

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on January 8, 2025 which shall become effective as at the date on which the Company's H shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors.

### **1. DIRECTORS AND BOARD OF DIRECTORS**

#### **Power to allocate and issue Shares**

The shareholders' general meeting ("General Meeting") may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the General Meeting. Where the Board of Directors decides to issue shares pursuant to the preceding paragraph, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the articles of association of the company. Where the General Meeting authorizes the Board of Directors to decide on issuing new stocks, a resolution of the Board of Directors shall be adopted by two thirds of all the directors.

#### **Power to dispose assets of our Company or any subsidiary**

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, connected transactions, entrusted financial management, external donations, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

#### **Guarantees of Loans to Directors, Supervisors or other management personnel**

The external guarantee matters of the Company shall be submitted to the Board of Directors or the General Meeting for deliberation.

The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval after being reviewed and approved by the Board of Directors:

- (1) the amount of any single guarantee exceeds 10% of the Company's net assets audited in the latest period;
- (2) any external guarantee to be provided by the Company or any subsidiary it controls, whose total amount exceeds 50% of the Company's audited net assets in the latest period;

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- (3) any guarantee to be provided for an entity whose ratio of liabilities to assets exceeds 70%;
- (4) the amount guaranteed by the Company within one year exceeds 30% of the Company's total assets audited in the latest period;
- (5) any guarantee to be provided for any shareholder, actual controller or related party; and
- (6) other guarantees that meet the requirements of the applicable laws, administrative regulations, normative documents, the securities regulatory rules for the place where the Company's shares are listed.

### **Provide financial assistance for acquiring the shares of the Company or shares of any subsidiary**

Neither the Company nor any of its subsidiaries (including its affiliated enterprises) shall, by means of donation, advancement, guarantee, compensation, loan or other means, provide any financial aids to any person purchasing or intending to purchase shares in the Company, unless it carries out an employee stock ownership plan.

### **Remuneration**

The remuneration of directors shall be approved by General Meeting.

### **Appointment, resignation and dismissal**

The Directors shall be elected or replaced by the General Meeting, and may be removed by the General Meeting through an ordinary resolution before the expiration of their term of office.

The Board of Directors is composed of nine directors, including the chairman of the Board, three independent non-executive directors. The Directors serve three-year terms, and the director can be re-elected and reappointed at the end of the term. However, the independent non-executive director exceeds nine years, the relevant deliberation procedures shall be gone through in accordance with the provisions of the Hong Kong listing rules.

Under any of the following circumstances, anyone may not act as a director of a company:

- (1) a person who has no civil capacity or has limited civil capacity;
- (2) a person who has been sentenced to a term of imprisonment for embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result

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of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, or who has been sentenced to probation and 2 years have not elapsed since the date of expiration of the probation period;

- (3) a person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;
- (4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation or closure occurs;
- (5) a person who has a relatively large sum of debt, which was not paid at maturity, resulting in such person being listed and enforced by the People's Court as a dishonest person; or
- (6) other contents stipulated by laws, administrative regulations, normative documents, the securities regulatory rules for the place where the Company's shares are listed.

Where the election or appointment of any director is in violation of the preceding paragraph, it shall be invalidated. If the Directors falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by the Company.

### **Borrowing powers**

The Board of Directors shall be entitled to develop proposals for the Company to issue bonds and to list its shares, and that such bond issues must be approved by the General Meetings.

