Article 34 The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance in the form of gifts, advances, guarantees or loans for the acquisition of the Company's shares or shares of its parent company by any person, except for the implementation of the Company's employee share ownership scheme.

Article 163 of the Company Law; Article 22 of the Guidelines for Articles of Association

In the interests of the Company, by a resolution of the general meeting, or by a resolution of the Board in accordance with these Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to others for the acquisition of shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed ten percent of the total amount of issued share capital. The resolution made by the Board shall be passed by more than two-thirds of all Directors.

In the event of any loss caused to the Company due to their violation of the preceding two paragraphs, the responsible directors and senior management shall be liable for compensation.

CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS

SECTION 1 SHAREHOLDERS

Article 35 The Company shall keep a register of members according to the certificates provided by the securities registration authority, and such register of members shall be the sufficient evidence for the shareholders' shareholding in the Company. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 32 of the
Guidelines for
Articles of
Association

Article 36 When the Company convenes a shareholders' meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the convener of the board of director or shareholders' meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date, shall enjoy the relevant rights.

Article 33 of the
Guidelines for
Articles of
Association;
Article 159 of the
Company Law

Where applicable laws, regulations and the Hong Kong Listing Rules stipulate the period of closure of the register of shareholders prior to shareholders' meeting or the base date on which the Company decides to distribute dividends, such provisions shall prevail.

Article 37 The ordinary shareholders of the Company shall enjoy the following rights:

Article 110 and
Article 115 of the
Company Law;
Article 34 of the
Guidelines for
Articles of
Association;
Rule 14 and Rule
20 of Appendix
A1 to the Hong
Kong Listing
Rules

- (I) the rights to receive dividends and other distributions in proportion to their shareholdings;
- (II) the rights to request, hold, convene, attend or appoint a proxy to attend general meetings in accordance with laws and to exercise the voting rights;
- (III) the rights to supervise the Company's business operations, to present proposals and to raise inquiries;
- (IV) the right to transfer, give as a gift or pledge shares in accordance with laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed as well as the Articles of Association;

- (V) the access to the Articles of Association, the register of shareholders (including the branch register of shareholders in Hong Kong), minutes of shareholders' general meetings, resolutions of the Board, financial accounting reports (provided that the Company may close the branch register of shareholders in Hong Kong on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)); Shareholders who meet the requirements may inspect the accounting books and accounting certificates of the Company;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in proportion to the shareholdings;
- (VII) for shareholders who vote against any resolution adopted at the meeting on the merger or division of the Company, the right to demand the Company to buy back their shares;
- (VIII) for shareholders severally or jointly holding more than one percent (1%) of the shares of the Company, they can submit provisional proposals in writing to the Board ten (10) days prior to the meeting;
- (IX) other rights under laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed and the Articles of Association.

The Company shall not exercise any power to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

Article 38 Where shareholders request for inspection of the relevant information such as minutes of meetings and register of shareholders or demand for materials as mentioned in the preceding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide the same requested by such shareholder.

Article 35 of the
Guidelines for
Articles of
Association

Article 39 If any resolution of the general meetings or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the court to invalidate the resolution.

Article 36 of the
Guidelines for
Articles of
Association

If the convening procedure or voting method of the general meetings or meetings of the board of directors violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the court to cancel such resolution within sixty days from the date of passing the resolution.

Article 40 Subject to the provisions of the Articles of Association, in the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by any of the directors other than the Audit Committee or senior management when performing their duties, shareholders holding 1% or more shares separately or jointly for over 180 consecutive days shall have the right to submit a written request to the Audit Committee to file an action with the people's court. Where the Audit Committee violates the laws, administrative regulations or the Articles of Association when performing their duties and causes loss to the Company, the aforementioned shareholders may submit a written request to the board of directors to file an action with the people's court.

Article 38 of the
Guidelines for
Articles of
Association

In the event that the Audit Committee or the board of directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irrecoverable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action to the people's court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in paragraph 1 of this Article may file an action with the people's court pursuant to the provisions of the preceding two paragraphs.

Article 41 In the event of the directors or senior management violate the laws, administrative regulations or the Articles of Association, thereby causing damage to the interests of the shareholders, the shareholders may file an action with the people's court.

Article 39 of the
Guidelines for
Articles of
Association

Article 42 The ordinary shareholders of the Company shall have the following obligations:

Article 40, 41 of
the Guidelines
for Articles of
Association

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;
- (III) save as stipulated in laws or regulations, no withdrawal of the share capital is allowed;
- (IV) not to abuse shareholder's rights to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company;
- (V) other obligations imposed by the laws, administrative regulations, listing rules of the places where the Company's shares are listed and the Articles of Association.

If any shareholder of the Company abuses his shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of debt evasion, thereby seriously causing damage to the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.

Article 43 The controlling shareholders and de facto controllers of the Company shall not damage the Company's interests by making use of their connected relationship. In case of a contravention of the requirements which results in any loss to the Company, they shall be liable to compensate.

Article 43 of the
Guidelines for
Articles of
Association

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and public shareholders. The controlling shareholders shall strictly exercise their rights as a capital contributor according to law. The controlling shareholders shall not make use of methods such as distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or loan guarantee to harm the lawful rights and interests of the Company and public shareholders. They shall not make use of their controlling position to harm the lawful interests of the Company and public shareholders.

Save for the obligations required by laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the shares of the Company are listed, the controlling shareholders shall not, in the exercise of their shareholders' rights, make decisions prejudicial to the interests of all or part of the shareholders in the exercise of their voting rights on the issues set forth below:

- (I) releasing the responsibility of a director to act in good faith in the best interest of the Company;

- (II) approving the expropriation by a director (for his own or others' benefits), in any means, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (III) approving the expropriation by a director (for his own or others' benefits) of the personal interests of other shareholders, including but not limited to any rights to distributions and voting rights, but excluding restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

SECTION 2 GENERAL PROVISIONS FOR GENERAL MEETINGS

Article 44 The shareholders' meeting shall be the authority of power of the Company and shall exercise the following functions and powers in accordance with laws:

Article 46 of the
Guidelines for
Articles of
Association;
Article 59 of the
Company Law

- (I) to elect and change directors, and decide on the remuneration of directors;
- (II) to consider and approve reports of the board of directors;
- (III) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (IV) to resolve on the increase or reduction of the registered capital of the Company;
- (V) to resolve on the issuance of corporate bonds;
- (VI) to resolve on the merger, division, dissolution and liquidation or change in the form;
- (VII) to formulate and amend the Articles of Association;
- (VIII) to resolve on the Company's appointment, dismissal or non-reappointment of accounting firms which undertakes the audit engagement of the Company;
- (IX) to consider proposals put forward by shareholders who, severally or jointly, hold more than one percent of the voting shares of the Company's;
- (X) to consider and approve share incentive schemes;
- (XI) to consider and approve the external guarantees in accordance with the Articles of Association;
- (XII) to consider connected transactions which shall be approved at the general meeting in accordance with laws, administrative regulations, departmental rules, normative documents and securities regulatory requirements of the places where the shares of the Company are listed;

(XIII) to resolve on the acquisition of shares of the Company for the reasons set forth in items (I) and (II) of the first paragraph of Article 28 of the Articles of Association;

(XIV) to consider other matters required to be resolved at the general meeting in accordance with laws, administrative regulations, departmental rules, normative documents, relevant requirements of securities regulator of the places where the shares of the Company are listed and the Articles of Association.

Subject to laws and regulations and the mandatory provisions of the listing rules of the places where the Company's shares are listed, the general meeting may authorize or delegate the board of directors to process matters authorized or delegated by the general meeting.

Article 45 The following external guarantees of the Company must be considered and approved by the shareholders' meeting:

Article 47 of the Guidelines for Articles of Association; Article 9 of the Guide for Listed Companies No. 8

(I) any external guarantee provided by the Company at a total amount reaching or exceeding 30% of the latest audited total assets;

(II) guarantees provided to the shareholders, de facto controller and their related parties.

(III) guarantees required to be considered and approved at the shareholders' meeting under the requirements of laws, the Articles of Association and relevant regulations of the securities regulatory authorities in the place where the Company's shares are listed.

The provision of external guarantee other than as mentioned above in this Article shall be subject to the consideration and approval of the board of directors as authorized by the shareholders' meeting.

Guarantees as provided in paragraph (I) shall be approved by votes representing not less than two-thirds of the voting rights of shareholders present at the relevant meeting. Any shareholder referred to in the preceding paragraph (II) or any shareholder controlled by the de facto controller referred to in the preceding paragraph shall not vote on such matters referred to in the preceding paragraph. Any such matter shall be decided by a majority of the voting rights held by other shareholders attending the meeting.

A director, general manager, deputy general manager or other senior management shall be liable for compensation if he causes losses to the Company due to violation the requirements on approval authority and review procedure of external guarantees set forth in laws or the Articles of Association, and the Company may take legal action against him according to laws.

Article 46 The Company shall not enter into contracts with a party (other than a Director, the general manager and other senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the approval of the general meeting by special resolution.

Article 47 Shareholders' meetings consist of annual general meetings and extraordinary general meetings. Shareholders' meetings shall be held by the board of directors in general. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.

Article 113 of the Company Law;
Article 6 of the Opinions,
Article 48, 49 of the Guidelines for Articles of Association

The Company shall convene an extraordinary general meeting within two months upon occurrence of the following events:

- (I) when the number of directors falls below the minimum requirement of the Company Law, or is less than two thirds (2/3) of the number specified by the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one third (1/3) of the total amount of its paid-in share capital;
- (III) when shareholder(s) severally or jointly holding more than ten per cent (10%) of the Company's shares request(s) to convene such meeting in writing;
- (IV) when the board of directors considers necessary;
- (V) when two or more independent non-executive Directors propose to convene such meeting;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules, listing rules of the places where the shares of the Company are listed or the Articles of Association.

The number of shares held by the shareholder(s) as described in item (III) shall be calculated at the close of trading on the date when such shareholder(s) request in writing or on the preceding trading day (if the written request is made on a non-trading day).

Article 48 The venue for convening a shareholders' meeting of the Company shall be the domicile of the Company or such other place as specified in the notice of shareholders' meeting.

Article 50 of the Guidelines for Articles of Association

The shareholders' meeting shall be held onsite at the venue prepared in advance. The Company will, where necessary, facilitate the shareholders under the premise that the shareholders' meetings are held legally and effectively by using secure, economical and convenient network and other means, including but not limited to the provision of online voting platforms, modern information technology means, such as electronic communication conferencing as permitted by the securities regulatory rules of the place where the Company's shares are listed. A shareholder who participated in a general meeting in the aforesaid manners shall be deemed present at the meeting.

SECTION 3 CONVENING OF GENERAL MEETINGS

Article 49 The general meetings shall be convened by the board of directors. The shareholders may convene the general meetings on their own initiative, subject to the relevant requirements specified in this section.

Article 52 of the
Guidelines for
Articles of
Association;
Article 6 of the
Opinions

Two or more of independent non-executive directors shall be entitled to propose to the board of directors to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the independent non-executive Directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days upon receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such general meeting within five (5) days after the resolution is made by the board of directors. If the board of directors does not agree to convene the extraordinary general meeting, it shall give the reasons and publish an announcement thereof.

Article 50 Shareholder(s) severally or jointly holding more than ten percent (10%) of the shares of the Company shall be entitled to request the board of directors to convene an extraordinary general meeting, and shall put forward such request to the board of directors in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten (10) days upon receipt of the request.

Article 54 and
Article 55 of the
Guidelines for
Articles of
Association

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such extraordinary general meeting within five (5) days after the resolution is made by the board of directors. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained.

