
APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company which will be effective from the date of listing of H Shares on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential investors with an overview of the Company’s Articles of Association and therefore may not contain all the information that is material to potential investors.

GENERAL PROVISIONS

The Articles of Association, regulate our Company’s organization and conduct guidance and is binding on our Company, the Shareholders, Directors, and senior management. Subject to no violation of the relevant provisions of the Articles of Association, Shareholders may sue Shareholders; Shareholders may sue the Directors, general manager and other senior management; Shareholders may sue our Company, and our Company may sue Shareholders, Directors, general manager or other senior management.

SHARES

Issuance of Shares

The Shares of our Company take the registered form of Share certificates.

The Shares of our Company shall be issued in accordance with the principles of open, fairness and justice, and each Share in the same class shall rank *pari passu*. For the same class of Shares issued at the same time, each Share shall be issued on the same conditions and at the same price. All entities or individuals subscribing for the Shares shall pay the same price for each Share.

The Shares issued by the Company, all of which are ordinary Shares, are denominated in RMB with a par value of RMB1.00 per share.

Increase, Reduction, and Repurchase of Shares

According to the operation and development needs of the Company, subject to the laws, regulations, and the listing rules of the place where the Company’s shares are listed, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders’ general meeting:

- (i) Issuance of shares to unspecified objects;
- (ii) Issuance of shares to specific objects;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;

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- (v) Other means approved by the laws, administrative regulations or approved by the China Securities Regulatory Commission ("CSRC"), and the Hong Kong Stock Exchange.

Our Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures stipulated by the Company Law, other relevant regulations, the Hong Kong Listing Rules, the securities regulatory rules of the stock exchange where the company's shares are listed, as well as the Articles of Association.

Our Company shall not repurchase its own shares, unless otherwise under the circumstances:

- (i) Reducing our Company's registered share capital;
- (ii) Merging with other companies which hold our shares;
- (iii) Using the shares for an employee stock ownership plan or equity incentive plan;
- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' general meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and the interests of the Shareholders.

Our Company may repurchase its Shares through open centralized trading or other ways recognized by laws, administrative regulations and regulatory documents, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's Shares are listed and the CSRC (if required). If the Share purchase is made under any of the circumstances stipulated in (iii), (v) or (vi) aforementioned, it shall be conducted by way of open centralized trading.

A resolution shall be passed at the shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of the shareholders' general meeting, except as otherwise provided in the Hong Kong Listing Rules.

After the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its

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shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Transfer of Shares

The Shares of the Company can be transferred in accordance with laws.

The Company shall not accept any of its own Shares as the subject of pledge right.

Shares issued prior to the Company's [REDACTED] of Shares shall not be transferred for a period of one year from the date of listing and trading of the Company's Shares on the stock exchange.

The Directors and senior management personnel of the Company shall declare to the Company the Shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of Shares held by them in the Company each year during their terms of office; the Shares they hold in the Company shall not be transferred within one year from the date of listing and trading of the Company's Shares. The Shares of the Company held by the above-mentioned persons shall not be transferred within six months after their departure from office.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Shareholders

Register of Members

The Company shall prepare a register of members based on the evidence provided by the securities registrar, and the register of members shall be sufficient evidence of the Shareholders' shareholdings in the Company. A Shareholder shall enjoy rights and bear obligations according to the class of his or her Shares. Shareholders holding Shares of the same class shall enjoy the same rights and bear the same obligations.

Shareholders' Rights and Obligations

Shareholders of the Company are entitled to the following rights:

- (i) To receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' general meeting and exercise corresponding voting rights;

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- (iii) To supervise business operations of our Company, provide suggestions or submit queries;
- (iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations, regulatory rules of the place where the Company's Shares are listed and the Articles of Association;
- (v) To read and copy the Articles of Association, the register of Shareholders, shareholders' general meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports, shareholders who comply with the regulations are entitled to review the company's account books and accounting vouchers;
- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require the company to purchase their shares if they object to the resolutions on the company's merger or division made by the Shareholders' meeting;
- (viii) Other rights stipulated by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's Shares are listed, or the Articles of Association.

