ARTICLES OF ASSOCIATION

OF

WENZHOU KANGNING HOSPITAL CO., LTD.

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CHAPTER 1 GENERAL

Article 1 To safeguard the legitimate rights and interests of Wenzhou Kangning

Article 4 Domicile of the Company: Shengjin oad, Huanglong esidential District, Wenzhou
Postal code: 325000

Article 5 The registered capital of the Company is M 72,670,000.

Article 6 The chairman of the board of directors (the " oard") is the Company's legal representative. The chairman of the oard shall be the director acting on behalf of the Company, and the resignation of the director acting on behalf of the Company shall be deemed to be the resignation of the legal representative at the same time. If the legal representative has resigned, the Company shall appoint a new legal representative within thirty days from the date of the legal representative's resignation.

Article 7 The legal consequences of civil activities performed by the authorized representative in the name of the Company shall be borne by the Company. The limitation on the functions and powers of the authorized representative in the Articles of Associatiirt8 Tc 0.231 Tw3h

Article 10 These Articles of Association take effect and be implemented on the day when they were approved through a resolution at the general meeting. Any

CHAPTER 2 OPERATIONAL OBJECTIVES AND SCOPE

Article 12 The operational objectives of the Company are: to integrate advantages of all parties, abide by professional ethics, be disciplined and obey laws, provide and continuously improve psychiatric and psychological treatment and other medical services, and endeavor to enhance both the economic efficiency and social efficiency of the enterprise.

Article 13 As registered according to law, the Company's scope of business covers: medical services; hospital management service, and scientific research of mental health, medical psychology and relevant medical fields and the technology transfer in respect thereof (excluding the technology development and application of human stem cells or gene diagnosis and treatment).

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

CHAPTER 3 SHARES

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

The par value shares issued by the Company are denominated in M , which shall be M 1 for each share.

The M mentioned in the preceding paragraph refers to the lawful currency of the P C.

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

For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. Any entity or individual shall pay the same price for any such shares subscribed.

Article 16 The shares issued by the Company but not listed on domestic or overseas stock exchanges shall be referred to as "domestic unlisted shares". The shares issued by the Company and listed on The Stock Exchange of Hong Kong Limited (herein after referred to as the "Hong Kong Stock Exchange") shall be referred to as "overseas-listed shares" (herein after referred to as "H shares"). A holder of domestic unlisted shares and a holder of overseas-listed shares are both holders of ordinary shares and shall have the same obligations and rights.

Filed by securities regulatory authorities under the State Council, the Company's domestic unlisted shares may be listed and traded on an overseas stock exchange and converted into overseas-listed shares. Upon conversion of such domestic unlisted shares into overseas-listed shares, listing and trading of such shares on overseas stock exchanges shall comply with the regulatory procedure, regulations and requirements of the foreign security markets. The conversion of domestic unlisted shares into overseas-listed shares and listing on an overseas stock exchange shall not require the convening of a general meeting.

If the share capital of the Company contains different classes of shares, any alteration made to the rights attached to any shares of such class shall be approved by shareholders attending general meetings of such class of shares with voting rights by special resolutions unless otherwise required. For the purpose of this Article, domestic unlisted shares and H Shares of the Company shall be deemed as same class of shares.

Article 17 50,000,000 ordinary shares were issued to the promoters of the Company upon establishment of the Company. Promoters and their respective shares subscribed are set out as follows:

No.	Name of promoters	Shareholding (share)

Article 20 The Company or its subsidiaries (including affiliates of the Company) shall not by way of gift, advance, guarantee or lending provide financial assistance for others to acquire shares of the Company, except when the Company implements the employee share ownership scheme.

Article 21 Unless otherwise stipulated in the laws, administrative regulations, listing rules of the place(s) in which the shares of the Company are listed, or these Articles of Association, the shares of the Company may be freely transferred according to the laws without any lien. The transfer of shares of the Company shall be registered with registration agency appointed by the Company.

Article 22 The Company shall not accept its shares as the subject of a pledge.

Article 23 The shares issued before the Company public issuances of any shares shall not be transferred within one year from the date after the shares of the Company are listed and traded in a stock exchange.

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

Article 24 If a director, supervisor or senior management of the Company, or a shareholder holding more than 5% of the shares of the Company or other securities with the nature of equities sells the shares of the Company within six months after buying those shares, or buys the shares within six months after selling those shares, all the gains arising thereof shall belong to the Company, and such gains shall be collected by the oard of the Company. ut if a securities company underwrites unsold shares, thereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said six-month restriction. If listing rules of the stock exchange of the place(s) in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

The shares or other equity securities held by the Directors, Supervisors, senior management officers and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, and those held through the accounts of others.

If the Company

The reduced registered capital of the Company shall not be less than the statutory minimum. The Company shall reduce contributed amounts or shares according to shareholding ratios of shareholders when reducing its registered capital, except as otherwise prescribed by laws or these Articles of Association.

Article 28 The Company shall not purchase its own shares, except under any of the following circumstances:

(1) educe the Company's registered capital;

(2) Merger with another company holding shares in the Company;

(3) Utilising its shares in the employee share ownership scheme or for share incentive;

(4) Acquisition of shares held by shareholders (upon their request) who dissent from any resolution proposed in any general meeting on the merger or division of the Company;

(5) Utilising the shares for conversion to corporate bonds which are convertible into shares issued by the listed company;

(6) Where it is necessary to safeguard the value of the listed company and the interests of its shareholders;

(7) Other circumstances as permitted by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed.

Article 29 epurchase of its own shares by the Company can be made by public and centralized transaction, or other methods recognized by laws, administrative regulations and China Securities egulatory Commission and the securities regulatory authority of the place where the Company's shares are listed.

Any purchase of the Company's shares by the Company as a result of the circumstances set forth in items (3), (5) and (6) under the first paragraph of Article 28 of the Articles of Association shall be carried out by way of open and centralized trading, subject to compliance with the requirements of the Listing ules and other securities regulatory rules of the place where the Company's shares are listed.

Article 30 The acquisition of its shares by the Company for reasons set forth in Items (1) to (2) of the first paragraph of Article 28 hereof shall be subject to the approval at the general meeting in accordance with the provisions hereunder. The acquisition of its shares by the Company for reasons set forth in Items (3), (5) and (6) of the first paragraph of Article 28 hereof may be subject to the approval at the oard meeting attended by more than two-thirds of the directors in accordance with the provisions hereunder. Upon the acquisition of its shares by the Company pursuant to the provisions under the first paragraph of Article 28 hereof, under the circumstance set forth in Item (1), the shares so purchased shall be cancelled within ten days after the said acquisition; under the circumstances set forth in Items (2) and (4), the shares shall be transferred or cancelled within six months. Under the circumstances set forth in Items (3), (5) and (6), the number of shares of the Company held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Where the Company has acquired its H shares in accordance with these Articles of Association, such H shares may, at the option of the Company, be cancelled immediately or held as treasury shares in accordance with the Listing ules.

