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When the Company acquires its own shares under circumstances specified in items (III), (V) and (VI) above, it shall do so through open centralized trading methods.

With respect to A shares, when the Company acquires its own shares under circumstances specified in items (I) and (II) above, it shall be subject to resolution by the shareholders’ meeting; when the Company acquires its own shares under circumstances specified in items (III), (V) and (VI) above, it shall, in accordance with the provisions of the Articles of Association or the authorization of the shareholders’ meeting, be subject to resolution by a board meeting attended by more than two-thirds of the directors.

After the Company acquires its shares in accordance with the Articles of Association, for circumstances under item (I) above, the shares shall be cancelled within ten days from the date of acquisition; for circumstances under items (II) and (IV) above, the shares shall be transferred or cancelled within six months; for circumstances under items (III), (V) and (VI) above, the total number of the Company’s own shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

With respect to H shares, where applicable laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed provide otherwise regarding the aforementioned matters related to share repurchase, such provisions shall prevail. Where the Company purchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, the rules of the stock exchange where the Company’s shares are listed and other securities regulatory rules.

TRANSFER OF SHARES

The Company’s shares shall be transferred in accordance with law. All transfers of H shares shall be effected by instruments of transfer in writing in the usual or common form or any other form acceptable to the board of directors (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and such instruments of transfer may be executed by hand only or, if the transferor or transferee is a corporation, under seal. Where the transferor or transferee is a recognized clearing house as defined in relevant ordinances in force from time to time under the laws of Hong Kong (hereinafter referred to as the “Recognized Clearing House”) or its nominee(s), instruments of transfer may be executed by hand or by machine imprinted signatures. All instruments of transfer shall be maintained at the legal address of the Company or other place designated by the board of directors from time to time.

The Company shall not accept its own shares as the subject matter of pledge rights.

Shares issued by the Company before the public offering of A shares shall not be transferred within one year from the date when the Company’s A shares are listed and traded on a stock exchange.

Directors and senior management of the Company shall report to the Company their shareholdings in the Company and changes therein. During their term of office determined upon them taking office, the shares they transfer each year shall not exceed 25% of the total shares of the same class they hold in the Company, and the shares they held shall not be transferred within one year from the date of its listing. Furthermore, such individuals shall not transfer their shares within six months after leaving their positions.

Directors, senior management, and shareholders holding more than 5% of the Company’s shares who sell their shares or other equity securities of the Company within six months after purchase, or purchase again within six months after sale, shall return the gains therefrom to the Company, and the Company’s board of directors shall recover such gains. However, this excludes securities companies holding more than 5% of shares due to purchasing remaining shares after underwriting and other circumstances prescribed by applicable laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed.

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- (IV) not to abuse the shareholders' rights to impair the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the interest of creditors of the Company;
- (V) other obligations required to be assumed under laws, administrative regulations and the Articles of Association.

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law. Shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

Controlling Shareholders and De Facto Controllers

The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (I) exercise shareholders' rights in accordance with the law, not to abuse controlling interest, or exploit connected-party relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (II) strictly fulfil public statements and commitments made, without unauthorised changes or waivers;
- (III) strictly fulfil information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of significant events that have occurred or are planned to occur;
- (IV) shall not misappropriate the Company's funds in any way;
- (V) shall not coerce, instruct, or require the Company and related personnel to illegally provide guarantees;
- (VI) shall not seek benefits using the Company's undisclosed significant information, shall not disclose any undisclosed significant information about the Company in any way, shall not engage in insider trading, short term trading, market manipulation, or other illegal activities;
- (VII) shall not damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset reorganisation, external investments, or any other means;
- (VIII) ensure the integrity of the Company's assets, personnel independence, financial independence, institutional independence, and business independence, and shall not in any way affect the Company's independence;
- (IX) comply with laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and other provisions of the Articles of Association.

Where any controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in conduct that harms the interests of the Company or shareholders, such controlling shareholder or de facto controller shall bear joint and several liabilities with that director or senior management officer.