The Shareholder who proposes to inspect or copy the aforementioned relevant information or to obtain materials shall provide the Company with a written document proving the type and quantity of shares they hold in the Company. Upon verifying the shareholder's identity, the Company shall provide the requested information in accordance with the shareholder's requirements.

If the content of a resolution of the shareholders' general meeting or Board of Directors of the Company violates laws or administrative regulations, Shareholders shall have the right to request the People's Court to hold it invalid. If the convening procedures or voting methods of the shareholders' general meeting or the board of directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders have the right to request the court of the PRC to revoke the resolution within 60 days from the date on which the resolution is made. However, the resolution shall not be revoked if there are only minor flaws in the convening procedures or voting methods of the shareholders' general meeting or the board meeting resulting in no substantial impact on the resolution.

If the directors other than those on the Audit Committee or senior management personnel violate the provisions of laws, administrative regulations or the Articles of Association in performing duties for the Company and caused damage to the Company, Shareholders who hold 1% or more of the Shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Supervisory Committee in writing to

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institute a legal action in the People's Court; if the Audit Committee violates any law or administrative regulation or breaches the Articles of Association in performing duties for the Company and caused damage to the Company, Shareholders may request the Board in writing to institute a legal action in the People's Court. If the Audit Committee or the Board refuses to institute legal actions after receiving a written request from the Shareholder as provided for in the preceding paragraph, or if no legal actions are instituted within 30 days from the date of receipt of the request, or if the situation is urgent and failure to institute proceedings immediately would cause irreparable damage to the interests of the Company, the Shareholder as provided for in the preceding paragraph shall have the right to institute proceedings directly in the People's Court in his own name and for the interests of the Company. In the event that a third party infringes upon the lawful rights and interests of the Company and causes damage to the Company, the Shareholders provided for in the preceding paragraph may institute a legal action in the People's Court in accordance with the procedure described above.

Where a Director, Supervisor and senior management personnel of a wholly-owned subsidiary of the Company falls under the circumstances prescribed in the preceding paragraph, or where a third party infringes upon the lawful rights and interests of the wholly-owned subsidiary of the Company and causes damage to such wholly-owned subsidiary, Shareholders who hold 1% or more of the Shares in the Company, either individually or collectively, for 180 or more consecutive days may request the Supervisory Committee or the Board of the wholly-owned subsidiary in writing to institute proceedings in the People's Court in accordance with Article 189 of the Company law, or directly institute a legal action in the People's Court in his own name. If the wholly-owned subsidiary of the company does not have a supervisor, the procedures described above shall be applied.

If a Director or senior management personnel violates the provisions of laws, administrative regulations or the Articles of Association to the detriment of the interests of Shareholders, Shareholders may institute a legal action in the People's Court.

Shareholders of the Company shall assume the following obligations:

- (i) To comply with laws, administrative regulations, and the Articles of Association;
- (ii) To pay capital contribution as per the Shares subscribed for and the method of subscription;
- (iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) 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 damage the interests of the Company's creditors;

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- (v) Other obligations stipulated by laws, administrative regulations, the regulatory rules of the stock exchange where the company’s shares are listed, and Articles of Association.

Any company 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 seriously damages the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

If a shareholder holding more than 5% of the voting shares of the Company pledges the shares he holds, he or she shall make a written report to the Company from the date of occurrence of such fact and make a declaration in accordance with applicable relevant laws and regulations.

Restriction on Rights of Controlling Shareholders

The Controlling Shareholder and the actual controller of the Company shall not use their connected relationship (related party relationship) to damage the interests of the Company. Any violation of such rule that causes damage to the Company shall be liable for compensation.

The Controlling Shareholder and the actual controller of the Company shall owe a duty of good faith to the Company and its public Shareholders. The Controlling Shareholders shall exercise their rights as capital contributors in strict accordance with the law. The Controlling Shareholders shall not use profit distribution, asset restructuring, external investment, fund occupation, loan guarantee, etc. to damage the legitimate rights and interests of the Company and those of the public Shareholders, and shall not use their control position to damage the interests of the Company and the public Shareholders.