In respect of treasury shares, the Company shall deposit such treasury shares within a segregated account of the Central Clearing and Settlement System that can be clearly identified as treasury shares. The Company shall not exercise any right in respect of the treasury shares, and no dividend may be declared or paid in respect of the treasury shares.

After obtaining the authorization from the general meeting, the oard of the Company shall be entitled to proceed with the registration of the change of registered capital and to amend these Articles of Association in respect of the acquisition of Shares as provided for in Article 28 of these Articles of Association in a specific manner.

Article 31 Upon cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

CHAPTER 5 SHAREHOLDERS

Article 32 The Company shall establish a register of shareholders in accordance with evidence from the securities registration settlement organization, which is the conclusive evidence of shareholders' holding of the Company's shares. Shareholders shall enjoy rights and have obligations according to the class of shares held. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

Article 33 The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities under the State Council and a securities regulatory organization outside the P C, keep outside the P C its original register of holders of overseas-listed shares, and entrust the administration thereof to an agent outside the P C. The original register of public shareholders of the H shares shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of overseas-listed shares. The appointed agency outside the P C shall ensure that the register of holders of overseas-listed shares and its duplicate are consistent at all times.

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

Article 34 Where P C laws and regulations and the securities regulatory rules of the places where the Company's shares are listed stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 35 When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require to confirm the identification of shareholders, the convener of the oard or the general meeting shall decide the record date. The shareholders whose names

Article 36 Holders of ordinary shares of the Company shall enjoy the following rights:

(1) To receive dividends and profit distributions in other forms according to the number of shares held by them;

(2) To request the holding of, convene, host, participate in or appoint proxy to attend general meeting and exercise corresponding voting rights in accordance with the law;

(3) To monitor, make suggestions or question the Company's operation;

(4) To transfer, donate or pledge shares in his/her possession in accordance with the law, administrative regulations, listing rules of the stock exchange of the place(s) in which the shares of the Company are listed, as well as provisions of these Articles of Association;

(5) To inspect and duplicate the Articles of Association, register of shareholders, minutes of the shareholders' meetings, resolutions of the boardi theeC rerrrespondingehu51 unee esghingslutildinshole(,)0.5 (r)0.5sviosf.5 (
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Article 38 If a resolution of the Company's general meeting or oard meeting contravenes the law or administrative regulations, the shareholders are entitled to request the court to annul the decision.

If the convening procedure or voting method of a general meeting or oard meeting contravenes the law, administrative regulations or these Articles of Association, or if the contents of the resolutions of such meetings contravene these Articles of Association, the shareholders are entitled to request the court to revoke the resolutions within 60 days of the resolutions. Unless there is only a minor defect in the procedures for convening a shareholders' general meeting or the oard meeting or in the manner of

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

Article 40 If a director or senior management contravenes the law, administrative regulations or these Articles of Association, thereby damaging shareholders' interests, the shareholders can commence litigation in the court.

Article 41 Holders of ordinary shares of the Company shall have the following obligations:

(1) Comply with the law, administrative regulations and these Articles of Association;

(2) Pay for the shares based on the shares subscribed and the method of subscription;

(3) Cannot withdraw share capital except as prescribed by the law or regulations;

(4) Cannot abuse the rights as a shareholder to damage the Company's or other shareholders' interests; cannot abuse the independent status of a legal person of the Company and the limited liability of the shareholders to damage the interests of creditors;

A shareholder who abuses his shareholders' rights resulting in losses to the Company and other shareholders shall bear the responsibilities for compensation according to the law.

Shareholders who abuse the independent status of a legal person of the Company and limited liability of shareholders in order to escape from debts, thereby seriously damaging the interests of creditors of the Company shall jointly be responsible for the Company's debts.

(5) Other obligations which shall be borne as required by the law, administrative regulations and these Articles of Association.

Article 42 The Company

(8) The Company's assets shall be intact, personnel, financial, institutional and business independence shall be guaranteed, and the Company's independence shall not be affected in any way;

(9) Other provisions of laws, administrative regulations, regulations of the China Securities egulatory Commission, relevant rules of the stock exchange where the Company's shares are listed and the Articles of Association.

If the Company's controlling shareholder or actual controller does not serve as a director of the Company but actually executes the Company's affairs, the provisions of this Articles of Association regarding the directors' duty of loyalty and duty of diligence shall apply.

If the Company's controlling shareholder or actual controller instructs a director or senior manager to engage in conduct that harms the interests of the Company or shareholders, he/she shall bear joint and several liability with the director or senior manager.

Article 44 If a controlling shareholder or actual controller pledges the Company's stocks held or actually controlled by him/her, he/she shall maintain the Company's control and production and operation stability.

Article 45 If a controlling shareholder or actual controller transfers the shares of the Company held by him, he/she shall comply with the restrictive provisions on share transfers in laws, administrative regulations, and the regulations of the China Securities egulatory Commission and the stock exchange where the Company's shares are listed, as well as the commitments made on restricting share transfers.

CHAPTER 6 GENERAL MEETING

Section 1 Gener l Provisions on Gener l Meeting

Article 46 The general meeting of shareholders of a Company is composed of all shareholders. The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

Article 47 The general meeting shall exercise the following functions and powers:

(1) Elect and replace directors and supervisors who are not staff representatives. Make decisions on matters in relation to the

(10) eview and approve the external guarantee issues which shall be reviewed at the general meeting as prescribed in Article 48 of these Articles of Association;

(11) eview purchases and sales of significant assets within a year exceeding 30% of the latest audited total assets of the Company;

(12) eview and approve the changes of use of proceeds;

(13) eview share incentive plans;

(14) eview proposals of the shareholders who represent 1% or more of the Company's voting shares;

(15) eview other matters to be resolved at the general meeting as required by the law, administrative regulations, department regulations, listing rules of the stock exchange of the place(s) in which the shares of the

(3) To provide guarantee to entities with more than 70% debt asset ratio;

(4) A single guarantee whose amount exceeds 10% of the latest audited net assets;

(5) To provide guarantee for shareholders, de facto controller and their connected parties;

(6) Other guarantees which shall be passed at the general meeting as prescribed by the local stock exchange where the Company's shares are listed and these Articles of Association.

The term "external guarantee" refers to the guarantee provided by the Company to others, including guarantee provided to any of its controlling subsidiary. The term "total amount of external guarantee of the Company and its holding subsidiary" refers to the sum of total amount of the Company's external guarantee (including the Company's guarantee to its holding subsidiary) and the external guarantee provided by the Company's holding subsidiary.