If the board of directors does not agree to convene the extraordinary general meeting or fails to respond within ten (10) days upon receipt of the request, shareholder(s), for consecutive ninety (90) days or above, severally or jointly holding more than ten percent (10%) of the shares of the Company may convene and preside over such meeting by itself/themselves.

The shareholding of the convening shareholders shall be no less than ten percent (10%) before a resolution passed at the shareholders' meeting is announced.

Article 51 Where the or shareholders convene and preside over a meeting by themselves in accordance with the provisions of this section, a written notice shall be sent to the board of directors and, in accordance with applicable regulations, filed with the local securities regulatory authorities and relevant stock exchange at the places where the Company is located. The board of directors and the secretary to the board of directors shall cooperate in terms of such meetings. The board of directors shall provide the register of shareholders on the shareholding record date. The expenses reasonably accrued therefrom shall be borne by the Company and be deducted from the amounts due by the Company to the negligent directors.

Article 55 and
Article 56 of the
Guidelines for
Articles of
Association

If the Board fails to provide the register of shareholders, the convener may carry relevant notice or announcement on convening the general meeting to apply with the securities registration and clearing or agent institutions. The convener shall not use the register of shareholders for purposes other than convening a general meeting.

SECTION 4 PROPOSALS AND NOTICES OF GENERAL MEETINGS

Article 52 The contents of the proposals of the general meetings to be put forward shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved, and shall be in compliance with relevant provisions of the laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the Company's shares are listed and the Articles of Association. Proposals of the general meetings shall be in writing form.

Article 58 of the
Guidelines for
Articles of
Association

Article 53 When a shareholders' meeting is convened by the Company, the board of directors, audit committee and shareholder(s) who severally or jointly hold(s) more than one percent (1%) of the shares of the Company shall be entitled to make proposals to the shareholders' meetings.

Article 59 of the
Guidelines for
Articles of
Association;
Article 115 of the
Company Law

Shareholder(s), who severally or jointly hold(s) more than one percent (1%) of the shares of the Company, may submit ad hoc proposals in writing to the board ten (10) days before the convening of the shareholders' meeting. Ad hoc proposals shall have a definite subject and a specific resolutions. The board shall issue a supplemental notice of the shareholders' meeting within two (2) days upon receipt of the proposals and announce the contents of the ad hoc proposals, and place the proposals on the agenda for the shareholders' meeting and submit the proposals for consideration at the shareholders' meeting if such proposals fall within the scope of duties of shareholders' meetings; unless the ad hoc proposal is in violation of laws, administrative regulations or the Company's Articles of Association, or does not fall within the terms of reference of the shareholders' meeting.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the shareholders' meeting, shall neither modify the proposals stated in the notice of shareholders' meetings nor add new proposals.

Proposals not specified in the notice of the shareholders' meeting or not complying with Article 52 of the Articles of Association shall not be voted or resolved at the shareholders' meeting.

Article 54 The nomination of directors at the shareholders' meeting shall follow the approaches and procedures below:

Rule 4(4) and
Rule 4(5) of
Appendix 3 to
the Hong Kong
Listing Rules

- (I) Shareholder(s) severally or jointly holding more than one percent (1%) of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' meeting about the candidates for directors. However, the number of candidates nominated must comply with the provisions of the Articles of Association, and shall not be more than the number to be elected. The aforesaid proposal put forward by the shareholders to the Company shall be served to the Company at least seven (7) days before the convening of the shareholders' meeting.
- (II) Within the number of persons as specified in the Articles of Association and based on the proposed number of candidates to be elected, the directors may propose a list of candidates for directors, which shall be submitted to the board of directors for examination, respectively. The list of candidates for directors, which has been determined by deliberation and resolution of the board of directors shall be proposed at a shareholders' meeting by way of a written proposal.
- (III) The written materials for the intention to nominate a candidate for election as a director (not being an employee representative), the written notice of the candidate on his willingness to accept the nomination, and the details of the nominees in writing shall be given to the Company no less than seven (7) days prior to the date of the convening of the shareholders' meeting (and such notice period of seven (7) days shall commence no earlier than the day following the date of serving the notice of the meeting for such election and end no later than seven (7) days before the date of the shareholders' meeting). The board of directors shall provide shareholders with the biography and basic information of the candidates for directors.
- (IV) The period for the nominator to give the Company the notice of nominating a candidate for election as a director and the period for the nominee who has indicated his willingness to accept the nomination to submit the aforesaid notice and documents (such period shall commence from the day following the date of serving the notice of the shareholders' meeting) shall be no less than seven (7) days.
- (V) At the shareholders' meeting, voting for each candidate for a director shall be taken on a one-by-one basis.

The provisional addition and supplement of directors shall be proposed by the board of directors to the shareholders' meeting for election and replacement.

Article 55 Where an annual general meeting is convened by the Company, it shall notify shareholders by way of announcement (including publication through the websites of the Hong Kong Stock Exchange and the Company) twenty-one (21) days prior to the convening of the meeting and in the case of an extraordinary general meeting, it shall notify shareholders by way of announcement (including publication through the websites of the Hong Kong Stock Exchange and the Company) prior to the convening of the meeting.

The Reply on
Adjusting the
Notice Period;
Rule 14(2) of
Appendix A1 to
the Hong Kong
Listing Rules

When calculating the time limit of the notice, the date of the shareholders' meeting convened shall be excluded, but the issue date of such notice shall be included.

Article 56 A notice of shareholders' meeting shall include the following:

Article 61 of the
Guidelines for
Articles of
Association

- (I) the time, venue and of the meeting;
- (II) matters and proposals submitted for consideration at the meeting;
- (III) conspicuously contain a statement stating that any shareholder entitled to attend and vote at the general meeting shall be entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (IV) specify the record date for determining the shareholders who are entitled to attend the general meeting;
- (V) state the names and telephone numbers of the contact persons for the meeting.
- (VI) other requirements of laws, administrative regulations, departmental rules, regulatory documents, and listing rules of the place where the Company's shares are listed.

Article 57 In the event that the election of directors is to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall fully disclose details of candidates for the directors, and shall at least include the following particulars:

Article 18 of
Rules of General
Meetings;
Rule 13.51(2) to
the Hong Kong
Listing Rules

- (I) their educational background, work experience, part-time jobs and other personal details;
- (II) whether or not they have any related relationship with the Company or the Company's controlling shareholder(s) and de facto controller(s);
- (III) to disclose number of shares of the Company they hold;
- (IV) whether or not they have been penalized by the CSRC and other relevant securities regulatory authorities, and disciplined by the stock exchange;
- (V) other information required to be disclosed by the securities regulatory authorities and listing rules of the places where the Company's shares are listed.

A single proposal on each of the candidates for directors shall be submitted.

Article 58 After the issuance of the notice of general meeting, the general meeting shall not be postponed or cancelled, and the proposals set out in such notice of general meeting shall not be cancelled without valid reasons. Where a general meeting has to be postponed or cancelled in special circumstances, the convener shall publish an announcement stating the relevant reasons at least two (2) working days prior to the original date of the general meeting.

Article 63 of the
Guidelines for
Articles of
Association

Article 59 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed thereat.

SECTION 5 HOLDING OF SHAREHOLDERS' MEETINGS

Article 60 The board of directors of the Company and other conveners shall take necessary measures to ensure the normal order at the general meeting. For any disturbance to the order at the meeting and acts infringing the lawful interests of the shareholders, preventive measures shall be taken, and any such incidents shall be reported to the relevant authorities for investigation and tackling.

Article 64 of the
Guidelines for
Articles of
Association

Article 61 Any shareholder who has the right to attend and vote at the general meeting may attend the general meeting in person, or appoint a proxy to attend and vote on his behalf. The shareholder has the right to appoint one or more person(s) (the person may not be a shareholder) as his proxy to attend and vote on his behalf. The shareholder's proxy may exercise the following rights in accordance with the shareholder's authorization:

- (I) the shareholders' right to speak at the general meeting;
- (II) the right to demand a poll by himself or jointly with others;
- (III) unless otherwise provided in the Articles of Association, the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise the voting rights by a poll.

Article 62 The appointment of a proxy shall be in writing and signed by the appointing shareholder or his attorney duly authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

Article 67 of the
Guidelines for
Articles of
Association

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

- (I) name of the principal, class and number of shares held in the Company;
- (II) name of the proxy;

- (III) specific instructions from the shareholders, including indication of consent, objection or abstention concerning each proposal to be resolved on the agenda of shareholders' meeting etc.;
- (IV) whether the proxy has any voting right(s) in respect of provisional motions which may be included in the agenda of the shareholders' meeting; and, if the proxy has such voting right(s), specific instructions as to the exercise of those voting rights;
- (V) date of signing of the instrument and term of validity;
- (VI) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

Article 63 The proxy form shall be deposited at the domicile of the Company or such other place as the notice of general meeting may specify not less than twenty-four (24) hours prior to the convening of the general meeting at which the relevant matters will be voted on, or twenty-four (24) hours before the designated voting time. If the principal authorizes any other person to sign the proxy form, the power of attorney or other authority shall be notarized. The notarized power of attorney or other authorization documents must be maintained at the domicile of the Company or such other place specified in the notice of general meeting together with the proxy form.

Article 68 of the
Guidelines for
Articles of
Association

If a shareholder is a recognized clearing house or its agent within the meaning of the Securities and Futures Ordinance in Hong Kong or relevant ordinances in force under the laws of Hong Kong from time to time, it may authorize one (1) or more proxy(ies) as it thinks fit to act as its proxy(ies) at any shareholders' meeting. However, if more than one (1) proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies may exercise the right on behalf of the recognized clearing house or its agent (**without being required to present share certificate, notarized power of attorney and/or further evidence to prove that they are duly authorized**), as if they are the individual shareholders of the Company.

Article 64 Any proxy form issued to a shareholder by the board of directors of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favor of or against the proposals according to his free will, and instructions shall be given in respect of each single matter to be voted on at the meeting. The proxy forms shall contain a statement that in the absence of specific instructions by the shareholder, whether the proxy may vote as he thinks fit.

Any proxy attending a general meeting on behalf of a shareholder shall produce his identity documents and the proxy form signed by the principal or the principal's legal representative. The proxy form shall specify the date of issue. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce his identity documents or a notarially certified copy of the resolution signed by the board of directors or other authorized bodies of the corporate shareholders or other notarially certified documents permitted by the Company.

Article 65 Where the principal has deceased, incapacitated to act, withdrawn the signed appointment or withdrawn the power of attorney under which it is signed prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of proxy form shall remain valid as long as the Company did not receive a written notice of the event before commencement of the relevant meeting.

Article 66 Where the directors, general manager and other senior management of the Company are required by a general meeting to attend the general meeting, they shall attend such meeting. Except for those related to trade secrets of the Company that shall not be disclosed, the directors, general manager and other senior management attend or present at the meeting shall answer or provide explanation to the inquiries of shareholders at the general meeting.

Article 187 of the Company Law;
Article 71 of the Guidelines for Articles of Association

Article 67 The chairman of the board of directors shall preside over and act as chairman of the shareholders' meeting convened by the board of directors. If the chairman of the board of directors is unable to attend the shareholders' meeting, a majority of the Directors jointly elect a Director to preside over the meeting. Where it is unable to select the chairman of the shareholders' meeting, one person elected by shareholders attending the shareholders' meeting shall act as chairman of the shareholders' meeting. Where the shareholders fail to elect a chairman of the shareholders' meeting for any reason, the shareholder (including his proxy) present the meeting who holds the largest number of voting shares shall be the chairman of the shareholders' meeting.

Article 72 of the Guidelines for Articles of Association;
Article 114 of the Company Law

A representative elected by the convener(s) shall preside over the shareholders' meeting convened by the shareholders.