### **Duties**

The Directors shall abide by laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association, and bear the following faithful obligations to the Company, and take measures to avoid the conflict between their own interests and those of the Company, and shall not seek any improper interests by taking advantage of their powers:

- (1) not to take advantage of their powers to accept bribes or other illegal income and not to misappropriate the Company's property;
- (2) not to misappropriate the Company's funds;

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- (3) not to open accounts in his own name or in the name of any other person for the deposit of the Company's assets or funds;
- (4) shall not, in violation of the Articles of Association, loan Company's funds to any other person or give Company's assets as security for the debt of any other person without the approval of the General Meeting or the Board of Directors;
- (5) shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;
- (6) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company, unless the Company cannot use the business opportunities according to the laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association; shall not to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the General Meeting;
- (7) shall not accept commissions paid by others for transactions conducted with the Company as their own;
- (8) shall not disclose confidential Company's information without authorization;
- (9) shall not abuse their connected relationships to damage the Company's interests; or
- (10) other fiduciary obligations stipulated in laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company. If losses are caused to the Company because of such violation, such director shall be liable for compensation.

Where any of the close relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors or any of their close relatives, or any of the connected parties who has any other connected relationship with the directors, enters into a contract or conducts a transaction with the Company, the Item (V) of preceding Article shall apply.

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The directors shall abide by the laws, administrative regulations and prescriptive documents, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association, and bear the following duties of diligence to the Company. When performing their duties, they shall, for the best interests of the Company, exercise the reasonable care that shall be generally possessed by a manager:

- (1) to exercise the rights granted by the Company in a prudent, serious and diligent manner to ensure that the Company's business activities comply with the requirements of laws, administrative regulations and prescriptive documents and various national economic policies, and the business activities do not exceed the business scope specified in the business license;
- (2) to treat all shareholders fairly;
- (3) to carefully peruse the Company's various commercial and financial reports and keep abreast of the Company's business operation and management;
- (4) sign a written confirmation on the Company's regular reports. Ensure that the Company discloses information in a timely and fair manner, and the information disclosed is true, accurate and complete.
- (5) shall truthfully provide the Supervisory Committee with relevant information and materials, and shall not hinder the Supervisory Committee or the Supervisors from exercising their functions and powers; and
- (6) other duty of diligence stipulated by laws, administrative regulations and prescriptive documents, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

When a director's resignation takes effect or his/her term of office expires, he/she shall complete all handover procedures with the Board of Directors, and his/her duty of loyalty to the Company and shareholders shall not necessarily be released upon conclusion of their term of office. The directors' obligation to keep confidential the Company's trade secrets shall remain valid after the expiration of his/her terms of office until such secrets become public information, and shall not conduct the same or similar business as that conducted by the Company by using the core technology of the Company. The duration of other obligations of a director shall be determined in accordance with the principle of fairness, depending on the length of time between the occurrence of the event and the resignation, as well as the circumstances and conditions under which the relationship with the Company is terminated.

No Director shall act on his/her own behalf on behalf of the Company or the Board of Directors without the legal authorization of the Articles of Association or the Board of Directors. When a director acts on his/her own behalf and a third party may reasonably believe that the director acts on behalf of the Company or the Board of Directors, the director shall declare his/her position and identity in advance.

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### **2. MODIFICATION OF THE ARTICLES OF ASSOCIATION**

The Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and the Articles of Association.

Where the amendments to the Articles of Association passed by the General Meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

### **3. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE**

The resolutions of the General Meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

### **4. VOTING RIGHTS**

All Shareholders, or their proxies, registered on the Equity Interest Registration Date shall have the right to attend the General Meeting and exercise their voting rights in accordance with relevant laws, administrative regulations and Articles of Association.

The same voting right can only choose one of on-site, online or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the General Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention. The securities registration and clearing organization shall be the nominee holder of shares on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets, except where declaration is made in accordance with the actual holder's intent. Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention".

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### **5. RULES ON GENERAL MEETINGS**

The General Meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

### **6. ACCOUNTING AND AUDITS**

#### **Financial and accounting policies**

The Company shall develop its financial accounting policies pursuant to laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and rules developed by the competent department.

The Company shall produce financial reports at the end of each fiscal year, which shall be subject to examination and verification in accordance with the law.

The Company shall submit, disclose and/or submit annual reports, interim reports and other documents to its shareholders in accordance with the laws, administrative regulations of the place where the Company is listed, and the securities regulatory rules for the place where the Company's shares are listed.