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

Article 49 Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a general meeting, enter into a contract to handover all or material business management of the Company to a person other than to a director, supervisor or other senior management.

Article 50 The general meetings shall include annual general meetings and extraordinary general meetings. Annual meetings shall be convened once a year and shall be held within six months from the end of the preceding financial year.

Article 51 The oard shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:

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

Article 53 The oard shall convene the shareholders' meeting on time within the prescribed time limit.

Section 2 Proposing nd Convening of Gener l Meeting

Article 54 With the consent of more than half of all the independent non-executive directors, independent non-executive directors are entitled to propose to convene an extraordinary general meeting to the oard. Concerning the proposal of convening an extraordinary general meeting requested by the independent non-executive directors, the oard shall, in accordance with the requirements of the laws, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

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

If the securities regulatory authority of the place where the Company's shares are listed has otherwise stipulates, such provisions shall prevail.

Article 55 The Supervisory Committee is entitled to propose to convene an extraordinary general meeting to the oard, which shall be made in writing. The oard shall, in accordance with the law, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

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

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

efore making an announcement on the resolution(s) of the general

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals, and include it for consideration at the shareholders' general meeting. Unless the ad hoc proposal violates the provisions of laws, administrative regulations, or this Articles of Association, or does not fall within the scope of the general meeting.

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

If a notice of general meeting does not specify the proposed resolutions or does not comply with Article 58 herein, no voting for resolutions shall be carried out at the general meeting.

Article 60 Where an annual general meeting is convened by the Company, it shall inform all shareholders of the time and venue of the meeting and the matters to be considered thereat 20 days before the meeting is held in the manner prescribed by laws, administrative regulations and the relevant regulatory rules of the place where the Company's shares are listed, and where an extraordinary general meeting is convened, it shall inform all shareholders 15 days before the meeting is held in the manner prescribed by laws, administrative regulations and the relevant regulatory rules of the place where the Company's shares are listed.

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

Article 61 A general meeting shall not pass a resolution on matters not specified in the notice.

Article 62 Notice of the general meeting shall include the following:

(1) Time, place and duration of the meeting;

(2) Specified matters and resolutions to be proposed at the meeting;

(3) Provision to the shareholders of the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;

(4) In the event that any of the directors, supervisors, managers or other senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any director, supervisor, manager or other senior management as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;

(5) Inclusion of the full text of any special resolution to be proposed for approval at the meeting;

(6) A clear explanation in words indicating that the entire shareholders are entitled to attend and vote at the general meeting, or to appoint proxies to attend and vote at the meeting on his or her behalf and that such proxies are not necessarily shareholders;

(7) ecord date for shareholders entitled to attend the meeting;

(8) Name and telephone number of the contact person;

(9) Specified delivery time and place of the power of attorney for proxy voting at the meeting.

Article 63 For matter of discussion involving the election of directors and supervisors, the notice of general meeting shall adequately disclose the detailed information of the candidates for such directors and supervisors, which shall at least include the following:

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

Article 70 Where the entrusting party is deceased or incapacitated to act or whose signed proxy form is withdrawn or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company has not received a written notice of such matters before the commencement of the relevant meeting.

Article 71 A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of the attendees (or names of organizations), identity card numbers, the number of shares held or voting rights represented and names of the proxies (or name of organizations).

Article 72 The convener shall verify the shareholders' qualifications according to the register of members provided by the securities registration and clearing institutions. The names of shareholders and the total number of shares with voting rights held by them shall be registered. The registration at the meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares held with voting rights.

Article 73 The directors, supervisors and senior management of the Company shall, upon request of the general meeting, be present at such meeting for answering queries raised by the shareholders.

Article 74 The general meeting shall be convened and presided over by the chairman of the oard. Where the chairman of the oard is unable to discharge or fails to discharge his/her duties, the meeting shall be convened and presided over by the vice chairman of the oard (if there are two or more vice chairmen, the one elected by a majority of the directors shall preside over the meeting). Where the position of vice chairman does not exist, or where the vice chairman of the oard is unable to discharge or fails to discharge his/her duties, a majority of the directors shall designate a director to

convene and preside over the meeting. Where a majority of the directors cannot designate a director to convene and preside over the meeting, the shareholders attending the meeting may elect one person to preside over the

Article 76 In the annual general meeting, the oard and the Supervisory Committee shall report their work for the past year to the general meeting. Each independent non-executive director shall also present a work report.

Article 77 Directors, supervisors and senior management shall provide explanations regarding and answer the enquiries and suggestions from shareholders at the general meeting.

Article 78 The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

Article 79 Minutes shall be prepared for general meetings by the secretary to the oard. The minutes shall state the following contents:

(1) Time, venue and agenda of the meeting and name of the convener;

(2) The name of the chairman of the meeting and the names of the directors, supervisors and senior management attending or present at the meeting;

(3) The numbers of shareholders and proxies attending the meeting, total number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;

(4) The process of review and discussion, summary of any speech and voting results of each proposal;

(5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;

(6) Names of vote counters and scrutinizer of the voting;

(7) Other contents to be included as specified in these Articles of Association.

Article 80 The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the oard, conveners or his/her representative and the chairman of the meeting attending or present at the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register, proxy forms and valid records on internet voting and other means of voting, for a period of no less than 10 years.

Article 81 The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure and other special causes, the convener shall take necessary measures to resume the meeting or directly terminate that meeting as soon as practicable followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed.

Section 5 Voting nd Resolutions t Gener l Meetings

Article 82 esolutions of the general meeting include ordinary resolutions or special resolutions.

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

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

Article 83 When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares they represent. Each share shall carry one voting right.

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

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

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

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

Article 84 Voting is conducted by open ballot at the general meeting.

Article 85 The following matters shall be passed by way of ordinary resolutions at a general meeting:

(1) Work reports of the oard and the Supervisory Committee;

(2) Profit distribution plan and loss compensation plan formulated by the oard;

(3) The appointment and removal of non-employee representative supervisors among members of the oard and members of the Supervisory Committee;

(4) The remuneration and method of payment of members of the oard and members of the Supervisory Committee;

(5) Annual report of the Company;

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

Article 86 The following matters shall be passed by way of special resolutions at a general meeting:

(1) Increase or reduction in the registered capital by the Company;

(2) Division, merger, dissolution and liquidation of the Company or change of form of incorporation of the Company;

(3) Amendment to these Articles of Association;

(4) Acquisition and disposal of material assets within one year by the Company and events that involve a guarantee amount exceeding 30% of the latest audited total assets of the Company;

(5) Equity incentive plan;

(6) Other matters required by the laws, administrative regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed and these Articles of Association or those resolved at the general meeting by way of ordinary resolutions and deemed to be of significant impact to the Company and thereby required to be passed by way of special resolutions.