At a shareholders' meeting, if the chairman of the meeting contravenes the rules of procedures for the shareholders' meeting, making the meeting impossible to proceed, with consent from the attending shareholders holding more than one half of voting shares, the shareholders may recommend one (1) person to chair the shareholders' meeting and continue with the meeting. If for any reason the shareholders are unable to elect a chairman of the meeting, the attending shareholder holding the largest number of voting shares (including his proxy) shall chair the meeting.

Article 68 The Company shall formulate the rules of procedures for the shareholders' meetings and specify in detail the procedures for convening and voting at the shareholders' meeting, as well as the principle for the authorization granted to the board of directors by the shareholders' meeting, and the authorization shall be clear and specific. The rules of procedures for the shareholders' meetings shall be appended to the Articles of Association. They shall be formulated by the board of directors and approved by the shareholders' meeting.

Article 73 of the Guidelines for Articles of Association

Article 69 The board of directors shall report on their work during the past year to the shareholders' meeting at annual general meetings. Each independent non-executive director shall also give a report on the performance of his duties.

Article 74 of the Guidelines for Articles of Association

Article 70 The directors and senior management members shall provide explanations in response to the queries and suggestions made by shareholders at a general meeting, unless a matter involves trade secrets of the Company that cannot be disclosed at a general meeting.

Article 75 of the Guidelines for Articles of Association

Article 71 The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting held in person and the total number of voting shares that they hold before a vote is held. The meeting registration shall prevail in respect of the number of shareholders and proxies present at the meeting held in person and the total number of voting shares held by them.

Article 76 of the Guidelines for Articles of Association

Article 72 The convener shall ensure that the meeting minutes are true, accurate and complete. The directors and secretary to the board of directors who attended the meeting, the convener or his representative and the chairman of the meeting shall sign the minutes. The meeting minutes shall be kept together with the sign-in register of the shareholders present in person, the instruments of appointment of proxies and valid information on votes cast online or by other means for a period of not less than 10 years.

Article 78 of the Guidelines for Articles of Association

Article 73 The convener shall ensure that the shareholders' meeting continues until the final resolution has been adopted. If a shareholders' meeting is suspended or if it is unable to reach a resolution due to force majeure or other such special reason, necessary measures shall be taken to resume the shareholders' meeting as soon as possible or the shareholders' meeting shall be directly adjourned and the same announced and reported in a timely manner in accordance with laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the Company's shares are listed.

Article 79 of the Guidelines for Articles of Association

SECTION 6 VOTING AT AND RESOLUTIONS OF THE SHAREHOLDERS' MEETINGS

Article 74 Resolutions of the shareholders' meetings include ordinary resolutions and special resolutions.

Article 116 of the Company Law; Article 80 of the Guidelines for Articles of Association

Ordinary resolution at a shareholders' meeting shall be adopted by more than half of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting.

Special resolution at a shareholders' meeting shall be adopted by more than two thirds (2/3) of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting.

Article 75 The following matters shall be resolved by way of ordinary resolutions at a general meeting:

Article 81 of the Guidelines for Articles of Association

- (I) the work reports of the board of directors;

- (II) the profit distribution plan and loss recovery plan formulated by the board of directors;
- (III) the appointment and removal of members of the board of directors (other than employee representatives), and their remuneration and payment method thereof;
- (IV) the annual reports of the Company;
- (V) the matters other than those requiring the approval by way of special resolutions in accordance with provisions of the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or the Articles of Association.

Article 76 The following matters shall be resolved by way of special resolutions at a shareholders' meeting:

Article 82 of the
Guidelines for
Articles of
Association

- (I) increase or reduction of the registered capital;
- (II) issuance of corporate bonds of the Company;
- (III) division, sub-division, merger, dissolution and liquidation or change in the form of the Company;
- (IV) purchase or disposal of major assets or guarantee of the Company within one year with the amount exceeding 30% of the latest audited total assets of the Company;
- (V) amendments to the Articles of Association;
- (VI) employee stock ownership plans or share incentive schemes;
- (VII) other matters as required by laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed or the Articles of Association, and matters which, as resolved by way of an ordinary resolution at a shareholders' meeting, will have a material impact on the Company and need to be approved by way of special resolutions.

Article 77 Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' meeting.

Article 116 of the
Company Law;
Article 83 of the
Guidelines for
Articles of
Association;
Rule 14(4) of
Appendix A1 to
the Hong Kong
Listing Rules

Pursuant to applicable laws, administrative regulations, departmental rules, normative documents and listing rules of the places where the shares of the Company are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any vote in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

Article 78 When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; any resolution made at the general meeting shall adequately disclose information related to voting by non-connected shareholders. Where applicable laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the shares of the Company are listed have any other provisions in this regard, such provisions shall prevail.

Article 84 of the
Guidelines for
Articles of
Association

Article 79 The same voting right may only select any one of the on-site, online or other ways of voting. In the event of repeated voting, the result of the first vote shall prevail.

Article 89 of the
Guidelines for
Articles of
Association

Article 80 Any vote of shareholders at a shareholders' meeting must be taken by registered poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Article 90 of the
Guidelines for
Articles of
Association

Article 81 Shareholders who attend the shareholders' meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain.

Article 93 of the
Guidelines for
Articles of
Association

Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "abstentions" in the voting results.

Article 82 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes is not required to cast all his votes for or against any resolution on all his votes or abstain from voting on such resolution.

Article 83 The chairman of the meeting shall decide whether the resolutions of the meeting have been passed according to the poll results and his decision shall be conclusive, announced at the meeting and be recorded in the minutes.

Article 84 If the chairman of the meeting has any doubt on the poll results of the proposed resolutions, he may arrange for vote counting. If the chairman of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairman, they shall have the right to demand vote counting immediately after announcement of the poll results, and the chairman of the meeting shall arrange for vote counting immediately.

Article 94 of the
Guidelines for
Articles of
Association

CHAPTER 5 BOARD OF DIRECTORS

SECTION 1 DIRECTORS

Article 85 Directors shall be elected or replaced by the shareholders' meeting and serve a term of three (3) years. A director may serve consecutive terms if re-elected upon the expiry of his term, but an independent non-executive director shall be re-elected upon corresponding review procedures in accordance with the listing rules of the places where the Company's shares are listed if such director has served in his position for more than nine years.

Article 70, 120 of the Company Law; Section 4(3) of Appendix A1 to the Hong Kong Listing Rules

The term of office of a director shall commence from the date when such director takes office, until the expiry of the term of the board of directors.

A shareholders' meeting may remove a director before expiry of his term of office by an ordinary resolution subject to compliance with relevant regulations. Such removal does not prejudice the Director's claim for compensations pursuant to any contract.

Article 86 A director shall continue to perform his duties in accordance with relevant regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office or if the resignation of a director results in the number of directors being less than the quorum.

Article 70 and Article 120 of the Company Law; Article 104 of the Guidelines for Articles of Association; Rule B.2.2 of Appendix C1 to the Hong Kong Listing Rules

A director may resign before the expiration of his term of office. If a director resigns, such director shall tender in writing a letter of resignation Company, and the resignation shall take effect on the date of receipt of the letter of resignation by the Company, and the Company shall disclose relevant board of directors in a timely manner and when necessary. Except that the members of the directors fall below the minimum statutory requirements due to the resignation of a director set out in this Article, the resignation of a director shall take effect at the time when the letter of resignation has been served on the board of directors, unless a later effective date of resignation is prescribed in the letter of resignation. If the resignation of an independent non-executive director results in the number of independent non-executive directors of the board of directors of the Company being less than the quorum, the resignation of this independent non-executive director shall be effective only after the succeeding independent non-executive director has filled his vacancy.

Without violation of relevant laws and regulations and the regulatory rules of the places where the shares of the Company are listed, any director appointed by the board of directors to fill a casual vacancy to the board of directors shall hold office until the first shareholders' meeting after acceptance of the appointment and shall then be eligible for re-election.

Article 87 When a director resigns or his term of office expires, the director shall complete all handover procedures with the board of directors. The fiduciary duty of such director towards the Company and the shareholders shall remain for a reasonable period after the termination of the term of office. The length of such period shall be decided upon in accordance with the principle of fairness, taking into account the time elapsed between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates. His confidentiality obligation in relation to the Company's trade secrets shall remain for a period of two (2) years from the expiry of his terms of office.

Article 105 of the
Guidelines for
Articles of
Association

Article 88 A director shall comply with laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed and the Articles of Association, and shall owe fiduciary duties towards the Company and they shall take measures to avoid conflicts between his/her own interests and the interests of the Company, and must not use his/her powers to seek improper benefits. A director shall owe fiduciary duties towards the Company in the following aspects:

Article 101 of the
Guidelines for
Articles of
Association

- (I) not to use his powers and positions to receive bribes or other illegal income or embezzle properties of the Company;
- (II) not to misappropriate funds of the Company;
- (III) not to deposit assets or funds of the Company in accounts in his own name or other person's name;
- (IV) not to lend funds of the Company to any persons or provide guarantee to other persons with assets of the Company without the approval of a shareholders' meeting or the board of directors, in violation of the provisions of the Articles of Association;
- (V) not to enter into any contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the approval of a shareholders' meeting;
- (VI) not to use his powers and position to obtain for himself or others any business opportunities which should have been the business opportunities of the Company or to be engaged for himself or others in the same type of business which the Company is engaged in without the approval of a shareholders' meeting;
- (VII) not to encroach the commission generated as a result of any transaction with the Company;

- (VIII) not to disclose any secrets of the Company without any authorization;
- (IX) not to prejudice the interests of the Company by using his related relationship;
- (X) to comply with other duties of loyalty under the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and the Articles of Association.

Any income obtained by a director in violation of the above provisions shall be attributable to the Company; if the Company suffers any losses, such director shall be liable to compensate.

Article 89 A director shall comply with laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the Company shares are listed and the Articles of Association, and shall owe duties of diligence towards the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company. A director shall owe duties of diligence towards the Company in the following aspects:

Article 102 of the
Guidelines for
Articles of
Association

- (I) to exercise the rights conferred on him by the Company in a prudent, careful and diligent manner to ensure that the business conduct of the Company is in compliance with the requirements of the state laws, administrative regulations and various economic policies and the business activities of the Company are not beyond the business scope as stipulated in the business license;
- (II) to give equal treatment to all shareholders;
- (III) to understand the operation and management of the business of the Company in a timely manner;
- (IV) to confirm any regular reports of the Company by signing on such reports; to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) to provide relevant true information and materials to the audit committee and not to interfere with duties and powers exercised by the audit committee;
- (VI) other duties of diligence as provided for by laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the Company shares are listed and the provisions of the Articles of Association.

Article 90 The directors shall, both collectively and individually, fulfill fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by the laws of Hong Kong, which means every director must, in the performance of his duties as a director:

Rule 3.08 to the
Hong Kong
Listing Rules

- (I) act honestly in good faith in the interests of the Company as a whole;
- (II) act for proper purpose;
- (III) be accountable to the listed issuer for the application or misapplication of its assets;
- (IV) avoid actual and potential conflicts of interest and duty;
- (V) disclose fully and fairly his interests in contracts with the listed issuer; and
- (VI) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office as a director of the listed issuer.

Article 91 If a director fails to attend any two (2) consecutive board meetings in person or by appointing other directors to attend such meetings on his behalf, such director shall be deemed incapable of performing his duties, and the board of directors shall make recommendation to a general meeting for replacement.

Article 103 of the
Guidelines for
Articles of
Association

Article 92 Without any legal authorization by the Articles of Association or the board of directors, no director shall use his personal capacity to act on behalf of the Company or the board of directors. If any third parties reasonably believe that a director acts on behalf of the Company or the board of directors while such director acts in his own name, such director shall make a prior statement as to his position and capacity.