The Company shall not establish other accounting books except for the statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

#### **Appointment and dismissal of Accountants**

The Company employs an accounting firm that complies with the Securities Law of the People's Republic of China to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

The employment of accounting firms by the Company must be decided by the General Meeting. The Board of Directors shall not appoint an accounting firm prior to the decision of the General Meeting.

The Company shall guarantee to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The Company shall notify the accounting firm 30 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the General Meeting votes on dismissing the accounting firm. If the accounting firm proposes to resign, it shall explain to the General Meeting whether the Company has any improper situation.

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### **7. NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS**

The Company shall convene an extraordinary General Meeting within two months from the date of occurrence of any of the following events:

- (1) when the number of directors is less than the minimum number required by the Company Law or two-thirds of the number required by the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;
- (3) when shareholder(s) severally or jointly holding 10% or more of the shares of the Company so request(s);
- (4) when deemed necessary by the Board of Directors;
- (5) when proposed by the Supervisory Committee; and
- (6) other circumstances stipulated by the laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors agree to convene an extraordinary General Meeting, the notice of convening extraordinary General Meeting shall be issued within 5 days after the Board of Directors makes a resolution. If the Board of Directors does not agree to hold an extraordinary General Meeting, it shall state reasons and make an announcement.

The Supervisory Committee has the right to propose to the Board of Directors to convene an extraordinary General Meeting, and such proposal shall be made in writing. the Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to agree or disagree with the convening of the extraordinary General Meeting within ten days after receiving the proposal.

If the Board of Directors agrees to convene the extraordinary General Meeting, a notice of General Meeting shall be issued within five days after the resolution of the Board of Directors is made, and any changes to the original proposal in the notice shall be subject to the consent of the Supervisory Committee.

If the Board of Directors does not agree to convene the extraordinary General Meeting or fails to give feedback within ten days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening the General Meeting, and the Supervisory Committee may convene and preside over the meeting on its own initiative.



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Shareholders individually or jointly holding more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary General Meeting, and shall put forward the proposal to the Board of Directors in writing to clarify the agenda of the meeting. The Board shall, in accordance with the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to agree or disagree with the convening of the extraordinary General Meeting within ten days after receiving the request.

If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after the resolution of the Board is made. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary shareholders' meeting or does not provide feedback within ten days after receiving the request, shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene an extraordinary shareholders' meeting, and shall make a request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Supervisory Committee fails to issue the notice of shareholders' meeting within the prescribed period, it shall be deemed that the Supervisory Committee will not convene and preside over the shareholders' meeting, and shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own initiative.

Shareholders individually or jointly hold 1% or more of the Company's shares may submit ad hoc proposals to the convener in writing ten days prior to the date of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal to announce the content of the provisional proposal, unless the provisional proposal is in violation of any law, administrative regulation or these Articles of Association or fails to fall into the scope of functions and powers of the shareholders' meeting.

The convener will notify all shareholders at least twenty-one (21) days before the annual shareholders' meeting and the extraordinary shareholders' meeting will notify all shareholders at least fifteen (15) days before the meeting.

When calculating the starting period, the date of the meeting shall not be included.

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A notice of shareholders' meeting shall meet the following requirements:

- (1) the time, place and duration of the meeting;
- (2) matters and proposals submitted to the meeting to review;
- (3) explain in obvious words that all shareholders have the right to attend the general meeting of shareholders and may appoint a proxy in writing to attend the meeting and participate in the vote, and the shareholder proxy need not be a shareholder of the company;
- (4) share registration date of the shareholders entitled to attend the general meeting;
- (5) name and telephone number of the permanent contact person for conference affairs;
- (6) voting times and voting procedures, online or otherwise; and
- (7) other requirements stipulated by laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals, as well as all the materials or explanations required to enable the shareholders to make a reasonable judgment on the matters to be discussed. If the matter to be discussed needs the opinion of independent non-executive directors, the opinions and reasons of independent non-executive directors will be disclosed at the same time when the notice General Meeting or supplementary notice is issued.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

- (1) work report of the Board of Directors and the Supervisory Committee;
- (2) plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
- (3) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, and their payment and payment methods;
- (4) annual budgets plan and final accounts plan of the Company;
- (5) annual report of the Company; and
- (6) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed or the rules of procedure for General Meeting.