Article 87 The chairman of the meeting shall announce details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results. The voting results of the resolutions shall be recorded in the minutes of meeting.

Article 88 If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of

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

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

A director need not hold the shares of the Company.

Article 92 The directors, both collectively and individually, are expected to fulfill fiduciary duties and duties of skill, care and diligence at least to such standard established by the laws of Hong Kong. This means that every director must, in the performance of his duties as a director:

(1) act honestly and in good faith in the interests of the Company as a whole;

(2) act for a proper purpose;

(3) be responsible to the Issuer for the application or misapplication of its assets;

(4) avoid actual and potential conflicts of interest and duty;

(5) disclose fully and fairly his interests in the contracts with the Issuer; and

(6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding a directorship in a listed company.

Article 93 Subject to compliance with relevant laws, regulations and the Listing ules, a director can be removed by way of an ordinary resolution passed on a general meeting before the expiry of his term of office. Such removal does not prejudice the director's claim for damages pursuant to any contract.

Article 94 If a director is unable to attend oard meetings in person for two consecutive meetings, and does not appoint other directors to attend the oard meeting on his behalf, he shall be deemed as failing to carry out his duties. The oard shall propose to the general meeting to replace him.

Article 95 A director may resign before expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the oard.

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

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

Article 96 When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the oard. His fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his term of service and shall still be in effect for a period of two years. The duty of confidentiality in respect of trade secrets of the Company survives his resignation or expiry of his term of office, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated.

Article 97 In the absence of specification in these Articles of Association or legitimate authorization by the oard, no director shall act in his personal capacity on behalf of the Company or the oard. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the oard, that director shall declare his stance and capacity in advance.

Article 98 If a director breaches the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his corporate duties and causes loss to the Company, he shall be held responsible for damages.

Section 2 Independent Non-executive Directors

Article 99 The Company shall have independent non-executive directors. Independent non-executive directors refer to such directors of the Company that serves no duties other than the directors' duties, has no relationship with the Company and its substantial shareholders (referring to such shareholders who individually or collectively hold more than 5% of the total number of voting shares) that may hinder their independent objective judgments, and satisfies the requirements on independence by the listing rules of the stock exchange of the place where the Company's shares are listed.

Unless otherwise provided in this section, the relevant provisions set out in Chapter 12 of these Articles of Association shall apply to the qualifications and obligations of independent non-executive directors. An independent non-executive director shall satisfy the following basic conditions:

(1) e qualified to be a director of a listed company under the laws, administrative regulations, listing rules of the stock exchange(s) on which the Company's shares are listed and other relevant provisions;

(2) e independent within the meaning of the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed;

(3) Have the basic knowledge of the operation of a listed company, and be familiar with the relevant laws, administrative regulations, rules and regulations;

(4) Possess more than five years of experience in law, economics or such other working experience as required for discharging duties of an independent non-executive director; and

(5) Such other conditions as required under these Articles of Association.

Article 100 No less than one-third of the oard members and no less than three oard members of the Company shall be independent non-executive directors; among whom, at least one independent non-executive director must have appropriate professional qualifications or accounting or related financial management expertise. Should the number of the independent non-executive directors fail to meet the number of the independent non-executive directors as required by these Articles of Association because the independent non-executive directors fail to satisfy the conditions of being independent or because it is(t)0.5 -1.636 Td(e)0.5 (x)0a0.5 (t)0.5 (i)0.5 (s(t)0.5

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

(1) Significant connected transactions, as determined according to the criteria issued, from time to time, by the regulatory bodies in the place(s) of listing, shall be submitted to the oard for discussion after having been endorsed by the independent non-executive directors. Prior to making any judgment, the independent directors may engage an intermediary institution to issue an independent financial advisory report upon which the decision of the independent directors may base;

(2) To propose to the oard such appointment or termination of appointment of an accounting firm;

(3) To propose to the oard the convening of an extraordinary general meeting;

(4) To propose the convening of oard meetings;

(5) To engage external audit firms or consulting firms to conduct audit or consultation on specific matters of the Company at the cost of the Company.

The exercise of the aforesaid o()f.8 .5 (e)0.5 (C)0.5 (o)0.5 (m)0.5 (p)0.5 (a)0.5

Article 102 The Company shall formulate working rules of independent non-executive directors, which will specify the qualification, nomination, election and replacement, rights and obligations, and liabilities of independent non-executive directors.

Article 103 Matters relating to independent non-executive directors not covered in this section shall be handled according to the relevant applicable laws, regulations or listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed.

Section 3 Bo rd of Directors

Article 104 The Company shall set up the oard which shall be accountable to the general meeting.

Article 105 The oard shall be composed of 8 directors, including 3 independent non-executive directors. The oard shall have one chairman.

The chairman and vice chairman (or vice chairmen) of the oard shall be elected and dismissed by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the oard shall serve a term of 3 years and may be re-elected upon the expiry of their terms. (The provisions related to the vice chairman as provided herein shall be only applicable to such circumstances where the position(s) of vice chairman is set up in the Company, same as below.)

Article 106 The oard exercises the following functions and powers:

(1) to be responsible for convening general meetings and reporting its work to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's profit distribution plans and plans on making up losses;

(5) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof;

(6) to formulate plans for mergers, division, dissolution and alteration of corporate form of the Company;

(7) to formulate plans for the Company's substantial acquisitions and purchase of the shares of the Company;

(8) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, matters on external guarantees, entrusted wealth management, connected transactions, external donation and others;

(9) to decide on the establishment of internal management organizations of the Company;

(10) to determine the establishment of the special committees under the oard, appoint or dismiss the chairman (convener) of such committees;

(11) to appoint or dismiss the general manager, the secretary to the oard and the company secretary; to appoint or dismiss the senior management including the standing deputy general managers, the deputy general managers and the chief financial officer of the Company in accordance with the nominations made by general manager, and to decide on their remunerations;

(12) to formulate the basic management system of the Company;

(13) to formulate proposals to amend these Articles of Association;

(14) to formulate the incentive stock option plan of the Company;

(15) to manage information disclosure of the Company;

(16) to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing service to the Company;

(17) to listen to work reports of the general manager of the Company and review the work of the general manager;

(18) to consider, review and approve the matters on the Company's external guarantee which shall not fall into the scope required to be considered by the general meeting as provided in Article 48 hereunder;

(19) to examine and supervise the Company's policies and standards regarding the Company's compliance with laws and regulatory provisions;

(20) to examine and supervise the training and continuing professional development for the directors, supervisors and senior management;

(21) to examine the Company's compliance with the Corporate Governance Code in the Listing ules and the disclosure in the corporate governance report;

(22) to decide on such major matters and administrative affairs other than those ought to be decided by the general meeting as specified in the laws, administrative regulations, rules and regulations of the competent authorities and these Articles of Association and enter into other important agreements;

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

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

Except for the oard resolutions in respect of the matters specified in paragraphs (5), (6) and (13) which shall be passed by more than two- thirds of the directors, the oard resolutions in respect of all other matters set out in the preceding paragraphs may be passed by over one half of the directors.