Article 107 of the
Guidelines for
Articles of
Association

Article 93 If the Company suffers any losses due to the exercise of the duties by a director in violation of laws, administrative regulations, departmental rules and the provisions of the Articles of Association, such director shall be liable to compensate.

Article 108 of the
Guidelines for
Articles of
Association

SECTION 2 INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 94 Independent non-executive directors refer to the directors who do not hold any other positions in the Company (other than as a director of the Company), and are not related to the Company and its shareholders in a way that may hinder their independent and objective judgment, and comply with the requirements on independence under the listing rules of the places where the shares of the Company are listed.

Rules 3.10(1)-(2),
3.10A and
19A.18(1) to the
Hong Kong
Listing Rules

The board of directors of the Company shall include independent non-executive directors. There shall be no less than three (3) independent non-executive directors and they shall constitute no less than one third (1/3) of the board of directors. At least one (1) independent non-executive director shall possess appropriate accounting or related financial management expertise and one (1) independent non-executive director shall reside in Hong Kong.

Article 95 If at any time the number of the independent non-executive directors of the Company does not satisfy the number, qualifications or independence requirements under the Hong Kong Listing Rules, the Company shall notify the Hong Kong Stock Exchange promptly, and shall state in the form of announcement the particulars and reasons. The Company shall also appoint a sufficient number of independent non-executive directors to meet the requirements of the Hong Kong Listing Rules within three (3) months after its failure to comply with relevant requirements.

Article 96 The independent non-executive director shall exercise the following special powers:

- (I) to propose the convening of extraordinary shareholders' meetings;
- (II) to propose to convene board meetings;
- (III) to engage auditing firms or consultancy firms necessary for performing duties;
- (IV) to offer independent opinions on matters related to the remuneration plans, incentive scheme and so forth for the Company's directors and senior management members;
- (V) to offer his independent opinions on the material connected transactions (as determined according to the criteria issued by the regulatory authorities in the place(s) of listing from time to time);
- (VI) publicly solicit proxies from shareholders before general meetings.
- (VII) Other powers and functions prescribed by laws, administrative regulations, CSRC regulations and the Hong Kong Listing Rules.

When an independent non-executive Director exercises the powers and functions listed in items (I) to (III) of the preceding paragraph, he/she shall obtain the approval of a majority of all independent non-executive Directors.

The Company shall ensure that independent non-executive directors will enjoy the same right to information as other directors.

SECTION 3 BOARD OF DIRECTORS

Article 97 The Company shall have a board of directors which shall be accountable to the general meeting. The board of directors consists of seven (7) to nine (9) directors, and the number of independent non-executive directors shall be no less than three (3) and shall account for more than one third (1/3) of the total number of members of the board of directors.

A director may be the general manager or other senior management officer concurrently, provided that the number of directors who serve as general manager or other senior management officers concurrently and director representatives of the employees shall not exceed one half (1/2) of the number of directors of the Company.

A director is not required to hold the shares of the Company.

An independent non-executive director shall have a term of office of three (3) years and may be reappointed upon re-election for a maximum period of not more than nine (9) years (if more than nine (9) years, such independent non-executive director's re-election and re-appointment shall be approved by the shareholders by means of separate resolution), unless the term of office of the independent non-executive director is otherwise stipulated by the relevant laws and regulations and listing rules of the stock exchange where the shares of the Company is listed.

Article 98 The board of directors shall exercise the following powers and duties:

Article 46 of the
Company Law;
Article 107 of the
Guidelines for
Articles of
Association

- (I) to convene a shareholders' meeting and report its work to such meeting;
- (II) to implement resolutions of a shareholders' meeting;
- (III) to decide on the operation plans and investment plans for the Company;
- (IV) to prepare the annual financial budgets and final accounts of the Company;
- (V) to prepare the Company's profit distribution plans and loss recovery plans;
- (VI) to prepare the plan for the Company to increase or reduce its registered capital, issue of corporate bonds and other securities and other listing plans;
- (VII) to prepare plans of the Company with respect to merger, division, dissolution or change in the form of the Company;
- (VIII) to prepare plans of the Company with respect to material acquisitions and acquisition of the Company's shares;
- (IX) to decide on the establishment of the internal management organizations;
- (X) to establish a basic management system of the Company;
- (XI) to appoint or remove the general manager and secretary to the Board of the Company; and other senior management members, and decide on the remunerations and rewards and punishments thereof;
- (XII) to prepare plans to amend the Articles of Association;
- (XIII) to propose to the shareholders' meeting with respect to the appointment or replacement of the audit firm of the Company;

- (XIV) to receive the work report of the general manager of the Company and examine such work;
- (XV) to manage the disclosure of information by the Company in accordance with laws and regulations, the listing rules of the places where the shares of the Company are listed and the Company's internal rules and regulations;
- (XVI) to decide on external investment, acquisition and disposal of assets, asset pledge, external guarantee, consigned financial management, connected transactions, etc. of the Company within the authority granted by the general meeting; to determine other material matters of the Company, except for the matters to be resolved at the general meeting in accordance with the Company Law and the Articles of Association;
- (XVII) to exercise any other duties and powers specified in laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or the Articles of Association.
- (XVIII) to determine the risk management system, internal control system, accountability system for illegal operation and investment and legal compliance management system of the Company, and conduct overall monitoring and evaluation of the Company's risk management, internal control and legal compliance management systems and their effective implementation; to direct, inspect and assess the Company's internal audit, consider the Company's internal audit report, establish a mechanism for the audit department to report directly to the Board, and to approve the annual audit plan and important audit reports in accordance with the law by the Board; to decide on the hiring or dismissal of the accounting firm responsible for the audit of the Company's financial and accounting reports and its remuneration, and propose the upper limit of the Company's gearing ratio.

For the above matters of duties and powers exercised by the board of directors which is beyond the scope of authorization by the shareholders' meeting or any transaction or arrangement of the Company which shall be considered and approved by a shareholders' meeting according to listing rules of the places where the shares of the Company are listed, shall be submitted to the shareholders' meeting for consideration and approval.

Article 99 The board of directors shall formulate the rules of procedures for the board of directors to ensure the implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the board of directors shall be appended to the Articles of Association. It shall be formulated by the board of directors and approved by the general meeting.

Article 112 of the
Guidelines for
Articles of
Association

Article 100 The board of directors shall have one (1) chairman who shall be elected and removed by more than one half of all the directors. The chairman shall serve a term of three (3) years and may be re-elected upon the expiry of their terms.

Article 109 of the
Guidelines for
Articles of
Association

Article 101 The chairman shall exercise the following functions and powers:

Article 114 of the
Guidelines for
Articles of
Association

- (I) to preside over general meetings and to convene and preside over board of directors meetings;
- (II) to procure and check the implementation of resolution of the board of directors;
- (III) to sign on securities issued by the Company;
- (IV) to sign important documents of the board of directors;
- (V) to exercise functions and powers of the legal representative;
- (VI) other functions and powers authorized by the board of directors;
- (VII) other functions and powers stipulated in the laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed and the Articles of Association.

Article 102 When the chairman is unable to or does not carry out his duties, they shall be carried out by one (1) director nominated by more than half of the directors.

Article 115 of the
Guidelines for
Articles of
Association

Article 103 The board of directors meetings include regular board meetings and extraordinary board meetings.

Rules C.5.1, C.5.3
and C.5.6 of
Appendix C1 to
the Hong Kong
Listing Rules;
Article 117 of the
Guidelines for
Articles of
Association;
Article 123 of the
Company Law

Regular board meetings shall be held at least four (4) times a year at approximately quarterly intervals. The board meeting shall be convened by the chairman of the board by giving a notice to all directors fourteen (14) days before the meeting is held.

The chairman shall, convene and preside over the extraordinary board meeting within ten (10) days upon receipt of the proposal in any of the following circumstances:

- (I) proposal of shareholders holding one tenth (1/10) or more of the voting rights;
- (II) it deems necessary by the chairman;
- (III) proposal of one-third (1/3) or more of the directors;
- (IV) proposal of two (2) or more of the independent non-executive directors;
- (V) proposal of the general manager.

The extraordinary board meeting shall be convened by giving a notice in writing to all directors three (3) days before the meeting is held. The body that is responsible shall issue the written notice of meeting to all directors and general manager via fax, by post, by hand, via email or through other modes. All notices sent other than by hand shall be confirmed by telephone and the corresponding records shall be kept. Where an extraordinary board meeting shall be convened as soon as possible in emergency, a shorter notice for the meeting may be allowed or the notice of meeting may be sent by telephone or by other verbal means at any time with consent of all directors, but the convener shall make explanations and minutes thereof at the meeting.

Article 104 The notice of the meeting shall be deemed to have been served to a director if he is present at the meeting and does not raise any objection regarding the non-receipt of such notice prior to or at the time of his arrival at the meeting.

A regular or extraordinary board meeting can be held by way of telephone conference or held through other telecommunication devices. As long as such devices enable clear communication among all directors, all directors participating shall be deemed as present in the meeting.

Article 105 The board of directors may accept the board meetings in the form of written resolutions in lieu of meetings on site. However, draft proposals of the meeting must be delivered to each director by hand, post, telegraph, fax or email. After the board of directors has delivered the proposals to all directors and that the number of directors giving consent and signature to the proposals has reached the quorum, such proposals, if delivered to the secretary to the board of directors by means of methods referred to above, shall become a board resolution. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

Rule C.5.1 of
Appendix C1 to
the Hong Kong
Listing Rules

Regular board meetings shall not be convened in the manner provided in the first paragraph of this Article.

Article 106 A notice of board meeting shall include the following contents:

- (I) the date, venue and duration of the meeting;
- (II) the method of holding the meeting;
- (III) the subject matters and topics of the meeting;
- (IV) the date of dispatch of the notice.

Article 119 of the
Guidelines for
Articles of
Association

Article 107 The board meeting shall not be held unless more than one half of the directors are present.

Article 120 of the
Guidelines for
Articles of
Association

Except for the board resolutions in respect of the matters specified in items (VI), (VII) and (XII) above which shall be passed by more than two-thirds (2/3) of all the directors, the board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the directors. Every director shall have one vote when voting on the board resolution.

Article 108 When a director is related to companies or individuals which are the subject of a resolution to be decided at a board meeting, he/she shall promptly report to the Board in writing. Such related director shall not exercise the voting rights on that resolution, and shall not exercise the voting rights on behalf of other directors. Such board meeting can be held if more than one half of the non-related directors attend. Resolutions made by the board meeting shall be passed by more than one half of the non-related directors (in the case of items (VI), (VII) and (XII), such matters shall be approved by more than two-thirds (2/3) of the non-related directors). If less than three (3) non-related directors attend the board meeting, the matter shall be submitted to the shareholders' meeting for consideration.

Article 121 of the
Guidelines for
Articles of
Association

Article 109 The board meeting shall vote by way of a show of hands, disclosed ballot or other means of voting approved by the regulatory authority. Any resolution made by video-conference, teleconference, facsimile or other communication equipment in the board meeting shall be signed by the voting directors.

Article 122 of the
Guidelines for
Articles of
Association

Article 110 The directors shall attend a board meeting in person. If a director is unable to attend for any reasons, he may appoint another director in writing to attend on his behalf. An independent non-executive director must not appoint a director other than an independent non-executive director to attend the meeting. The authorized director shall present authorization letters and exercise the voting right to the extent of the authorization conferred. The authorization letter shall contain the name of the representative, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal. If a director does not attend a board meeting in person and does not appoint a representative to attend the meeting, he shall be deemed to have waived the voting rights in the meeting.

Article 120 of the
Guidelines for
Articles of
Association

Article 111 All directors shall be notified of all material matters to be resolved at the board meeting at the time required by the Articles of Association and be provided with sufficient information strictly in accordance with the procedures as stipulated. Directors may request supplementary information. When at least one-fourth (1/4) of directors or at least two (2) independent non-executive directors consider the information provided is incomplete, the argument is not sufficient or where an informed judgment cannot be made due to other reasons, they may jointly propose to postpone the board meeting or to postpone the discussion of certain matters. The board of directors shall accept such proposal.