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The following matters shall be approved by special resolution at the General Meeting:

- (1) the increase or reduction of the registered capital, and issue any stocks, warrants, and other similar securities;
- (2) the division, spin-offs, mergers, dissolutions and liquidation of the Company;
- (3) the amendment to the Articles of Association;
- (4) the purchases or sell of material assets by the Company within 12 consecutive months or the guarantee amount exceeds 30% of the latest audited total assets of the Company;
- (5) the Company's employee equity incentive plan; and
- (6) other matters stipulated by laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed, and the Articles of Association, as well as other matters that the General Meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

Where any resolution of the General Meeting or of the Board of Directors violate any law or administrative regulation, the shareholders may request the people's court to invalidate such resolution.

Where the procedures for convening a meeting of the General Meeting or of the Board of Directors or the voting method is contrary to any law, administrative regulation or the articles of association, or the contents of any resolution are contrary to the articles of association, shareholders may, within 60 days as of the day when the resolution is made, request the people's court to cancel the resolution, except where the procedures for convening a meeting of the General Meeting or the Board of Directors or the voting method only has some minor defects, which produces no substantial effect on the resolution.

### 8. SHARE TRANSFERS

The shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange.

The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded

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on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Where a shareholder holding more than 5% of the shares of a listed company or a company whose shares are traded on a nationwide stock exchange approved by the State Council, as well as a director, supervisor and senior management personnel, sells the company's shares or other securities of equity nature that he/she holds within six months of purchase or buys again within six months of sale, the gains therefrom shall belong to the company, and the board of directors of the company shall collect such gains. Exception applies where a securities company holds more than 5% of the shares due to purchase of any remaining shares in a best efforts underwriting, or where there are any other circumstances stipulated by the securities regulatory authority of the State Council.

Shares or other securities of equity nature held by directors, supervisors, senior management personnel and natural person shareholders referred to in the preceding paragraph shall include shares or other securities of equity nature held by their spouse, parents, child(ren), and held by them using other's accounts.

Where the board of directors of the company fails to comply with the preceding paragraph, the shareholders shall have the right to demand that the board of directors comply within 30 days. Where the board of directors of the company fails to comply within the aforesaid period, the shareholders shall have the right to file a lawsuit directly in their own name with a people's court for the benefits of the company. Where the board of directors of the company fails to comply with the preceding paragraph, the directors who are accountable shall bear joint liability pursuant to the law.

### **9. RIGHTS OF OUR COMPANY TO PURCHASE OUR OUTSTANDING ISSUED SHARES**

The Company shall not repurchase of its Shares. However, exceptions are made in any of the following cases under the premise of not violating laws, administrative regulations, the Hong Kong listing rules and the Articles of Association:

- (1) to reduce the registered capital of the Company;
- (2) to merge with other companies that hold shares in the Company;
- (3) to use the shares for employee shareholding schemes or as share incentives;

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- (4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- (5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company; and
- (6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

The Company may purchase its own Shares through public centralized trading, or through other means recognized by the laws, administrative regulations, the CSRC or the securities regulatory authorities for the place where the Company's shares are listed.

If the Company acquires its own shares due to the circumstances specified in Items (3), (5) and (6) of the preceding paragraph, it shall be conducted through public centralized trading.