Shareholder’s General Meetings

General Provisions for Shareholder’s General Meetings

The shareholders’ general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law:

- (i) To elect or replace the Directors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve reports of the Board of Directors;
- (iii) To examine and approve the Company’s proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company’s registered capital;

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- (v) To decide on the issue of corporate bonds by the Company;
- (vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;
- (viii) Resolution on appointment and dismissal of an accounting firm by the Company;
- (ix) To examine and approve the external guarantees stipulated in the Articles of Association;
- (x) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (xi) To examine and approve matters relating to changes in the use of proceeds;
- (xii) To examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) To examine other matters as required by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company, which shall be decided by the shareholders' general meeting.

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

- (i) The number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (iii) A written request from shareholders who separately or jointly hold 10% or more shares in the Company;
- (iv) The Board of Directors considers it necessary;
- (v) The Audit committee proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association or as agreed upon by all shareholders.

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Summoning of Shareholders' General Meetings

The independent Directors shall have the right to propose to the Board to convene an extraordinary shareholders' general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' general meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' general meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. If the Board does not agree to convene the extraordinary shareholders' general meeting, it shall give the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board in writing to convene an extraordinary shareholders' general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' general meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' general meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. Any changes to be made to the original request in the notice shall be subject to approval of the Audit Committee. If the Board does not agree to convene an extraordinary shareholders' general meeting or fails to give a response within 10 days after the receipt of the proposal, the Audit Committee may convene and preside over such meeting on its own on the ground that the Board of Directors was unable or failed to perform its duty to convene a shareholders' general meeting.

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary shareholders' general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary shareholders' general meeting within 10 days after receiving the request. Where the Board of Directors agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary shareholders' general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to hold an extraordinary shareholders' general meeting, and shall make a written request to the Audit Committee. Where the Audit Committee agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the shareholders' general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and

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presided over the shareholders' general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Proposals And Notices of Shareholders' General Meeting

The content of proposals shall fall within the functions and powers of the shareholders' general meeting, have clear subject for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Board of Directors, the Audit Committee or Shareholders that hold, individually or collectively, 1% or more of the Shares of the Company shall have the right to propose resolutions in shareholders' general meeting.

Shareholders that hold, individually or collectively, 1% or more of the Shares of the Company may submit ad hoc proposals in writing to the convener 10 days before the convening of the shareholders' general meeting. The convener shall give a supplemental notice of the shareholders' general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals and submit the ad hoc proposals to the shareholders' general meeting for consideration, except for the cases where temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of the authority of the shareholders' general meeting.

Except for the circumstances provided for in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

The convener of an annual shareholders' general meeting shall notify all Shareholders by means of an announcement 21 days before the meeting; the convener of an extraordinary shareholders' general meeting shall notify all Shareholders by means of an announcement 15 days before the meeting. Where the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed provide otherwise in respect of the matter, such rules shall also be applicable.

A notice of a shareholders' general meeting shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals submitted to the meeting for consideration;
- (iii) a prominent written statement that all Shareholders are entitled to attend shareholders' general meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;

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- (iv) the record date of registration of Shareholders entitled to attend the shareholders’ general meeting;
- (v) the name and telephone number of the regular contact person for the meeting;
- (vi) the time and procedure for voting online or through other means (if any);
- (vii) Other requirements stipulated in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Notices or supplementary notices of shareholders’ general meetings shall adequately and completely disclose the specific contents of all proposals. Where the opinions of an independent Director are required on the matters to be discussed, such opinions and reasons thereof shall also be disclosed when the notices or supplementary notices of shareholders’ general meetings are served.

After the notice of the shareholders’ general meeting is issued, the shareholders’ general meeting shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of the shareholders’ general meeting shall not be canceled. Once there is a postponement or cancelation, the organizer shall make an announcement and explain the reasons at least 2 working days before the original date of the convening.

Convening of Shareholders’ General Meetings

All shareholders or their proxies registered on the record date are entitled to attend the Shareholders’ General Meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association. Shareholders may attend the Shareholders’ General Meeting in person or appoint a proxy to attend and vote on their behalf.