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

Article 107 The oard shall formulate the rules of procedures for meetings of the oard to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the oard stipulate the procedures for holding the oard meetings and voting at the oard meeting, and shall be appended to these Articles of Association, being formulated by the oard and approved by the general meeting.

Article 108 The oard shall establish the Audit Committee, the emuneration and Appraisal Committee and the Nomination Committee, and may establish other special committees including the Strategic Committee, to advise and consult with the oard on major decisions.

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

of the emuneration and Appraisal Committee, and the chairman thereof shall be an independent non-executive director. The special committee shall perform its duties in accordance with the listing rules of the stock exchange where the Company's shares are listed, the Company's special committee work rules and the authorization of the oard, and the proposals of the special committee shall be submitted to the oard for deliberation and decision. The oard shall be responsible for formulating the special committee work rules.

Article 109 The chairman of the oard shall exercise the following functions and powers:

(1) to preside over general meetings and to convene and preside over oard meetings;

(2) to procure and check the implementation of resolutions of the oard;

(3) to sign on share certificates, bond certificates and other securities issued by the Company;

(4) to organize the formulation of various rules for the operation of the oard and to coordinate for the operation of the oard;

(5) to sign on important documents of the oard and to externally sign on such legally binding documents on behalf of the Company;

(6) to exercise the powers and functions as a legal representative;

(7) to nominate candidates for the secretary to the oard, members and chairmen of the special committees under the oard;

(8) to listen to regular or irregular work reports of the senior management of the Company, and provide guiding opinion regarding the implementation of the oard resolutions;

(9) in event of an emergency of force majeure including massive natural disasters, to exercise the special right of disposal over the Company's affairs, being in line with the requirements of laws and the interests of the Company, and to report to the oard and the general meeting thereafter;

(10) such other functions and powers stipulated by laws, administrative regulations, departmental rules and regulations, and these Article of Association and conferred upon by the oard.

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

Article 110 The oard meetings shall include regular meetings and extraordinary meetings.

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

The chairman, any shareholder holding more than one tenth voting rights, more than one third of the directors or the Supervisory Committee or the

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

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

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

Article 111 The notice of oard meetings may be delivered in the manner(s) as set out in Article 195 of these Articles of Association.

For the directors who have attended the meeting, a notice of the oard meeting will be deemed to have been issued if such directors failed to raise any issues of not having received such notice before or upon the oard meeting.

Article 112 A notice of oard meeting shall include the following contents:

(1) Date and place of meeting;

(2) Duration of the meeting;

(3) Causes and agenda;

(4) Date of issuance of notice.

Article 113 For any major matters to be determined by the oard of the Company, sufficient information shall be provided to the directors and the directors

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

The Company shall bear the reasonable expenses incurred by directors attending the oard meetings. Such expenses may include costs for transportation from the place(s) where the directors reside to the venue of

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

Article 119 The minutes of the oard shall consist of the following:

(1) date and venue of the meeting and the name of the convener;

(2) the name of the director present and name of director being appointed to attend on the other's behalf (proxy);

(3) the agenda;

(4) the main points of directors' speeches;

(5) the voting method of each resolution and the result (and the result shall specify the number of votes for, against and abstaining from such resolution).

CHAPTER 8 SECRETARY TO THE BOARD

Article 120 The Company shall have one secretary to the oard. The secretary is a senior management officer of the Company.

Article 121 The secretary to the oard shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the oard.

The principal duties of the secretary to the oard are:

(1) to ensure that the Company has a complete set of organizational documents and records;

(2) to ensure that the Company prepares and submits the reports and documents as required by the authorities pursuant to laws;

(3) to ensure that the register of shareholders of the Company is kept

Article 125 The selection, appointment and dismissal of a company secretary shall be subject to approval by the oard. Decisions in this regard shall be made by convening physical meeting of the oard but not by way of written resolutions. The company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Company may select its company secretary from and among the employees of the Company who should have day-to-day knowledge of the Company's business. It may also engage an external service provider as its company secretary, in which case it should designate a senior management to act as a contact point with such external service provider.

Article 126 The company secretary shall undergo no less than 15 hours of professional training in each financial year.

Article 127 All directors should have access to the advice and services of the company secretary to ensure that oard procedures, and all applicable law, rules and regulations, are observed.

CHAPTER 10 GENERAL MANAGER

Article 128 The Company shall have a team of managers who, under the steering of the oard, implements the decisions of the oard and supervises the Company's daily business operation. A general-manager responsibility system shall be run within the team of managers.

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

Article 129 The term of office of the general manager shall be three years. The general manager shall be re-elected upon reappointment.

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

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

Article 130

(9) to appoint or dismiss other management officers other than those required to be appointed or dismissed by the oard;

(10) to exercise other powers conferred upon by these Articles of Association or the oard.

Article 131 The Company's general manager shall attend the meetings of the oard. A non-director manager shall not have the right to vote at such meetings.

Article 132 The general manager shall formulate the detailed working rules of the general manager, and such working rules shall be submitted to the oard for approval.

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

(1) conditions, procedures and the number of participants for convening meetings of the managers officers;

(2) respective duties and division of work among the general manager and other senior management;

(3) limits of authority in using company funds and assets as well as the signing of significant contracts, together with the system of reporting to the oard and the Supervisory Committee;

(4) other matters deemed to be necessary by the oard.

Article 133 When exercising his functions and powers, the general manager of the company shall bear the duties of good faith and due diligence in accordance with law, administrative regulations and these Articles of Association.

CHAPTER 11 SUPERVISORY COMMITTEE

Section 1 Supervisors

Article 134 The term of office of a supervisor shall be 3 years. Upon its expiry, the supervisor's term of office shall be renewable upon re-election and re-appointment.

Article 135 A director and a senior management officer cannot concurrently act as a supervisor.

Article 136 When a supervisor's term of office expires while a new supervisor is not yet appointed, or when a supervisor resigns during his term of office, leading to the number of members in the Supervisory Committee falling below the quorum, and before the newly appointed supervisor takes up his appointment, the original supervisor shall continue to perform his duties according to the provisions of laws, administrative regulations and these Articles of Association.