Where the Company repurchases its shares by an off-market agreement under any of the circumstances specified in Items (1) and (2) of the preceding paragraph, it shall seek prior approval of the General Meeting in accordance with the Articles of Association. Where a company repurchases its shares under any of the circumstances as specified in Items (3), (4) or (5) of the preceding paragraph, a resolution shall be adopted at the meeting of the Board of Directors with the attendance of not less than two thirds of the directors, according to the Articles of Association or the General Meeting.

After the company repurchases its shares according to the preceding paragraph, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as specified in Item (1); the shares shall be transferred or written off within six months under the circumstance as specified in Items (2) or (4); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as specified in Items (3), (5) or (6).

The repurchase of H Shares of the Company shall comply with the Hong Kong listing rules and other relevant laws, administrative regulations and regulatory requirements of the place where the H Shares are listed.

### **10. POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY**

There are no provisions in the Articles of Association relating to ownership by subsidiary of the Company of Shares in its parent.

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### **11. DIVIDEND AND OTHER DISTRIBUTION METHODS**

Upon passing of a resolution on profit distribution plan by the General Meeting, or working out of a specific plan by the Board of Directors in accordance with the criteria and ceiling for the following year's interim dividend distribution adopted by an annual General Meeting, the distribution of dividends (or shares) shall be completed within two months.

The Company shall appoint one or more receiving agents for holders of H Shares. The receiving agent shall collect on behalf of the relevant shareholders the dividends distributed and other monies payable by the Company in respect of H shares, and shall declare such monies on behalf of the holders of such securities, pending payment to such holders. The receiving agents appointed by the Company shall meet the requirements of the laws or relevant regulations of the stock exchange where the Company is listed. The receiving agents appointed by the Company for holders of H Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

### **12. SHAREHOLDERS' PROXIES**

The shareholder may attend a General Meeting in person or entrust a representative (who may not be a shareholder) to attend the General Meeting and cast votes on his/her behalf.

Any proxy statement issued by a shareholder who authorizes a proxy to attend the General Meeting on his behalf shall include the following details:

- (1) the name of the proxy;
- (2) whether the proxy is authorized to vote;
- (3) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the General Meeting agenda;
- (4) the issuance date and valid period of the proxy statement; and
- (5) the signature (or seal) of the shareholder. If the principal is a corporate shareholder, the corporate seal shall be affixed.

The power of attorney shall indicate whether the shareholder's proxy can vote according to his own will if the shareholder does not give specific instructions.

### **13. INSPECTION OF REGISTER OF MEMBERS AND OTHER RIGHTS OF SHAREHOLDERS**

The shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders. The Company shall establish a register of members based on the evidence provided by the share registrar, which shall be

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sufficient evidence to prove that the shareholders hold the Company's shares. The shareholder shall enjoy rights and assume obligations according to the class of shares held by him; shareholders who holds shares of the same class shall enjoy the same rights and assume the same obligations.

When the Company convenes a General Meeting, distributes dividends, goes into liquidation or engages in other acts that require the confirmation of the identity of the shareholders, the Board of Directors or the convener of the General Meeting shall confirm the equity registration date, and the shareholders whose names appear on the register of members after the close of trading on the equity registration date shall be the shareholders entitled to the relevant rights and interests.

### **14. LIMITATION OF RIGHTS OF CONTROLLING SHAREHOLDER**

The controlling shareholders and actual controllers of the Company shall not take advantage of their associated relationship to damage the Company's interests. Any loss caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and de facto controllers of the Company owe a duty of good faith to the Company and all shareholders of the Company. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws, and shall not prejudice the legitimate rights and interests of the Company and other shareholders by means of profit distribution, asset restructuring, external investment, capital appropriation, loan guarantee, etc., and shall not prejudice the interests of the Company and other shareholders by taking advantage of its controlling position.

Where any controlling shareholder or actual controller of the Company instructs any director or senior executive to carry out any act damaging the interests of the company or the shareholders, it shall bear joint and several liability with the director or senior executive.

The controlling shareholder or actual controller of the Company shall not appropriate the company's assets in any form.