When the Shareholders’ General Meeting is convened, all directors and senior management personnel of the company shall attend the meeting and respond to shareholders’ inquiries.

The Shareholders’ General Meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or unwilling to perform their duties, a director recommended by a majority of the directors shall preside over the meeting.

For Shareholders’ General Meetings convened by the Audit Committee on its own, the convener of the Audit Committee shall preside. If the convener of the Audit Committee is unable or unwilling to perform their duties, a member of the Audit Committee recommended by a majority of its members shall preside.

For Shareholders’ General Meetings convened by shareholders on their own, the convener or a representative recommended by them shall preside.

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If the meeting chairperson violates the rules of procedure during the Shareholders' General Meeting, making it impossible to continue, the Shareholders' General Meeting may, with the consent of shareholders holding a majority of the voting rights present at the meeting, elect a new chairperson to continue the meeting.

The Company shall establish rules of procedure for the Shareholders' General Meeting, detailing the procedures for convening and voting, including notices, registration, review of proposals, voting, vote counting, announcement of results, formation of resolutions, meeting minutes and their signing, announcements, and the principles and specific content of the Shareholders' General Meeting's authorization to the Board of Directors. The rules of procedure for the Shareholders' General Meeting shall be an appendix to the articles of association, drafted by the Board of Directors and approved by the Shareholders' General Meeting.

Voting and Resolutions of Shareholders' General Meeting

Resolutions of the Shareholders' General Meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders' General Meeting shall be passed by a majority of the voting rights held by shareholders (including shareholder proxies) present at the meeting. A special resolution of the Shareholders' General Meeting shall be passed by at least two-thirds of the voting rights held by shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by the Shareholders' General Meeting through ordinary resolutions:

- (i) Work reports of the Board of Directors;
- (ii) Profit distribution plans and plans for making up losses proposed by the Board of Directors;
- (iii) Appointment and removal of directors, and determination of their remuneration and payment methods;
- (iv) Annual Report of the Company;
- (v) Other matters not required by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the stock exchange where the company's shares are listed, or the Articles of Association to be passed by special resolution.

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The following matters shall be passed by the Shareholders' General Meeting through special resolutions:

- (i) Increase or reduction of the Company's registered capital;
- (ii) Division, split, merger, dissolution, and liquidation of the Company;
- (iii) Amendments to the Articles of Association;
- (iv) The purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (v) Equity incentive plans;
- (vi) Other matters stipulated by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the stock exchange where the company's shares are listed, or the Articles of Association, as well as other matters deemed by the Shareholders' General Meeting through ordinary resolution to have a significant impact on the company and requiring a special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors may include executive Directors, non-executive Directors, and independent Directors. Independent Directors refer to individuals who meet the requirements stipulated in the Articles of Association.

Directors of the Company shall be natural persons and shall be subject to the qualification required by the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) the person without civil conduct capacity or with limited civil conduct capacity;
- (ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

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- (iii) the person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;
- (v) the person listed as a judgment defaulter by the court of the PRC because the amount of debt he bears is relatively large and the debt is not paid off when it is due;
- (vi) the person has been banned by the CSRC or Hong Kong Stock Exchange from access to the securities market, and the term of prohibition has not expired;
- (vii) other contents stipulated by laws, administrative regulations or departmental rules, the Hong Kong Listing Rules and the securities regulatory rules of the place where the shares of the Company are listed.

Where a Director is elected or appointed in violation of the provisions above, the election, appointment or appointment shall be invalid. If a Director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office.

Directors are elected or replaced by the Shareholders' General Meeting and may be removed before the end of their term. Each term of a director is three years, and directors may be re-elected upon the expiration of their term.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

General manager (president) or other senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as general manager (president) or other senior management personnel and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

The Board of Directors shall include one employee representative director, who shall be democratically elected by the company's employees through the workers' assembly, workers' representative assembly, trade union, or other forms.