Article 3 of the
Opinions

Article 112 The board of directors shall keep minutes of its resolutions on the matters discussed at the meeting. The directors who attended the meeting and the person who drafted the minutes shall sign on the minutes of that meeting.

Article 124 of the
Guidelines for
Articles of
Association

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

The minutes of the board meetings shall be kept as archives of the Company for at least 10 years.

Article 113 The minutes of the board meeting shall include:

Article 125 of the
Guidelines for
Articles of
Association

- (I) the date, venue and convener of the meeting;
- (II) the names of the directors attending the meeting and the names of the directors (proxies) appointed by other directors to attend the meeting;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of the directors;
- (V) the methods and results of the voting for each resolution (the voting results shall state the number of votes voting for, against or in abstention).

SECTION 4 SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

Article 114 The board of directors consists of four special committees, namely the audit committee, remuneration committee, nomination committee, and strategy and ESG committee. The duties, composition and the rules of procedures for such committees shall be decided by the board of directors separately. The board of directors may establish other special committees as necessary.

Article 133 and
137 of the
Guidelines for
Articles of
Association

The special committees under the board of directors are special working bodies established by the board of directors to provide suggestions or advice for major decisions of the board of directors. The special committees shall not make any decision in the name of the board of directors, but they may exercise decision-making power on authorized matters according to the special authorization of the board of directors.

CHAPTER 6 SECRETARY TO THE BOARD OF DIRECTORS

Article 115 The Company shall have one (1) secretary to the board of directors. The secretary to the board of directors shall be one of the senior management members.

Article 116 The secretary to the board of directors shall be a natural person with necessary professional knowledge and experience. The secretary shall be nominated by the chairman of the board of directors, and appointed or dismissed by the board of directors. The main duties of the secretary to the board of directors are:

- (I) to guarantee that the Company has complete organizational documents and records; to keep and manage shareholders' information; to assist the directors in addressing the routine tasks of the board of directors;
- (II) to organize and arrange for the board meetings and shareholders' meetings, to prepare meeting materials, to handle relevant meeting affairs, to be responsible for keeping minutes of the meetings and to ensure their accuracy, to keep meeting documents and minutes and to take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported to the board of directors with suggestions proposed;
- (III) as the contact person between the Company and the securities regulatory authorities, to be responsible for preparation and timely submission of the reports and documents as required to the regulatory authorities, and to accept any task from the regulatory authorities and organize the implementation thereof;
- (IV) to be responsible for coordinating and organizing information disclosure of the Company, to establish and improve the information disclosure system, to participate in all meetings of the Company involving information disclosure, and to keep informed of the material operational decisions and relevant information of the Company in a timely manner;
- (V) to ensure the proper establishment of the register of members of the Company, and to ensure timely access to the relevant records and documents by the individuals who are entitled to access such information;
- (VI) to perform other duties and powers as conferred by the board of directors, as well as other duties and powers as required by laws and regulations and the stock exchange of the places where the Company's shares are listed.

Article 117 Executive directors or other senior management members of the Company may serve concurrently as the secretary to the board of directors of the Company. The accountants of the accounting firm engaged by the Company shall not serve concurrently as the secretary to the board of directors of the Company.

In the event that a director concurrently serves as the secretary to the board of directors of the Company, and if an act concerned shall be conducted by the directors and the secretary to the board of directors of the Company separately, such person concurrently serving as a director and the secretary to the board of directors of the Company shall not conduct such act in dual capacities.

CHAPTER 7 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

Article 118 The Company shall have one (1) general manager, several deputy general managers, several assistant general managers, and one (1) person-in-charge of finance, who shall be nominated by the general manager. Executive directors may also concurrently serve as general manager, deputy general manager or other senior management members. The general manager, deputy general manager and other senior management members shall be appointed and dismissed by the board of directors.

Article 140 of the
Guidelines for
Articles of
Association

Article 119 The provisions of the Articles of Association concerning the obligations of loyalty and due diligence of directors shall equally apply to the senior management.

Article 141 of the
Guidelines for
Articles of
Association

Article 120 The general manager shall be accountable to the board of directors and exercise the following powers and duties:

Article 144 of the
Guidelines for
Articles of
Association

- (I) to take charge of the operation and management of the Company, organize the implementation of board of directors resolutions and report his work to the board of directors;
- (II) to organize the implementation of the annual operation plans and investment plans of the Company;
- (III) to draft the plan for the establishment of an internal management organization of the Company;
- (IV) to formulate the Company's basic management system;
- (V) to make specific rules and regulations of the Company;
- (VI) to propose to the board of directors for the appointment or dismissal of other senior management members other than those who should be nominated by the chairman of the board of directors;
- (VII) to appoint or dismiss the management personnel other than those who should be appointed or dismissed by the board of directors;
- (VIII) to propose to convene extraordinary board meeting;
- (IX) to decide on other matters of the Company within the authority granted by the board of directors;
- (X) to decide on the investments, acquisitions or disposals, financing, etc. other than those that shall be decided by the board of directors or the general meeting;
- (XI) to perform other powers and duties authorized by the Articles of Association or the board of directors.

- (XII) to formulate internal supervision and management and risk control systems, and to formulate plans for the establishment of a risk management system, internal control system, accountability system for illegal operation and investment and legal compliance management system of the Company, and to organize the implementation of such plans after approval by the Board.

The general manager of the Company may attend the board meeting. The non-managing director has no right to vote at the board meetings.

Article 121 The general manager shall, in exercising his functions and powers, perform the duties in good faith and due diligence in accordance with the provisions of laws, administrative regulations and the Articles of Association.

Article 122 If any senior management violates laws, administrative regulations, departmental rules or the Articles of Association in fulfilling their duties, thereby causing any loss to the Company, they shall be liable for compensation for the loss.

Article 150 of the
Guidelines for
Articles of
Association

CHAPTER 8 AUDIT COMMITTEE

Article 123 The Audit Committee of the Board of Directors of the Company exercises the duties and powers of the Board of Supervisors as stipulated in the Company Law. The Company does not have a Board of Supervisors or supervisors.

Article 121 of the
Company Law;
Article 133 of the
Guidelines for
Articles of
Association

Article 124 The Audit Committee of the Board of Directors must comprise a minimum of three members, all of whom must be non-executive directors and appointed by the Board of Directors. A majority of the members of the Audit Committee must be independent non-executive directors, and at least one of them shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; and a majority of the members of the Audit Committee shall not hold positions other than directorships in the Company and shall not have any relationship with the Company that may affect their independent and objective judgment.

Article 121 of the
Company Law;
Article 134 of the
Guidelines for
Articles of
Association

The chairman of the Audit Committee must be an independent non-executive director.

Employee representatives among the Board members may serve as members of the Audit Committee.

A former partner of the Company's existing external auditors should be prohibited from acting as a member of the Audit Committee for a period of two years from the date on which he/she ceased (a) to be a partner of the audit firm; or (b) to have any financial interest in the auditing firm, whichever is the later.

Article 125 Members of the Audit Committee shall be appointed for a term of three (3) years and shall be eligible for reappointment if re-elected upon expiry of the term.

If a member of the Audit Committee ceases to serve as a Director, his or her qualification as a committee member shall be lost spontaneously. Where reelection procedures are not carried out in a timely manner on the expiration of the term of office of the members of the Audit Committee, or where the number of the members of the Audit Committee falls below two-thirds of the number specified in these Articles of Association due to a member's resignation, before the newly elected members take office, the original members shall perform their duties as members in accordance with laws, administrative regulations, and these Articles of Association.

Article 126 The Audit Committee performs its duties and powers in accordance with the provisions of the Companies Law and the Terms of Reference.

Article 78 of the
Company Law

Article 127 Meeting of the Audit Committee shall be held at least two times a year, and shall be convened and presided over by the chairperson of the Audit Committee. If the chairperson of the Audit Committee is unable or fails to perform and exercise his functions and powers, a meeting of the Audit Committee shall be convened and presided over by a member jointly nominated by more than half of the members of the Audit Committee.

Article 130 of the
Company Law;
Article 136 of the
Guidelines for
Articles of
Association

Any member of the Audit Committee may propose an extraordinary meeting of the Audit Committee to be held.

The auditors of the Company may request that a meeting of the Audit Committee be held if they consider it necessary.

When the Audit Committee calls a regular meeting or extraordinary meeting, it shall deliver a written meeting notice to all of the members of the Audit Committee by hand, fax, email or other means ten (10) days (for regular meetings) or five (5) working days (excluding Saturdays, Sundays and public holidays in mainland China and Hong Kong) prior to the meeting is convened. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.

Where an extraordinary meeting of the Audit Committee needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time prior to the meeting is convened if it is unanimously approved by the members of the Audit Committee, but the convener shall make explanations at the meeting. Notwithstanding the notification period, the attendance of the member of the Audit Committee at the meeting would be deemed to be treated as the waiver of the required notification requirement. If the follow-up meeting takes place within 14 days after the meeting, then no notification is required for any follow-up meeting.

Article 128 The meeting of the Audit Committee shall vote by way of open ballot, written resolution or other means of voting approved by the regulatory authority. Any resolution made by video-conference, teleconference, facsimile or other communication equipment in the meeting of the Audit Committee shall be signed by the voting members of the Audit Committee.

Article 121 of the
Company Law;
Article 136 of the
Guidelines for
Articles of
Association

The resolutions of the Audit Committee shall be approved by a majority of all members of the Audit Committee. On a vote on a resolution of the Audit Committee, every member shall have one vote.

Article 129 Where the Audit Committee discovered unusual operation of the Company, it shall conduct investigations. The Audit Committee shall engage professionals such as lawyers and accountants for assistance if necessary, and the reasonable expenses incurred in engaging professionals such as lawyers, certified public accountants and practicing auditors in their performance of duties shall be borne by the Company.

Article 79 of the
Company Law

Article 130 The Audit Committee shall record all decisions on matters discussed in the minutes, which shall be signed by the members present at the meeting and the person who records the minutes. The members shall be entitled to make particular illustrative statements regarding their opinions expressed at the meeting recorded in the minutes. The minutes of the Audit Committee shall be kept as archives of the Company for at least ten (10) years.

Article 136 of the
Guidelines for
Articles of
Association

CHAPTER 9 QUALIFICATIONS AND DUTIES OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Article 131 Apart from the qualifications specified in other provisions of the Articles of Association, a person may not serve as a director or any other senior management member of the Company if any of the following circumstances apply:

Article 178 of the
Company Law;
Article 99 of the
Guidelines for
Articles of
Association

- (I) a person without capacity or with restricted capacity for civil acts;
- (II) a person who has committed corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such criminal offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of completion of the implementation of such punishment or deprivation where a probation has been given, not exceeding two (2) years since the expiration of the probation period;
- (III) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to improper operation and management and is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvency and liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise that had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license or being ordered to close down;
- (V) a person who has a relatively large amount of debts due and outstanding are listed as dishonest persons subject to enforcement by the people's court;
- (VI) other circumstances prescribed by the law, administrative regulations, departmental regulations, normative documents or securities regulatory authorities where the Company's shares are listed.

Where the Company elects, appoints or employs its directors, general managers or other senior management members in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be invalid. Where, during his term of office, a director, general manager or other senior management member is found to be a person as specified in the preceding paragraph of this Article, the Company shall remove him from office.

Article 132 The validity of an act carried out by a director, general manager and other senior management members of the Company on its behalf shall, as against a bona fide third party, not be affected by any non-compliance in his office, election or any defect in his qualification.