### **15. PROCEDURES FOR LIQUIDATION**

The Company shall be dissolved in accordance with the law under any of the following circumstances:

- (1) the term of business operation expires or other circumstances as stipulated by the Articles of Association;
- (2) the general meeting resolves to dissolve the Company;
- (3) dissolution is necessary as a result of the merger or division of the Company;

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- (4) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws; and
- (5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstance as specified in Items (1), (2) the preceding paragraph, and it has not distributed the assets to its shareholders yet, it may survive by modifying its Articles of Association or upon a resolution of the General Meeting.

Where the Company is to be dissolved pursuant to Items (1), (2), (4) or (5) of above paragraph, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of Directors or members determined by the General Meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time, its creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee and liquidate the Company.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified, and an announcement shall be published within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims. The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the General Meeting or the people's court for ratification. After paying all liquidation expenses, staff wages and labor insurance expenses, outstanding taxes, and Company's debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.



## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy petition with the people's court in accordance with the law.

After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon closure of liquidation of the Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to our General Meeting or the people's court for confirmation. The liquidation committee shall submit it to the company registration authority to apply for cancellation of the Company's registration and announce the termination of the Company.

### **16. OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS**

#### **General Provisions**

The Company is a permanently existing joint stock limited company.

All the assets of the company are divided into shares of equal value. The shareholders are responsible for the Company to the extent of their subscribed Shares, and the Company is responsible for the Company's debts with all its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the Directors, the Supervisors and senior officers. Based on the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a Director, a Supervisor, a manager or any other senior officer. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, Director, Supervisor, manager or any other senior management.

The Company shall, subject to the provisions of the Constitution of the Communist Party of China, establish a Party organization and carry out Party-related activities. The Company shall provide the necessary conditions for the activities of the Party organization.

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

### **Share and Transfer**

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the general meeting, by any of the following methods:

- (1) a public offering of shares;
- (2) a private placement of shares;
- (3) allotment of bonus shares to existing shareholders;
- (4) conversion of reserve funds to share capital; and
- (5) other methods permitted by laws, administrative regulations and the CSRC, the securities regulatory authorities for the place where the Company's shares are listed.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and Hong Kong listing rules, as well as the Articles of Association.

### **Shareholders**

Shareholders are entitled to rights and assumes obligations pursuant to the classification and ratio of their shares. Shareholders holding the same classified shares have the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to apply for, convene, preside, attend or appoint proxies to attend general meetings and to exercise the corresponding right to speak and vote;
- (3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;
- (4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;
- (5) the right to inspect the Articles of Association, the register of shareholders, the register of corporate bond holders, minutes of general meetings, resolutions of the Board of Directors and resolutions of the Supervisory Committee and accounting reports;

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase shares held; and
- (8) other rights provided for by laws, administrative regulations, departmental rules, the securities regulatory rules for the place where the Company's shares are listed or the Articles of Association.

Shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association;
- (2) to pay share capital according to the shares subscribed for and the method of shares subscription;
- (3) not to withdraw shares, except for the circumstances stipulated by laws and regulations;
- (4) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors; and
- (5) to assume other obligations required by laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law; Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

### **The Board of Directors**

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

- (1) to convene general meetings and report to the general meetings;
- (2) to implement resolutions of the general meetings;

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## SUMMARY OF ARTICLES OF ASSOCIATION

- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;
- (7) to formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;
- (8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, connected transactions, entrustment of financial management and donations of the Company within the scope of authorization by the general meeting;
- (9) to decide on the Company's borrowings from banks or applications for credit institutions exceed in aggregate 30% of the Company's latest audited total assets for a period of 12 consecutive months, but do not exceed 50% of the Company's latest audited total assets;
- (10) to decide on establishment of internal management organs of the Company;
- (11) to decide on the appointment or dismissal of the Company's general manager, secretary of the board. According to the nomination of the general manager, decide to appoint or dismiss the Company's deputy general manager, financial officer and other senior management, and decide on matters of their remuneration, rewards and punishments;
- (12) to formulate the basic management system of the Company;
- (13) to formulate proposals to amend the Articles of Association;
- (14) to manage the Company's disclosures;
- (15) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (16) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company; and
- (17) other functions and powers provided for in laws, administrative regulations, department regulations and the Articles of Association.