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Directors shall comply with laws, administrative regulations, and the Articles of Association and has the fiduciary duties to the Company as follows:

- (i) Not to use their authority to accept bribes or other illegal income;
- (ii) Not to expropriate the Company's funds or misappropriate the Company's property;
- (iii) Not to open accounts in their own name or in the name of others to store the Company's assets or funds;
- (iv) Not to lend company funds to others or provide guarantees using the Company's property without the consent of the Shareholders' General Meeting or the Board of Directors, in violation of the Articles of Association;
- (v) Not to enter into contracts or transactions with the Company directly or indirectly in violation of the provisions of this Articles of Association without a resolution of the Board of Directors or the Shareholders' General Meeting;
- (vi) Not to use their position to seize business opportunities that belong to the Company for themselves or others, except that which has been reported to the Board of Directors or the Shareholders' General Meeting and approved by a resolution of the Shareholders' General Meeting or when the Company is prohibited by law, administrative regulations, or these Articles of Association from taking advantage of such business opportunities; and not to engage in or operate businesses similar to the Company's business for themselves or others without reporting to the Board of Directors or the Shareholders' General Meeting and approved by a resolution of the Shareholders' General Meeting;
- (vii) Not to accept commissions in connection with the Company's transactions;
- (viii) Not to disclose the secrets of the Company without consent;
- (ix) Not to use their connections to harm the interests of the Company;
- (x) Other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the stock exchange where the company's shares are listed, and the Articles of Association.

Any gain arising from the breach of the preceding paragraphs by the Director shall belong to our Company. He/she shall be liable for compensation for any loss of our Company arising therefrom.

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Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company:

- (i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;
- (ii) Shall treat all Shareholders fairly;
- (iii) Shall maintain a timely awareness of the operation and management of the Company;
- (iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (v) Shall truthfully provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its or their duties;
- (vi) other diligence obligations stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

If any Director fails to attend in person or appoint other Directors as his/her representative to attend meetings of the Board for two consecutive times, such Director shall be deemed as unable to perform his duties, and the Board shall propose to replace such Director at the Shareholders' general meeting.

A Director may submit his/her resignation before the expiry of his/her term of office. Where a Director resigns, he/she shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

When a Director's resignation becomes effective or his or her term of office expires, he or she shall complete all procedures for transfer to the Board. His or her fiduciary duty to the Company and the shareholders does not automatically terminate upon the end of their term of office, and remains effective for three years after the end of their term.

No Director shall act in his/her own name for our Company or the Board without authorization by the Board or unless otherwise provided in the Article of Association. Where a Director acts in his/her own name in a situation where a third party may reasonably believe that such director is acting for our Company or the Board, such Director shall declare in advance his/her stance and identity.

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The Company shall have independent directors. Matters concerning the qualifications for appointment, nomination and election procedures, term of office, resignation and powers of the independent directors shall be governed by the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed.

Board of Directors

The company shall establish a Board of Directors, which is accountable to the Shareholders' General Meeting. The Board of Directors shall consist of no more than 9 directors, at least one-third of whom shall be independent non-executive directors.

The Board of Directors exercises the following powers and responsibilities:

- (i) Convening the Shareholders' General Meeting and reporting work to the Shareholders' General Meeting;
- (ii) Implementing resolutions of the Shareholders' General Meeting;
- (iii) Deciding on the Company's business plans and investment proposals;
- (iv) Formulating the profit distribution plans and plans for recovery of losses of the Company;
- (v) Formulating plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) Formulating plans of the Company regarding significant acquisitions, purchases of the company's shares, mergers, divisions, dissolutions, and changes in the company's form;
- (vii) Determining the matters such as external investments, acquisition or sale of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations within the scope authorized by the Shareholders' General Meeting;
- (viii) Determining the internal management structure of the Company;
- (ix) Determining the appointment or dismissal of the general manager of the Company, the Board secretary; and based on the nomination of the general manager, to determine the appointment or dismissal of the senior management including Senior Vice President and chief financial officer of the Company and determine their remuneration, rewards and penalties;
- (x) Formulating the basic management systems of the Company;

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- (xi) Formulating proposals for any amendment of the Articles of Association;
- (xii) Managing the information disclosure of the Company;
- (xiii) Proposing to to the Shareholders' General Meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (xiv) Listening to work reports from the general manager of the Company and inspecting his/her work;
- (xv) Other powers and responsibilities granted by laws, administrative regulations, departmental rules, or the Articles of Association.