Article 133 The directors and the senior management have a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the Company's interests, and must not use their powers to seek improper benefits.

The directors and the senior management have a duty of diligence to the Company and by virtue of the management, they should exercise the reasonable concern of managers in performing their duties in the best interests of the Company.

Article 134 Directors, general managers and other senior management members of the Company, in the exercise of his powers and in the discharge of his duties, shall be liable to exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

Article 135 The directors, general managers and other senior management members of the Company shall perform his duties in accordance with the fiduciary principle; and shall not put himself in a position where his interest and his duty may conflict. This principle includes, but is not limited to, discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of his powers and shall not exceed such powers;
- (III) to exercise the discretion conferred on him in person and shall not allow himself to act under the control of others, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given at a general meeting, not to delegate the exercise of his discretion to others;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given at a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property in any way for his own benefit, without the informed consent of the shareholders given at a general meeting;

- (VII) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property in any way, including, but not limited to, opportunities which are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given at a general meeting;
- (IX) to comply with the Articles of Association, to perform his duties in a faithful manner, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (X) not to compete with the Company in any way, except with the informed consent of the shareholders given at a general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the name of any other person or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities;
- (XII) not to disclose any confidential information, which he has obtained during his term of office, without the informed consent of the shareholders at a general meeting; nor shall he use such information other than for the Company's benefit, provided that the disclosure of such information to the court or other competent governmental authorities is permitted if:
 - (1) such disclosure is required by law;
 - (2) required in the public interests;
 - (3) the interests of such director, managers or other senior management member so require.

Article 136 The directors, general managers and other senior management members of the Company shall not direct the following persons or institutions (hereinafter referred to as the "associate(s)") to act in a manner, which he is prohibited from acting:

- (I) the spouse or minor child of the directors, supervisors, general managers or other senior management members of the Company;
- (II) the trustee of the directors, general managers or other senior management members of the Company or of any person referred to in item (I) of this Article;

- (III) the partner of the directors, general managers or other senior management members or any person referred to in items (I) and (II) of this Article;
- (IV) a company in which the directors, general managers or other senior management members of the Company, whether alone or jointly with the persons referred to in items (I), (II) and (III) of this Article or other directors, general managers and other senior management members of the Company, has de facto controlling interest;
- (V) the directors, general manager and other senior management members of a company, which is being controlled in the manner referred to in item (IV) of this Article.

Article 137 The fiduciary duties of the directors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. Their duties of confidentiality in respect of trade secrets of the Company survive the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has elapsed between the termination, the act concerned, the circumstances and the terms under which the relationship between such directors, general managers and the senior management members and the Company was terminated.

Article 138 Other than the situation provided under Article 43 of the Articles of Association, the directors, general managers and other senior management members of the Company may be released from liabilities for specific breaches of his duty with the informed consent of the shareholders given at a shareholders' meeting.

Article 139 Where the directors, general managers or other senior management members of the Company is in any way, directly or indirectly, materially interested in a contract, transaction, arrangement or proposed contract, transaction or arrangement with the Company (other than the service contracts between the Company and the directors, general managers and other senior management members), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

Saved for exceptions permitted under the Hong Kong Listing Rules and applicable regulations, a director shall not vote on any board resolution approving any contract, transaction, arrangement or any relevant proposal in which he or any of his close associate (as defined in the applicable Hong Kong Listing Rules effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting when determining whether there is a quorum or not.

Unless the interested directors, general managers and other senior management members of the Company discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested directors, general managers or other senior management members of the Company are not counted as part of the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the discretion of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by such directors, general managers or other senior management members.

The directors, general managers or other senior management members of the Company are deemed to be interested in a contract, transaction or arrangement in which the associate of such directors, general managers and other senior management members is interested.

Article 140 Where the directors, general managers or other senior management members of the Company give to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the execution of the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 141 The Company shall not pay taxes for its directors, general managers or other senior management members in any manner.

Article 142 The Company shall neither directly or indirectly make a loan to or provide any security for the directors, supervisors (if any), general managers or other senior management members of the Company or its parent company, nor make a loan or provide any security for any of their respective associates.

The foregoing provision is not applicable in the following circumstances:

- (I) the provision by the Company of a loan to or a security for its subsidiary;
- (II) the provision by the Company of a loan or a security or any other funds available to its directors, general managers and other senior management members to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a shareholders' meeting;
- (III) if the ordinary business scope of the Company includes the lending of money and provision of security, the Company may make a loan to or provide a security for the relevant directors, general managers and other senior management members or their respective associates on normal commercial terms.

Article 143 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, repay such funds forthwith.

Article 144 A security for the repayment of a loan, which has been provided by the Company acting in breach of Article 142(I) shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) the security was provided in connection with a loan, which was made to an associate of the directors, supervisors (if any), general Managers and other senior management members of the Company or its parent company and the lender of such funds is not informed;
- (II) the collateral, which has been provided by the Company has already been legally disposed of by the lender to a bona fide purchaser.

Article 145 For the purposes of the foregoing provisions of this Chapter, a “security” includes an undertaking or property provided by the guarantor to secure the obligor’s performance of his obligations.

Article 146 In addition to rights and remedies provided by the laws and administrative regulations, where the directors, general managers and other senior management members of the Company breach the duties which he is liable to the Company for, the Company has the right to adopt the following measures:

- (I) to demand such directors, general managers or other senior management members to compensate for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction, which has been entered into between the Company and such directors, general managers or other senior management members, or between the Company and a third party (where such third party knows or should have known that such directors, general managers or other senior management members on behalf the Company have breached his duties liable to the Company);
- (III) to demand such directors, general managers or other senior management members to turn in profits gained as a result of the breach of his duties;
- (IV) to recover any monies, which should have been received by the Company but were received by such directors, general managers or other senior management members instead, including (but without limitation to) commissions;
- (V) to demand repayment of interest earned or which may have been earned by such directors, general managers or other senior management members on monies that should have been paid to the Company.

Article 147 The Company shall, on a regular basis, disclose to shareholders the emoluments obtained by the directors and senior management members from the Company.

Article 148 The contract concerning the emoluments between the Company and its directors should provide that in the event of a takeover of the Company, the Company's directors shall, subject to the prior approval at the general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to in the preceding paragraph means any of the followings:

- (I) a take-over offer made by any person to all the shareholders;
- (II) a take-over offer made by any person with the purpose of the offeror becoming a "controlling shareholder" as defined in Chapter 15 of the Articles of Association.

If the relevant director does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the acceptance of said offer. The expense incurred in distributing that sum amongst those persons shall be borne by the relevant director on a pro rata basis and may not paid out of that sum.

CHAPTER 10 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT OF THE COMPANY

SECTION 1 FINANCIAL AND ACCOUNTING SYSTEM

Article 149 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant authorities in the PRC.

Article 150 The financial year of the Company shall coincide with the calendar year, i.e., from January 1 to December 31 on the Gregorian calendar.

Article 208 of the
Company Law

The Company shall prepare a financial report at the end of each accounting year, which shall be audited by an accounting firm in compliance with laws. The financial and accounting reports shall be prepared in accordance with laws, regulations and requirements of the relevant authorities in the PRC.

Article 151 The board of directors of the Company shall present before the shareholders at every annual general meeting such financial reports to be prepared by the Company as required by the relevant laws, administrative regulations or normative documents promulgated by local governments or competent authorities.

Article 152 The financial reports of the Company shall be kept at the Company for shareholders to inspect twenty (20) days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the copy of the financial report mentioned in this Chapter.

Except as otherwise provided in the Articles of Association, the Company shall, at least twenty-one (21) days before the annual general meeting, post the aforesaid report or directors' report together with the balance sheet (including all documents required to be attached by laws and administrative regulations of China or other regions), profit and loss statement (income statement) or income and expenditure statement (cash flow statement), or summary of financial statement without violation of relevant laws of China approved by HKEx on the websites of the Stock Exchange and the Company and keep them at the Company for shareholders to inspect.

Article 153 The financial statements of the Company shall be prepared in accordance with the PRC accounting principles, laws, rules and regulations. In addition, if the Company deems it necessary, the financial statements of the Company may also be prepared in accordance with international accounting principles or those of the place where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the above two accounting principles, such difference shall be stated in the notes to the financial statements. In distributing the Company's after-tax profits of the relevant accounting year, the lower of the two amounts shown in the financial statements shall be adopted.

Article 154 The interim results, annual results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting principles, laws, rules and regulations. In addition, if the Company deems it necessary, the financial statements of the Company may also be prepared in accordance with international accounting principles or those of the place where the Company's shares are listed.

Article 155 The Company shall publish two (2) financial reports in each accounting year, namely, the interim financial report that shall be published within two (2) months after the end of the first six (6) months of the accounting year; and the annual financial report that shall be published within four (4) months after the end of the accounting year.

Rule 13.49(1) and
Rule 13.49(6) to
the Hong Kong
Listing Rules

The Company shall publish two results announcements in each accounting year, namely, the interim results announcement that shall be published within two (2) months after the end of the first six (6) months of the accounting year and the annual results announcement that shall be published within three (3) months after the end of the accounting year.

Other regulations of the listing rules at the places where the shares of the Company are listed shall prevail.

Article 156 The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

Article 157 The profit distribution proposal of the Company for each year shall be considered and approved at the shareholders' meeting. The Company shall distribute its after-tax profit in the following proportion and order:

Article 210 of the
Company Law;
Article 155 of the
Guidelines for
Articles of
Association

- (I) recovering losses;
- (II) withdrawing ten percent (10%) of after-tax profit of the current year as a statutory common reserve fund;
- (III) withdrawing a discretionary common reserve fund according to resolutions of the shareholders' meeting;
- (IV) distributing dividends to shareholders.

The Company may not withdraw a statutory common reserve fund if the cumulative amount has reached more than fifty percent (50%) of the Company's registered capital. The shareholders' meeting shall determine whether to withdraw the discretionary reserve and its proportion after withdrawing the statutory reserve.

If the statutory reserve could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing the statutory reserve.

If the shareholders' meeting has, in violation of the Company Law, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory reserve fund, the shareholders shall return the profits distributed in violation of the provision to the Company. After losses have been covered and the statutory reserve has been allocated in accordance with the Articles of Association, any remaining after-tax profits shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in the Company's Articles of Association.

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

Article 158 Reserves of the Company are used for offsetting losses of the Company, Article 168 of expanding the Company's production and operation or increasing the capital of the Company. When using the Company's reserve fund to cover its losses, any discretionary reserve and statutory reserve fund shall first be used to cover such losses; if there is still a shortfall, the capital reserve fund may be used in accordance with regulations. If the statutory reserve is converted into capital, the balance of the statutory reserve shall not fall below twenty-five percent (25%) of the Company's registered capital before the increase of the capital.

Article 214 of the
Company Law;
Article 158 of the
Guidelines for
Articles of
Association

Article 159 The Company may distribute dividends in cash or shares. When a dividend is distributed by way of shares, a resolution shall be made by the general meeting and submitted to the securities regulatory authorities and other relevant competent authorities for approval.

Cash dividends and other distributions declared by the Company to the holders of domestic shares shall be paid in Renminbi. Cash dividends and other distributions declared by the Company to the holders of foreign capital shares shall be declared and denominated in Renminbi, and paid in foreign currencies. Foreign currencies for the payment of cash dividends and other distributions payable by the Company to the holders of foreign capital shares shall be obtained pursuant to the relevant regulations on the administration of foreign exchange of the State.

Unless otherwise provided by the relevant laws and regulations, where cash dividends and other distributions are paid in foreign currencies, the exchange rate shall be based on the average middle exchange rate of foreign currencies against Renminbi announced by the People's Bank of China one calendar week preceding the date where such dividends or other distributions are declared.