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## **SUMMARY OF ARTICLES OF ASSOCIATION**

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Matters beyond the scope of authorization of the General Meeting shall be submitted to the General Meeting for deliberation.

### **Independent Non-executive Director**

The Board of Directors of the Company has three independent non-executive directors.

### **Secretary of the Board of Directors**

The Company shall appoint a secretary appointed or dismissed by the Board of Directors.

The secretary shall be responsible for preparing for General Meetings and meetings of the Board of Directors, the retention of documents, the management of Shareholder materials, etc.

### **Supervisory Committee**

The Supervisory Committee shall consist of three Supervisors, and the Supervisory Committee shall have one chairman. The chairman of the Supervisory Committee shall be elected by more than half of all supervisors. The chairman of the Supervisory Committee shall summon and preside over the meetings of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a supervisor shall be jointly elected by more than half of the supervisors to summon and preside over the meetings of the Supervisory Committee.

The Supervisory Committee shall have two shareholders' representative supervisor and one employee representative supervisor. The shareholder representative supervisors in the Supervisory Committee shall be elected by the shareholders' meeting, and the employee representative supervisors shall be elected by the employees of the Company through the employee representative meeting, the employee meeting or other forms of democratic election.

The Supervisory Committee shall exercise the following functions and powers:

- (1) to review the Company's securities offering documents and the Company's periodic reports prepared by the Board of Directors and shall sign on the written review opinion;
- (2) to examine the financial affairs of the Company;
- (3) to supervise the performance of duties by directors and senior management, and propose the removal of directors and senior management who have violated laws, administrative regulations, the securities regulatory rules for the place where the Company's shares are listed and the Articles of Association or the resolutions of the General Meeting;

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- (4) to require directors and senior management to make corrections when their conduct is detrimental to the Company's interests;
- (5) to propose the convening of an extraordinary General Meeting, and to summon and preside over the General Meeting when the Board of Directors fails to perform the duty of summoning and presiding over the General Meeting under the Company Law;
- (6) to submit proposals to the shareholders' meeting;
- (7) to initiate legal proceedings against directors and senior management personnel in accordance with Article 189 of the Company Law;
- (8) to carry out investigations when abnormalities in the Company's operations are discovered; if necessary, professional organizations such as accounting firms and law firms may be engaged to assist in its work at the Company's expense; and
- (9) other functions and powers stipulated by the Articles of Association or as conferred by the General Meeting.

### General Manager

Our Company has one general manager, appointed or dismissed by the Board of Directors.

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plans for the establishment of the Company's internal management department;
- (4) to draft the Company's fundamental management policies;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board of Directors appointment or dismissal of deputy general manager, vice president, chief financial officer or the other senior managers of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

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- (8) to sign the documents within the authorization of the Board of Directors, including but not limited to: contracts, agreements and documents to be submitted to the government;
- (9) to draft the salaries, benefits, rewards and penalty for the staff of the Company; and
- (10) other functions and powers conferred by the Articles of Association or the Board of Directors.

### Reserve Funds

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of statutory reserve funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the General Meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the General Meeting, in violation of the preceding paragraph, distributes profits to the shareholders before covering Company's losses and making an allocation to the Company statutory reserve fund, the profits so distributed must be returned to the Company.

Profits shall not be distributed to Shares held by the Company itself.

Company reserve funds shall be used to cover Company's losses, expand production and operations, or converted to increase the Company's capital. Where the reserve funds of the Company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be used first. If such losses still cannot be made up after discretionary reserve fund and statutory reserve fund are used up, the capital reserve fund can be used.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital before such conversion.