The Board of Directors of the Company has established the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. The special committees are responsible to the Board of Directors and performs their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposal shall be submitted to the Board of Directors for deliberation and decision. The members of the special committees are all composed of Directors.

The Board of Directors shall meet at least four times a year, with one regular meeting each quarter, convened by the Chairman, and written notice shall be provided to all directors 14 days (including the notice day, excluding the meeting day) before the meeting.

Shareholders representing more than one-tenth of the voting rights, one-third or more of the directors, or the Audit Committee and a majority of independent directors may propose to convene an extraordinary meeting of the Board of Directors. Extraordinary meetings of the Board of Directors shall be convened by the Chairman, and written notice shall be provided to all directors five days before the meeting.

A Board meeting requires the presence of a majority of the directors to be held. Resolutions made by the Board of Directors must be passed by a majority vote of all directors. Voting on resolutions of the Board shall be conducted on a one-person-one-vote basis.

Where a Director has any connected relationship with the enterprise involved in the matter to be decided at the Board meeting, he/she shall report to the Board in writing timely and shall not exercise his/her voting rights on the resolution, nor shall he/she exercise his/her voting rights on behalf of other Directors. The quorum of such a Board meeting shall be more than half of all the non-connected Directors, and the resolutions made at such a Board meeting shall require adoption by more than half of all the non-connected Directors. If the number of non-connected Directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' meeting for deliberation.

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GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one General Manager who shall be nominated by the Chairman of the Board and appointed or dismissed by the Board.

The general manager, deputy general managers, financial officer, and the secretary of the Board of Directors are the Senior Management of the Company.

The circumstances of disqualification for Directors, the fiduciary duty and diligence duty of the Directors prescribed in the Articles of Association shall also be applicable to senior management.

The general manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

The general manager is responsible to the Board of Directors and exercises the following powers:

- (i) Presiding over the production, operation, and management of the company, implementing the resolutions of the Board of Directors, and reporting work to the Board of Directors;
- (ii) Implementing the Company's annual business plan and investment plan;
- (iii) Drafting the establishment plan of the Company's internal management structure;
- (iv) Drafting the Company's basic management system;
- (v) Formulating the Company's specific regulations;
- (vi) Proposing to the Board of Directors the appointment or dismissal of Deputy general managers and Financial Officer;
- (vii) Appointing or dismissing management personnel other than those who should be appointed or dismissed by the Board of Directors;
- (viii) Other powers granted by the Articles of Association or the Board of Directors.

The Company shall have a Board secretary who is nominated by the Chairman and appointed or dismissed by the Board of Directors. The Board secretary is responsible for preparing for the shareholders' general meetings and Board meetings, and maintaining documents and managing Shareholders' information, as well as handling information disclosure matters.

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The senior management of the Company shall perform their duties faithfully and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public Shareholders, they shall be liable for compensation in accordance with the laws.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

Financial Accounting System

The company shall establish its financial accounting system in accordance with laws, administrative regulations, and the provisions of relevant national departments.

The company shall prepare its annual financial accounting report within 4 months from the end of each fiscal year and its interim financial accounting report within 2 months from the end of the first 6 months of each fiscal year.

The abovementioned financial accounting reports are prepared in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the stock exchange where the company’s shares are listed.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Profit distribution

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company’s statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company’s registered capital, the Company needs not to make any further allocations to that fund. Where the Company’s statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year’s profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

Subject to a resolution passed at a shareholders’ meeting, after allocation has been made to the Company’s statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits. Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed to Shareholders in proportion to their shareholdings. If the Company distributes profits to shareholders in violation of the provisions of the Articles of Association, Shareholders must refund to the Company the profits distributed in violation of the provisions; if losses are caused

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to the Company, the shareholders and the responsible Directors and senior management shall be liable for compensation. No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. Where the Company’s statutory reserve fund and discretionary reserve fund are not enough to make up losses of the Company, the capital reserve fund shall only be applied. When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Internal Audit

The Company implements an internal audit system. The Company’s internal audit system and the responsibilities of the audit personnel shall be implemented upon approval by the Board of Directors. The head of the audit function is accountable to the Board of Directors and reports on their work.