Article 137 A supervisor shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 138 A supervisor may attend meetings of the oard. He can also question or make suggestions concerning proposed resolutions at the oard meeting.

Article 139 A supervisor may not make use of his or her connected relationship to harm the Company's interests. For any losses caused to the Company arising therefrom, he shall be liable to make indemnification.

Article 140 A supervisor shall faithfully perform his or her supervisory duties in accordance with the provisions of laws, administrative regulations and these Articles of Association.

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

Section 2 Supervisory Committee

Article 141 The Company shall establish a Supervisory Committee.

Article 142 The Supervisory Committee shall be composed of five supervisors, one of whom shall be the chairman of the Supervisory Committee.

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by over half of its members.

Article 143 The Supervisory Committee sh618oo1
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(4) to verify the financial information such as the financial reports, business reports and profit distribution plans and others to be submitted by the oard to the general meetings and, should any queries arise, to entrust, in the name of the Company, certified public accountants and practicing auditors to conduct a review thereof;

(5) to propose to convene an extraordinary general meeting and to convene and preside over general meetings when the oard fails to perform such duties of convening and presiding over general meetings;

(6) to submit proposals to the general meetings;

(7) to propose to convene an extraordinary meeting of the oard;

(8) to represent the Company in negotiating with or in bringing legal action against the directors and senior management officers in accordance with the provisions of the Company Law;

(9) to conduct investigations upon discovery of abnormality in the business operation and engage professional firms such as accounting firms and law firms to assist its work where necessary. The cost shall be borne by the Company;

(10) any other functions and powers as stipulated by these Articles of Association.

Article 145 The meeting of the Supervisory Committee shall be held at least once every six months, which shall be convened and presided over by the chairman of the Supervisory Committee. A supervisor may propose to convene an extraordinary meeting of the board of supervisors.

Where the chairman of the board of supervisors is incapable of performing or fails to perform his duties, a supervisor elected by over half of the supervisors shall convene and preside over the meeting of the board of supervisors.

Article 146 The Supervisory Committee shall formulate the working rules for the board of supervisors in order to ensure the efficiency of work and scientific decision-making. The convening and voting procedures stipulated in the working rules of the Supervisory Committee (appended to these Articles) shall be drafted by the board of supervisors and approved by the general meeting.

Article 147 A meeting of the Supervisory Committee shall not be conducted unless it is attended by more than half of the supervisors. Voting at the meeting of Supervisory Committee shall be carried out by disclosed ballot and each supervisor shall have one vote. A supervisor shall attend meetings of the board of supervisors in person, or appoint in writing another supervisor to attend the meeting on his behalf during his absence with cause. The proxy form shall specify the extent of authorization.

esolutions at the meeting of the board of supervisors shall be passed by over half of the supervisors' votes.

Article 148 The discussed issues shall be recorded in the minutes of the meeting of the Supervisory Committee. Supervisors attending the meeting shall sign on the minutes of meetings.

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

Article 149 A notice of the regular meeting of Supervisory Committee to all supervisors shall be given in writing 10 days prior to the convening of such meeting. A notice of the extraordinary meeting of Supervisory Committee to all supervisors shall be given in writing 3 days prior to the convening of such meeting.

A notice to a Supervisory Committee meeting shall include the following contents:

(1) date, venue, and duration of the meeting;

(2) causes and issues of discussion;

(3) date of issuance of notice.

Article 150 The Company shall bear the reasonable expenses incurred by supervisors in attending meetings of the Supervisory Committee. Such expenses may include costs for transportation to the venue of the meeting (if not the region where supervisors are stationed), meal and accommodation expenses, rental for the meeting venue and local transportation costs during the duration of the meeting.

The reasonable expenses incurred by the board of supervisors in the engagement of professionals such as lawyers, certified public accountants, practicing auditors, etc. to perform its functions and powers shall be borne by the Company.

CHAPTER 12 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Article 151 A person may not serve as a director, supervisor or senior management of the Company if any of the following occasions occur:

(1) A person without capacity or with restricted capacity for civil acts;

(2) A person who has committed an offence of corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the social economic order shall be penalized because of committing such offence; or who has been deprived of his political rights, in each case where less than 5 years have elapsed upon the completion of implementation of such punishment or deprivation; or who is sentenced to probation and it has not been more than 2 years since the expiration of the probation period;

(3) A person who is a former director, factory manager or general manager of a company or enterprise which has undergone bankruptcy and he is personally liable for the bankruptcy of such company or enterprise, where less than 3 years have elapsed upon the completion of the insolvency and liquidation of the company or enterprise;

(4) A person who is a former legal representative of a company or enterprise which its business license revoked or was order to close down due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed upon the revocation of the business license or close down order;

(5) A person who is being listed as dishonest persons subject to enforcement by the people's court for a relatively large amount of debts due and outstanding;

(6) A person has been banned from the securities market by the CS C and the ban has not expired;

(7) Other circumstances stipulated by laws, administrative regulations or departmental rules and regulations or rules of securities regulators and stock exchange(s) in the place(s) where the shares of the Company are listed.

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

Article 152 Directors, supervisors, and senior management members shall abide by laws, administrative regulations and the provisions of these Articles of Association. They have a duty of loyalty to the Company and must take measures to avoid conflicts between their personal interests and the Company's interests. They shall not use their authority to seek improper benefits and must fulfill the following obligations of loyalty to the Company:

(1) They shall not embezzle property or misappropriate funds of the Company;

(2) They shall not open accounts to save funds of the Company under their own name or another individual's name;

(3) They shall not use their authority to offer or accept bribes or other illegal income;

(4) Without reporting to the oard or the shareholders' general meeting and obtaining approval as stipulated in these Articles of Association, they shall not directly or indirectly enter into contracts or conduct transactions with the Company;

(5) They shall not use their position to seek business opportunities belonging to the Company for themselves or others, unless reported to the oard or a shareholders' general meeting and approved by a resolution of a shareholders' general meeting, or unless the company, according to laws, regulations, or these Articles of Association, cannot utilize such opportunities;

(6) Without reporting to the oard or a shareholders' general meeting and obtaining approval by a resolution of a shareholders' general meeting, they shall not operate or engage in businesses similar to the Company's operations, either personally or for others' benefit;

(7) They shall not accept commissions from others for their own benefit in any transaction of the Company;

(8) They shall not disclose secrets of the Company without authorization;

(9) They shall not use their affiliations to harm the interests of the Company;

(10) They shall abide by other loyalty obligations as stipulated by laws, administrative regulations, departmental rules, and these Articles of Association.