Article 160 Any amount paid up in advance of calls on any shares may bear interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

Subject to the laws and regulations of the PRC and rules of the Hong Kong Stock Exchange, the Company may exercise power to forfeit unclaimed dividends, provided that it may do so only after the expiration of the applicable relevant period.

The Company has the right to terminate the dispatch of dividend warrants to the holders of overseas-listed foreign shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is, for the first time, undelivered to the addressee and returned, the Company may also exercise such right.

The Company has the right to sell, in such manner as the board of directors thinks fit, any shares of an overseas-listed foreign shareholder who is untraceable, subject to the following conditions:

- (I) the Company has distributed dividends for at least three times to such shares within twelve (12) years, but none of such dividends was claimed;
- (II) the Company, after the expiration of the twelve (12)-year period, made public announcement on one or more of the newspapers at the jurisdiction where the shares of the Company are listed, stating its intention to sell such shares, and notified the securities regulatory authorities of the places where the shares of the Company are listed.

Article 161 The Company shall appoint receiving agent(s) for holders of the overseas-listed foreign shares. Such receiving agent(s) shall receive dividends which have been declared by the Company and other amounts payable in respect of overseas-listed foreign shares on such shareholders' behalf.

Rule 19A.51 of
the Hong Kong
Listing Rules

The receiving agents appointed by the Company shall meet the requirements of the laws of the place where the Company's shares are listed and the rules of securities regulatory authorities.

SECTION 2 APPOINTMENT OF AN ACCOUNTING FIRM

Article 162 The Company shall appoint an independent accounting firm qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the board of directors.

The term of office of an accounting firm appointed by the Company shall be one (1) year commencing from the conclusion of each annual general meeting of shareholders until the conclusion of the next annual meeting of shareholders, and the term of appointment may be renewed upon expiry.

Article 163 The accounting firm appointed by the Company shall enjoy the following rights:

- (I) to inspect the financial statements, books, and records of the Company at any time; and to require the directors, general manager or other senior management of the Company to provide relevant information and explanations;
- (II) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the purpose of discharging its duties;
- (III) to attend general meetings and to receive all notices of, and other information relating to any general meeting, and to deliver speeches at any general meeting in relation to the matters concerning its role as the accounting firm of the Company.

Article 164 In the event of any casual vacancy of the office of the accounting firm, before the convening of the general meeting, the board of directors may fill any casual vacancy in the office of the accounting firm subject to confirmation at the next annual general meeting, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

Article 165 The shareholders in a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim against the Company, if any, for damages in respect of such removal.

Article 166 The remuneration of an accounting firm or the manner for determining the same shall be determined by the shareholders at a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 167 The Company's engagement, removal or discontinuance of engagement of an accounting firm shall be resolved by the shareholders at a general meeting, and such resolution shall be filed with securities regulatory authorities.

Article 168 Where the Company dismisses or ceases to re-appointing an accounting firm, a notice shall be given to the accounting firm thirty (30) days in advance, and the accounting firm shall be permitted to state its opinions when the shareholders' meeting of the Company votes on dismissing the accounting firm. Where the accounting firm resigns, it shall explain at the shareholders' meeting whether there are any improper circumstances of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the Company's legal address. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

- (I) a statement to the effect that there are no circumstances connected with its resignation, which it considers should be brought to the notice of the shareholders or creditors of the Company;
- (II) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant responsible department within fourteen (14) days after receipt. If the notice contains a statement as mentioned in item (II) of the preceding paragraph, the Company shall also send a copy thereof to each shareholder that has the right to receive the report of the Company's financial situations. Subject to the laws, administrative regulations, departmental rules, the relevant requirements of securities regulatory authority in the jurisdiction in which the shares of the Company are listed, the Company may also send the aforesaid reports by way of announcements (including announcements via the Company's website).

If the notice of resignation of the accounting firm contains a statement in respect of any circumstances requiring an explanation, the firm may require the board of directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

CHAPTER 11 PARTY ORGANIZATION AT THE PRIMARY LEVEL

Article 169 In accordance with the provisions of the Constitution of the Communist Party of China (《中國共產黨章程》), and as approved by the Communist Party Committee of Shandong Commercial Group Co., Ltd., the Company has established the Communist Party Committee of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司委員會) (the “Party Committee of the Company”). Meanwhile, in accordance with the relevant regulations, the Company has established the Communist Party Commission for Discipline Inspection of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司紀律檢查委員會) (the “Party Commission for Discipline Inspection of the Company”).

Article 9 of the Administrative Measures for Articles of Association of State-owned Enterprises

Article 170 The leading group of the Party Committee of the Company shall be equipped based on the management authority in accordance with the Constitution of the Communist Party of China (《中國共產黨章程》) and the Regulations on the Work of Grass-root Organizations of State-owned Enterprises of the Communist Party of China (For Trial Implementation) (《中國共產黨國有企業基層組織工作條例(試行)》) and other provisions. The leading group of the Party Committee of the Company consists of 5 to 9 members, including 1 secretary of the Party Committee of the Company, and 1 secretary of the Party Commission for Discipline Inspection of the Company. The Organizations of State-owned Enterprises of the Party shall, in accordance with the authority of cadre management, regulate the procedures of nomination, organizational inspection, discussion and decision, and ensure the Party’s leadership of cadre personnel work and management of important cadres.

Article 171 The Party Committee of the Company shall establish committees at grassroots level, committees under the general branch, branch committees of the Party by hierarchy, establish and improve party affairs work institutions, and equip party affairs staff in accordance with the relevant provisions. At the same time, the Company shall set up a disciplinary working department and a designated disciplinary staff. The Party Organization of the Company conducts regular general election in accordance with the Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作條例》).

Article 172 The Party Committee of the Company shall play the leadership role, setting the direction, keeping in mind the big picture and ensuring the implementation of the Party policies and principles, discussing and deciding on major company matters in accordance with regulations. Major business and management matters shall be studied and discussed by the Party organization before the board of directors or the management makes a decision. The main responsibilities are:

- (I) To strengthen the political construction of the Company’s Party, adhere to and implement the fundamental, basic and important systems of socialism with Chinese characteristics, educate and guide all Party members to always maintain a high degree of consistency with the central committee of the Party with Comrade Xi Jinping at the core in terms of political stance, political direction, political principles and political path;

- (II) to thoroughly study and implement Xi Jinping Thought on socialism with Chinese characteristics in the new era, thoroughly implement the Party's line, principles and policies, as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at higher levels in the Company, promote the Company's responsibility and mission, focus on the main responsibility, the main business, and service major national strategies and provincial development strategies to fully fulfill economic, political, and social responsibilities;
- (III) to investigate and discuss the significant operation and management matters of the Company and support the shareholders' meeting, the Board of Directors, and the management to exercise their rights and perform their duties in accordance with the laws;
- (IV) to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team and talents team of the Company;
- (V) to undertake the main responsibility of the construction of the Company's Party's conduct and integrity, lead and support the discipline inspection and supervision agencies to fulfill their supervisory responsibilities, to strict political discipline and political rules, and to promote the overall and strict governance of the Party to the grassroots extension;
- (VI) to strengthen the building of primary-level Party organizations and of its contingent of Party members, and unite and lead employees company-wide to devote themselves into the reform and development of the Company;
- (VII) to lead the Company's ideological and political work, the spirit and civilization progress, the united front work and lead the Labour Union, Communist Youth League and other mass organizations of the Company;
- (VIII) to discuss and decide other important matters within the scope of authority of the Party Committee.

Article 173 The Party Committee of the Company shall strictly controls the authorization decision-making plan of the board of directors to prevent unauthorized or excessive authorization. The party committee generally does not conduct preliminary research and discussion on decision-making matters authorized by the board of directors to chairman and management.

Article 174 Adhere to and improve the “two-way entry, cross-appointment” leadership system, eligible members of the Party Committee team can enter the Board of Directors and the management team through legal procedures, the members of Board of Directors and the management team of eligible Party members can enter the Party Committee in accordance with relevant regulations and procedures.

The secretary of the Party Committee and chairman of the Company are generally served by one person, and the chairman of the Company and the general manager are separately appointed; general managers who are members of the Party Committee generally serve as deputy secretaries of the Party Committee; designated deputy secretaries of the Party Committee are generally appointed to the Board of Directors and do not serve at the management level. State-owned Enterprises implement a system combining collective leadership and individual division of responsibilities, and members of the leadership team of the party organization sitting on the Board of Directors or at the management level must implement the decisions of the party organizations.

Article 175 The Company shall provide necessary support and maintain sufficient funding for the activities of the Party Organization.

CHAPTER 12 LABOUR MANAGEMENT

Article 176 The Company shall, pursuant to the laws, regulations and relevant administrative regulations of the PRC, formulate its systems on, among others, labour management, personnel management, remuneration and welfare, and social security insurance.

Article 5 of the Administrative Measures for Articles of Association of State-owned Enterprises

Article 177 Subject to relevant administrative regulations, the Company shall have the right to decide on salary income and benefits of its management at all levels and staff in accordance with its economic efficiency.

Article 178 Subject to relevant administrative regulations of the PRC government and local government, the Company shall arrange social insurances for the management and employees, and implement laws, regulations and relevant provisions on labour insurance for retired employees and employees for employment.

CHAPTER 13 LABOUR UNION

Article 179 The staff and workers of the Company shall have the right to establish a labour union, carry out labour union activities in accordance with the Trade Union Law of the PRC. The activities organized by the trade union shall be carried out outside the normal working hours, except otherwise specified by the board of directors.

Article 5 of the Administrative Measures for Articles of Association of State-owned Enterprises

Article 180 The Company may establish the labour union fund which shall be utilized by the labour union of the Company in accordance with the relevant measures formulated by All-China Federation of Trade Unions.

CHAPTER 14 LEGAL COUNSEL SYSTEM

Article 181 The Company shall establish corporate legal counsel system and engage legal advisors for the establishment of the legal risks prevention systems of the Company.

Article 5 of the Administrative Measures for Articles of Association of State-owned Enterprises

CHAPTER 15 NOTICES AND ANNOUNCEMENTS

Article 182 Notices of the Company shall be served by the following method:

Article 170 and Article 171 of the Guidelines for Articles of Association; Rule 7 of Appendix 3, Rule 19A.56 and Rule 2.07A(1) to the Hong Kong Listing Rules

- (I) by hand;
- (II) by mail;
- (III) by facsimile or e-mail;
- (IV) by making an announcement on the websites or newspapers designated by the Company and stock exchanges in accordance with laws, regulations and listing rules of the places where the Company's shares are listed;
- (V) by other means agreed before between the Company and the recipient or accepted by the recipient after receiving notice;
- (VI) by other means approved by the laws, regulations, relevant regulatory authorities at the places where the Company's shares are listed or means specified in the Articles of Association.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice unless the regulatory authorities of the places where the Company's shares are listed requires otherwise.

Unless otherwise provided in the Articles of Association, the notice delivered to each holder of the H Shares, if delivered by public announcement, the Company shall on the same day submit an electronic version, which may be published immediately to the Hong Kong Stock Exchange through the electronic upload system to publish it on the website of Hong Kong Stock Exchange in accordance with the requirements under the Listing Rules. The announcement shall be published on the Company's website at the same time.

Unless the context otherwise requires, "announcement" referred to in the Articles of Association shall refer to (i) the announcement published in such Chinese newspapers as specified by the Chinese laws and regulations or the securities regulatory authorities, if such announcement is issued to domestic shareholders or within the PRC in accordance with relevant regulations and the Articles of Association; and (ii) the announcement being published on the website of the Hong Kong Stock Exchange specified in relevant listing rules and the Company website, if such announcement is issued to holders of H shares or within Hong Kong in accordance with the relevant provisions and the Articles of Association.