Appointments of Accounting Firm

The Company shall appoint such accounting firm which has complied with the PRC Securities Law, the Hong Kong Listing Rules, regulations and securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of shareholders’ general meetings. The Board shall not appoint accounting firm before the approval of the shareholders’ general meetings.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the shareholders’ general meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the shareholders’ general meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the shareholders’ general meeting whether the Company has committed any improper act.

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MERGERS, DIVISIONS, CAPITAL INCREASES, CAPITAL DECREASES, DISSOLUTION, AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction of the Company

A merger of the Company may take the form of a merger by absorption or a merger by new creation.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to create a new company is a merger by new creation and the parties to the merger shall be dissolved.

In a merger of companies, all parties to the merger shall conclude a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall, within ten days of adopting the merger resolution, notify their creditors and make an announcement within 30 days on the newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). The creditors may, within 30 days of the receipt of the notice or within 45 days as of the issuance of the announcement if they do not receive the notice, require the Company to pay off debts or provide corresponding security.

Where the Company is divided, its assets shall be divided accordingly. Where the Company is divided, a balance sheet and a checklist of assets shall be prepared. Our Company shall notify the creditors within ten days of the date when the division resolution is made and make an announcement within 30 day on the newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

Where the Company needs to reduce its registered capital, a balance sheet and a checklist of assets must be prepared. Our Company shall notify its creditors within ten days of making the resolution to reduce its registered capital and shall make an announcement within 30 days on the newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). The creditors shall, within thirty days of the receipt of the notice or within 45 days of the issuance of the announcement if they do not receive the notice, require the Company to pay off debts or to provide corresponding security.

The Company's registered capital shall not be lower than the statutory minimum level required by law after capital reduction.

Where the Company increases or reduces its registered capital, it shall go through registration amendments with the company registration authority in accordance with the law.

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Dissolution and Liquidation of the Company

The Company shall be dissolved upon the occurrence of the following events:

- (i) a resolution on dissolution is passed by a shareholders' general meeting;
- (ii) dissolution is required due to the merger or division of the Company;
- (iii) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (iv) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the court of the PRC to dissolve the Company;
- (v) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein.

In the event that the Company has the dissolution causes as prescribed in the preceding paragraph, it is obligated to disclose the causes of dissolution through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 10 days.

Where the Company falls under the circumstances described in items (i) and (v) above, and no property has been distributed to the Shareholders, the Company may survive by amending the Articles of Association. Amendments to the Articles of Association in accordance with the foregoing requirements shall be approved by at least two-thirds of the voting rights held by the Shareholders present at the general meeting.

If the Company shall be dissolved pursuant to the items (i), (iii), (iv) or (v) above, it shall establish a liquidation committee within 15 days from the date of occurrence of the reasons for dissolution to start the liquidation process. The liquidation committee shall be composed of Directors, unless otherwise stipulated in the Articles of Association or the general meeting has resolved to elect another person. If the liquidation obligors fail to perform liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation. If the liquidation committee is not established to commence liquidation after the deadline or the liquidation does not commence after the liquidation committee is established, interested parties may apply to the people's court to designate relevant persons to form a liquidation committee for liquidation.

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AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association upon occurrence of any of the following circumstances:

- (i) the Company Law or relevant laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the Company’s shares are listed are amended, and the matters provided for in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, Hong Kong Listing Rules and other regulatory rules of the place where the Company’s shares are listed;
- (ii) there has been a change in the circumstances of the Company, resulting in the inconsistency of the matters recorded in the Articles of Association;
- (iii) the general meeting has decided to amend the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the general meeting in relation to the amendment of the Articles of Association and the approval of the relevant competent authorities.

Where the amendments to the Articles of Association are information required to be disclosed by laws, regulations and other regulatory rules of the place where the Company’s shares are listed, the relevant matters shall be announced as required.