When the close relatives of directors, supervisors and senior management members, the enterprises directly or indirectly controlled by the directors, supervisors, senior management members or their close relatives or the connected persons who have other connected relationships with the directors, supervisors and senior management members enter into contracts or transactions with the Company, the provisions of the preceding paragraph shall apply.

Article 153 Directors, supervisors, and senior management members shall abide by laws, administrative regulations, and the provisions of these Articles of Association. They have a duty of diligence to the Company and shall exercise reasonable care, as expected of managers, to act in the best interests of the Company. They shall fulfill the following obligations of diligence:

(1) They shall exercise their rights prudently, conscientiously, and diligently to ensure that the Company's commercial activities comply with national laws, administrative regulations, and economic policies, and do not exceed the business scope specified in the business license;

(2) They shall treat all shareholders fairly;

(3) They shall stay informed about the company's business operations and management status;

(4) They shall sign written confirmation for the Company wit th

Article 154 The fiduciary duties of the directors, supervisors and the senior management of the Company do not necessarily cease with the termination of their tenure while their obligation to treat such trade secrets of the Company confidential survives the termination of their tenure, until such secrets become publicly available. Other duties may continue for such period as fairness may require, depending on the time lapse between the termination of tenure and the occurrence of the event concerned, and the circumstances and conditions under which the relationship between them and the Company is terminated.

Article 155 When a director, supervisor and senior management of the Company is in breach of his/her duties to the Company, the Company shall have the right to adopt the following measures in addition to various rights and remedies as provided in laws and administrative regulations:

(1) to demand the relevant director, supervisor or senior management to compensate for the losses suffered by the Company as a consequence of his/her dereliction of duty;

(2) to revoke any contract or transaction concluded by the Company with the relevant director, supervisor or senior management or contracts with a third party (where such third party is aware of or should be aware of that the director, supervisor or senior management

If the law, administrative regulations, departmental regulations and Listing ules provide otherwise, such rules shall prevail.

Article 160 The Company may not maintain any account books other than statutory account books. Funds of the Company shall not be held in any accounts opened under the names of any individuals.

Article 161 Where a company distributes its after-tax profits of the current year, it shall allocate 10% of the profits as the Company's statutory common reserve. The Company may make no more allocation should the accumulative balance of the Company's statutory common reserve account for more than 50% of the Company's registered capital.

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

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

After the Company has made up for the losses and has allocated statutory common reserve, it shall distribute the remaining profits to the shareholders based on their shareholding ratios, except for distribution made not based on the shareholding ratios as provided herein these Articles of Association.

Should the general meeting distribute the profits to the shareholders in violation of the Company Law, the profits thus distributed in violation of such provisions must be returned to the Company; in the event of any loss caused to the Company, the shareholders, responsible directors, supervisors and senior management shall be liable for compensation.

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

Article 162 The reserve of the Company is used to make up for the Company's losses, expand the production operation of the Company or increase the Company's registered capital. When using surplus reserves to make up for losses, the discretionary surplus reserve and the statutory surplus reserve shall be used first; if they are still insufficient to make up for the losses, the capital surplus reserve may be used in accordance with the regulations.

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

Article 163 The Company may distribute dividends in one of the following forms (or in more than two forms simultaneously):

(1) cash;

(2) share;

(3) other methods permitted by laws, administrative regulations, departmental rules and regulation, and the regulatory rules of theo.5 (e)16(mor

Article 165 The Company shall appoint a receiving agent for holders of overseas-listed shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas listed shares.

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

Subject to complying with the relevant P C laws and regulations and the provisions of the Hong Kong Stock Exchange, the Company may exercise the right to forfeit unclaimed dividends, but such right shall not be exercised until and upon the expiration of the applicable corresponding limitation period after the dividend has been declared to be distributed.

Article 166 After the general meeting of the Company has resolved on the plan to allocate profits, the oard shall complete the distribution of dividends (or dividend shares) within 2 months after the meeting is convened.

Article 167 The Company will give full consideration to the interests of shareholders and shall implement reasonable profit distribution policy according to the business situation and market environment. The Company's profit distribution policy shall maintain its continuity and stability to the greatest extent, and give priority to cash dividends according to the specific profit-sharing ratio which is to be passed by a resolution by the general meeting pursuant to laws.

Article 168 The Company shall adopt an internal audit system, and have specially assigned audit personnel who will conduct internal audit and supervise the financial income and expenditure and business activities of the Company.

The internal audit system and the function and duties of the internal audit personnel of the Company shall be implemented after being approved by

CHAPTER 14 APPOINTMENT OF AN ACCOUNTING FIRM

Article 169 The Company shall engage an accounting firm that complies with the provisions of the Securities Law to audit its financial statements, verify its net assets, and provide other relevant consulting services. The accounting firm shall serve a term of one year and the engagement can be renewed.

Article 170 The appointment and dismissal of the accounting firm by the Company must be determined by the general meeting. The oard may not appoint an accounting firm before it is approved by the general meeting.

Article 171 The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the accounting firm it engages are true and complete and it shall not refuse or withhold any such information nor shall it provide any false information.

Article 172 The amount of remuneration of an accounting firm shall be decided upon by the general meeting.

Article 173 Where the Company dismisses or no longer reappoint an accounting firm, it shall notify the accounting firm in advance. The accounting firm is entitled to present its views to the general meeting during the voting of resolutions to dismiss the accounting firm at the general meeting of the Company. Where an accounting firm proposes its resignation, it shall explain to the general meeting whether there are any irregularities in the Company.

CHAPTER 15 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, C pit l Incre se nd C pit l Reduction

Article 174 The merger of a company may be effected by way of a merger or a new consolidation.

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

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

Article 175 A merger may be conducted without approval by a resolution of a general meeting if the price paid for the meso the(for)1not (the)1exceed (the)11((for)0

Article 177 After making up losses in accordance with paragraph 2 of Article 162 of these Articles of Association, if the Company still has losses, it may reduce its registered capital to make up the losses. When reducing registered capital to make up losses, the Company shall not distribute profits to shareholders, nor may it exempt shareholders from their obligation to contribute capital or share payments.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 27 of these Articles of Association shall not apply, but an announcement shall be made on newspaper recognized by the exchange of the place(s) where the Company's shares are listed or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed by the general meeting.

After reducing its registered capital in accordance with the preceding two paragraphs, the Company shall not distribute profits until the cumulative amount of its statutory reserve fund and discretionary reserve fund reaches fifty percent of its registered capital.

Article 178 Where the reduction of registered capital violates the Company Law or other relevant regulations, shareholders shall return the funds they have received, and any exemption from shareholders' capital contributions shall be restored to the original state; if any loss is caused to the Company, the shareholders and the responsible directors and senior management members shall be liable for compensation.