Under the premise of the Company's observation to the relevant listing rules of the place which the shares of the Company are listed, regarding the provision and/or distribution of corporate communications to holders of the overseas-listed foreign shares in accordance with the listing rules of the places which the shares of the Company are listed, the Company may also electronically or on the Company's website or such website of the stock exchange in the places which the shares of the Company are listed post such information so as to send out corporate communications to such holders, instead of delivery by hand or postage prepaid mail.

Article 183 Unless otherwise provided in the Articles of Association, the notice means as set out in the preceding Article, may also be applicable to notices for shareholders' meetings, meetings of board or the audit committee of the Company.

Article 184 If the notice is served by hand, the date of service is the date of acknowledgment of receipt by signature or affixed seal on the service return slip. If the notice is sent by express delivery service, the date of service is the seventh (7) business day from the date of delivery at the post office. If the notice is given by e-mail, the date of such e-mail entering the recipients' designated electronic data exchange system shall be the date of service. If the notice is given by fax, the sent date on the sender's fax record shall be the date of service.

Article 174 of the
Guidelines for
Articles of
Association

Article 185 Where relevant corporate documents must be in English and be accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the requirements of the listing rules of the places where the shares of the Company are listed, if shareholders, whom under proper arrangements by the Company, confirm they wish to receive such information only in the English or Chinese version, and such actions are permitted under the applicable laws and regulations, the Company may send such documents only in the English or Chinese version to relevant shareholders according to their prescribed wishes.

Rule 13.55(2) of
the Hong Kong
Listing Rules

CHAPTER 16 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

SECTION 1 MERGER AND DIVISION

Article 186 The merger or division of the Company shall be proposed by the board of directors of the Company and shall go through the relevant approval process according to the law after being approved by the procedures required by the Articles of Association. The shareholders who object to such merger or division shall have the right to require the Company or shareholders who consent to the proposal for merger or division of the Company to purchase their shares at a fair price. Specific documents shall be prepared with regard to the content of the resolutions on the Company's merger or division and uploaded to the website of Hong Kong Stock Exchange and the Company's website under the requirements of the Hong Kong Listing Rules for shareholders' inspection.

For holders of overseas-listed foreign shares, the aforesaid documents shall be delivered by mail or by other means as permitted by relevant laws, regulations or the listing rules of the listing place.

If the Company merges with a company in which it holds ninety percent or more of the shares, the merged company shall not be required to go through a shareholders' meeting to resolve the merger, unless otherwise provided in this Article of Association, the stock exchange where the shares of the Company are listed on and the securities regulatory authorities, but shall notify the other shareholders, and the other shareholders shall have the rights to request the Company to acquire their shareholdings or shares at a reasonable price. If the price to be paid by the Company for the merger does not exceed 10% of the Company's net assets, the merger may be resolved without a shareholders' meeting unless otherwise provided in this Articles of Association, the stock exchange where the Company's shares are listed on, or by the securities regulatory authority. If the merger is not resolved by the shareholders' meeting in accordance with the provisions of the preceding two paragraphs, the merger shall be resolved by the Board of Directors.

Articles 219 of
the Company
Law

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and checklists of properties. The companies involved shall notify the creditors of the merger within ten days from the date of the merger decision and announce it in a newspaper or the National Enterprise Credit Information Publicity System within thirty days, and clear off its debts or provide corresponding guarantees as required by the creditors according to relevant laws.

Article 187 Upon the completion of a merger, the respective accounts payable and receivable will be inherited by the continuing company, or the newly formed company after the merger. However, this does not apply if there were other arrangements in the debt settlement written agreement between the Company and the creditors prior to the division.

Articles 221 of
the Company
Law

Article 188 As for the division of the Company, the properties thereof shall be divided accordingly.

Articles 222 of
the Company
Law

In the event of a division, balance sheets and checklists of properties shall be prepared. The Company shall notify the creditors within ten days from the date of the merger decision and announce it in a newspaper or the National Enterprise Credit Information Publicity System within thirty (30) days.

Article 189 The debts of the Company before the division shall be borne by the companies established after division jointly and severally, save as otherwise agreed in writing between the Company and the creditors in respect of debt settlement before division.

Article 223 of the
Company Law;
Article 182 of the
Guidelines for
Articles of
Association

Article 190 The merger or division of the Company shall be executed in accordance with laws, administrative regulations and relevant provisions required by the securities regulatory authorities and shall be subject to the approval of the approving authorities such as the securities regulatory authorities. When the merger or division involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with laws. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with laws.

Article 187 of the
Guidelines for
Articles of
Association

SECTION 2 DISSOLUTION AND LIQUIDATION

Article 191 The Company shall be dissolved for the following reasons:

Articles 229 and
231 of the
Company Law

- (I) the business term stipulated in the Articles of Association has expired or other circumstances for dissolution specified in the Articles of Association arise;
- (II) the shareholders' meeting has resolved to dissolve the Company by way of special resolution;
- (III) the merger or division of the Company requires a dissolution;
- (IV) the business license is revoked, or the Company is ordered to close down or is dissolved according to laws;
- (V) the Company is legally declared insolvent due to its failure to repay debts due;
- (VI) the Company is ordered to close down in accordance with the laws due to violation of laws and administrative regulations;
- (VII) if the Company suffers significant hardship in its operation and management, and the ongoing existence would bring significant losses for shareholders that cannot be resolved through other means, the shareholders holding more than ten percent (10%) of the total voting rights of the Company may request the People's Court to dissolve the Company. Where the Company encounters any events of dissolution as stipulated in the preceding provisions, it shall publicly announce the events of dissolution through the National Enterprise Credit Information Publicity System within ten days.

Article 192 In the case of item (I) and item (II) of Article 191 of the Articles of Association, the Company may survive by amending its Articles of Association and no property has been distributed to Shareholders, which shall be approved by more than two-thirds (2/3) of the voting rights represented by the shareholders present at the shareholders' meeting.

Articles 230 and
232 of the
Company Law

Where the Company is dissolved under the circumstances set out in items (I), (II), (IV) and (VII) of Article 191, the Company shall establish a liquidation group to commence liquidation within fifteen (15) days upon the occurrence of the circumstances for dissolution. The composition of the liquidation group shall be determined by directors or shareholders' meeting. If the Company fails to establish a liquidation group on time or does not liquidate after the establishment of a liquidation group, stakeholders, may request the People's Court to designate certain persons to form a liquidation group to perform liquidation.

Article 193 Where the board of directors resolves to liquidate the Company for any reason other than bankruptcy, the board of directors shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company shall be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

The functions and powers of the board of directors shall terminate immediately after the resolution for liquidation is passed at the general meeting.

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

Article 194 The liquidation group shall exercise the following powers during the liquidation period:

Article 234 of the
Company Law

- (I) checking the Company's assets and preparing a balance sheet and an inventory of assets, respectively;
- (II) notifying the creditors by notice or announcement;
- (III) dealing with the liquidation-related outstanding business of the Company;
- (IV) paying off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) claiming credits and paying off debts;
- (VI) disposing of the remaining assets of the Company after the settlement of debts;
- (VII) representing the Company in any civil proceedings.

Article 195 The liquidation group shall notify the creditors within ten (10) days after its establishment and issue public notices in newspapers or the National Enterprise Credit Information Publicity System within sixty (60) days. A creditor shall lodge his claim with the liquidation group within thirty (30) days after receiving notice, or within forty-five (45) days of the public notice if he did not receive any notice.

Article 235 of the
Company Law

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

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

Article 196 Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholder's meeting or People's Court for confirmation.

The Company's assets shall be distributed for repayments in the following sequence:

- (I) payment of liquidation expenses;
- (II) payment of staff wages, social insurance expenses and statutory compensation;
- (III) payment of outstanding taxes;
- (IV) payment of the Company's debt;
- (V) distributed to its shareholders according to the proportion of their shareholdings.

The Company's assets shall not be distributed to its shareholders prior to repaying debts in accordance with the foregoing provisions in items (I) to (IV).

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation.

Article 197 Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the Company does not have sufficient assets to meet its liabilities, it shall apply to the People's Court for bankruptcy and liquidation according to laws.

Article 237 of the
Company Law

Once the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the People's Court.

Article 198 Following the completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the general meeting or the relevant competent authorities for confirmation. Within thirty (30) days from the date of confirmation of the aforementioned documents by the general meeting or the relevant competent authorities, the liquidation group shall deliver the same to the company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

Article 199 Members of the liquidation group shall perform their liquidation duties and shall be obligated to be loyal and diligent.

Article 238 of the
Guidelines for
Articles of
Association

The liquidation group members shall bear the liability for compensation if losses are caused to the Company due to their failure to perform liquidation duties diligently; The liquidation group members shall bear the liability for compensation if losses are caused to the creditors due to their intentional actions or gross negligence.

CHAPTER 17 PROCEDURES FOR AMENDING THE ARTICLES OF ASSOCIATION

Article 200 The Company may amend the Articles of Association pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Article 201 The Company shall revise the Articles of Association in any of the following cases:

Article 190 of the
Guidelines for
Articles of
Association

- (I) after amendment has been made to the relevant laws, administrative regulations, departmental rules, normative documents or listing rules of the places where the shares of the Company are listed, the contents of the Articles of Association conflict with these amendments;
- (II) any change in the Company's conditions which is not consistent with those matters recorded in the Articles of Association;
- (III) any amendment of the Articles of Association resolved by the general meeting.

Article 202 Where the amendments to the Articles of Association passed by the general meetings require approval of the competent authorities, such amendments shall be submitted to the relevant competent authorities for approval. If the amendment involves any registered particulars of the Company, application shall be made for change of registration in accordance with the laws.

Article 203 The board of directors shall revise the Articles of Association according to resolutions of the general meeting and approval comments of the relevant competent authorities.

Article 200 of the
Guidelines for
Articles of
Association

Article 204 Any amendment to Articles of Association that constitutes information required to be disclosed by laws and regulations shall be announced as required.

Article 201 of the
Guidelines for
Articles of
Association

CHAPTER 18 MISCELLANEOUS

Article 205 Definitions

Article 265 of the
Company Law;
Article 202 of the
Guidelines for
Articles of
Association

- (I) The "controlling shareholder" shall refer to a shareholder that satisfies any of the following conditions:
 - 1. he/she, acting alone or in concert with others, has the power to elect half or more of the total number of directors;

2. he/she, acting alone or in concert with others, has the power to exercise or control the exercise of thirty percent (inclusive) or more of the Company's voting rights;
3. he/she, acting alone or in concert with others, holds thirty percent (inclusive) or more of the issued and outstanding shares of the Company;
4. he/she, acting alone or in concert with others, has de facto control over the Company in any other manner.

(II) The "de facto controller" refers to that although such controller is not a shareholder of the Company, he/she is a person who can actually control the Company through investment relations, agreements or other arrangements.

Article 206 The Articles of Association are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the latest Chinese version of the Articles of Association approved by and registered with the market supervision and administration authority shall prevail.

Article 194 of the
Guidelines for
Articles of
Association

Article 207 The term "more than", "within", "below", as stated in the Articles of Association shall all include the given figure; the term "not exceeding", "except", "more than", "less than", "exceeding", "over" shall all exclude the given figure.

Article 205 of the
Guidelines for
Articles of
Association

Article 208 The term "accounting firm" as stated in the Articles of Association shall have the same meaning as the term "auditor".

Article 209 The board of directors may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

Article 203 of the
Guidelines for
Articles of
Association

The matters not covered in the Articles of Association shall be dealt with in accordance with relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed, and based on the actual circumstances of the Company. In the event that the Articles of Association is in conflict with the newly promulgated relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed, such newly promulgated laws, administrative regulations or the listing rules of the places where the shares of the Company are listed shall prevail.

Article 210 The board of directors shall be responsible for the interpretation of the Articles of Association.

Article 206 of the
Guidelines for
Articles of
Association