Article 179 When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive subscription rights, except as otherwise provided in these Articles of Association or as resolved by a general meeting.

Article 180 Where any of the registered items is changed due to a merger or division of a company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be de-registered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws.

Section 2 Dissolution nd Liquid tion

Article 181 The Company shall be dissolved and liquidated pursuant to laws should the Company be under any of the following circumstances:

Any amendment to these Articles of Association or a resolution adopted by a general meeting pursuant to the preceding paragraph shall require approval by at least two-thirds of the voting rights held by shareholders present at the meeting.

Article 183 Where the Company is dissolved according to the provisions of Article 181 (1), (2), (4) or (5) of these Articles of Association, it should be liquidated. A director is the liquidation obligor of the Company and a liquidation team shall be formed within 15 days of the occurrence of the causes of dissolution, to carry out liquidation. The liquidation team shall be composed of the directors unless it is stipulated otherwise in these Articles of Association or it is resolved by a general meeting to select others. If the liquidation obligor fails to perform his/her liquidation obligations in a timely manner and causes losses to the Company or its creditors, he/she shall be liable for compensation.

Article 184 The liquidation team shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make a public announcement on newspaper recognized by the stock exchange(s) where the shares of the Company is/are listed or on National Enterprise Credit Information Publicity System. Creditors shall, within 30 days of the receipt of the notice or within 45 days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation team.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidencing

(2) informing creditors by a notice or public announcement;

(3) disposing of and liquidating the unfinished businesses of the Company;

(4) clearing off the outstanding taxes and the taxes incurred from the process of liquidation;

(5) clearing off credits and debts;

(6) distributing of the residual properties after settling such debt; and

(7) participating in the civil litigation on behalf of the Company.

Article 186 After the liquidation team has liquidated the properties of the Company and has prepared the balance sheets and checklists of properties, it shall prepare a plan of liquidation, and report it to the general meeting or the people's court for confirmation.

The remaining assets that result from paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed according to the ratios of shareholding of the shareholders.

During the period of liquidation, the Company continues to exist but may not carry out any business operation that is not for purposes of carrying out liquidation. efore the settlement of repayments as provided in the preceding article has been made, the Company's properties shall not be distributed to shareholders.

Article 187 Should the liquidation team find that the properties of the Company is insufficient for clearing off the debts after liquidating the properties of the Company and preparing the balance sheets and checklists of properties, it shall immediately apply to the people's court for the Company's bankruptcy liquidation pursuant to laws.

Once the people's court accepts the application for bankruptcy of the Company, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Article 188 Following the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report. Such committee shall submit the same to the general meeting or the people's court for confirmation and to the company registration authority to apply for the company de-registration.

Article 189 The members of the liquidation team perform the liquidation duties and owe the duty of loyalty and diligence.

If a member of the liquidation team neglects to perform the duties of liquidation and causes losses to the Company, he/she shall be liable for compensation;

Those causing any loss to the Company or any creditor with intention or due to gross negligence shall be liable to make indemnification.

Article 192 Amendment to the Articles of Association passed by resolutions at the general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval. Should the registration of the Company be involved, the change to such registration shall be handled according to laws.

Article 193 The oard shall amend these Articles of Association according to the resolutions of the general meeting and the opinions of the relevant competent authority.

Notwithstanding the foregoing paragraph, in the following circumstances,

CHAPTER 17 NOTICE

Article 195 Notices of the Company may be served through means as follows:

(1) delivery by hand;

(2) by post;

(3) by fax or email;

(4) subject to the law, regulations and listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, post at the Company's website or such website designated by the relevant stock exchange;

(5) by public announcement;

(6) other means as prescribed between the Company and the recipient or as confirmed means upon notice; or

(7) other means approved by the relevant regulatory agency of the place(s) in which the shares of the Company are listed or as set out in these Articles of Association.

egarding the methods by which the Company provides or sends corporate communications to shareholders in accordance with the requirements of the Listing ules, and under the premise of complying with the laws and regulations of the listing location, the Listing ules, and these Articles of Association, such corporate communications may be sent to shareholders through the Company's designated website and/or the Hong Kong Stock Exchange website or via other electronic means. When exercising the powers specified in this Articles of Association through public announcements, such announcements shall be published in accordance with the methods prescribed by the Listing ules. Under the premise of complying with laws, regulations, regulatory documents, the listing rules of the place(s) where the Company's shares are listed, and these Articles of Association, where the Company issues a notice by public announcement,

all relevant personnel shall be deemed to have received such notice once the public announcement has been made. The oard has the right to determine and adjust the designated media for the Company's information disclosure, but must ensure that the relevant information disclosure media comply with applicable laws, regulations, and the listing rules of the place(s) where the Company's shares are listed.

Article 196 Unless otherwise provided in these Articles of Association, all means of service of notice as set out in the preceding Article may also be applicable to notices for general meeting, meetings of oard or the Supervisory Committee.

Article 197 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 post, the date of service is the fifth working day from the date of delivery at the post office. If the notice is made via facsimile, e-mail or website, the date of service is the date of transmission. If the notice is made by public announcement, the date of service is the date of the first publication of the public announcement.

Article 198 Where relevant corporate documents must be in English 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 stock exchange(s) of the place(s) in which the shares of the Company are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders as they so wish.

CHAPTER 18 SUPPLEMENTARY ARTICLES

Article 199 Definition

(1) In these Articles of Association, the "Controlling Shareholder" means a shareholder who holds more than 50% of the Company's total share capital; or a shareholder whose shareholding ratio, although not exceeding 50%, grants he/she/it sufficient voting rights to significantly influence resolutions of a general meeting. If the listing rules of the stock exchange where the Company's shares are listed provide separate definitions for the Controlling Shareholder, such provisions shall apply.

(2) "acting in concert" means the act of two or more people that in form of agreement (whether oral or written) have reached a consensus over achieving the purpose of controlling the Company or consolidating such control through take- over of the Company's voting rights by any one of them.

(3) A "de facto controller" means a natural person, legal entity or other organization who/which, through investment relationships, agreements, or other arrangements, may actually control the activities of the Company.

(4) "Associated relationship" is the relationship between the controlling shareholder, de facto controller, directors, supervisors or senior management, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company's interests. However, enterprises owned by the State will not be regarded as having associated relationships among themselves only because they are owned by the State.

Article 200 In these Articles of Association, the terms "not less than", "within", "not more than" and "previous" shall include the given figure, and the terms "more than half", "under", "beyond", "exceeding " "

Article 201 The term "accounting firm" as used in these Articles of Association shall have the same meaning as "auditor".

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