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General Provisions for Shareholders' Meetings

The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the authority of power of the Company which shall exercise the following functions and powers in accordance with the laws:

- (I) elect and replace the directors who are not representatives of the employees, and decide on matters relating to the remuneration of the directors;
- (II) consider and approve the reports of the board of directors;
- (III) consider and approve the Company's profit distribution plans and loss recovery plans;
- (IV) resolve to increase or reduce the registered capital of the Company;
- (V) resolve on the issuance of corporate bonds;
- (VI) resolve on merger, division, dissolution and liquidation or change in corporate form of the Company;
- (VII) amend the Articles of Association;
- (VIII) resolve on the engagement or dismissal of accounting firms engaged in the audit work of the Company;
- (IX) consider and approve the guarantees prescribed in Article 47 of the Articles of Association;
- (X) consider matters regarding the purchase and sale of material assets by the Company within one year which reach over 30% of the latest audited total assets of the Company;
- (XI) consider and approve the changes in the use of proceeds raised;
- (XII) consider the equity incentive plans and employee stock ownership plans;
- (XIII) consider and approve major related transactions that are required to be approved by the shareholders' meeting as stipulated by laws, regulations and normative documents;
- (XIV) consider and approve proposals put forward by the board of directors, a single shareholder, or shareholders acting in aggregate who hold 1% or more of the Company's shares;
- (XV) resolve on the Company's repurchase of its own shares under the circumstances specified in items (I) and (II) of Article 25 of the Articles of Association;
- (XVI) consider other matters which shall be decided by the shareholders' meetings as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The shareholders' meeting may authorise the board of directors to resolve on the issue of corporate bonds.

The following external guarantees of the Company shall be submitted to the shareholders' meeting for consideration after consideration and approval by the board of directors:

- (I) guarantee with a single sum of guarantee that has exceeded 10% of the latest audited net assets of the Company;

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- (II) any guarantee after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets of the Company;
- (III) any guarantee provided by the Company and its subsidiaries after the total amount of external guarantees provided by them exceeds 30% of the Company's latest audited total assets;
- (IV) guarantee to be provided for a party with a gearing ratio of over 70%;
- (V) within any consecutive twelve-month period, the amount of guarantees exceeds 30% of the Company's latest audited total assets;
- (VI) within any consecutive twelve-month period, the amount of guarantees exceeds 50% of the Company's latest audited net assets and the absolute amount exceeds RMB 50 million;
- (VII) guarantees provided to the shareholders, de facto controllers and their related parties;
- (VIII) other guarantee circumstances prescribed by laws, regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

When a guarantee is raised for consideration by the board of directors, it shall, in addition to being approved by a majority of all directors, be considered and approved by more than two-thirds of the directors attending the board meeting. When the shareholders' meeting considers the guarantee mentioned in item (V) of the preceding paragraph, it shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

When the shareholders' meeting considers guarantee proposals for shareholders, de facto controllers, and their related parties, such shareholders or shareholders controlled by such de facto controllers shall not participate in the voting, and such voting shall be approved by more than half of the voting rights held by other shareholders attending the shareholders' meeting.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings are held once every year and within 6 months from the end of the preceding financial year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of the occurrence of any of the following circumstances:

- (I) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number prescribed in the Articles of Association;
- (II) where the losses of the Company that have not been made up represent one-third of its total share capital;
- (III) where such meeting is requested by shareholders individually or jointly holding more than 10% of the shares of the Company;
- (IV) where such meeting is deemed necessary by the board of directors;
- (V) where such meeting is proposed to be convened by the audit committee;
- (VI) other circumstances specified in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' Meeting

The board of directors shall convene the shareholders' meeting on time within the stipulated period.

With the consent of more than half of all independent directors, independent directors shall be entitled to propose to the board of directors to convene an extraordinary shareholders' meeting. The board of directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days after receiving such a proposal from the independent directors. In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

The Audit Committee shall propose to the board of directors to convene an extraordinary shareholders' 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 of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting within 10 days after receiving such proposal. In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. Any changes to the original proposal made in the notice shall be approved by the Audit Committee. In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after receiving such proposal, the board of directors shall be deemed as unable to perform or failure to perform its duty of convening a shareholders' meeting, in which case the Audit Committee may convene and preside over a shareholders' meeting by itself.

Shareholders individually or jointly holding more than 10% of the shares (including preferred shares with restored voting rights) of the Company shall request the board of directors to convene an extraordinary shareholders' meeting, and such request shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees with the convening of the extraordinary shareholders' meeting within 10 days after receiving such request. In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. Any changes to the original request made in the notice shall be approved by the relevant shareholders. In the event that the board of directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after receiving such request, shareholders individually or jointly holding more than 10% of the shares (including preferred shares with restored voting rights) of the Company shall propose to the Audit Committee to convene an extraordinary shareholders' meeting, and such proposal shall be submitted in writing to the Audit Committee. In the event that the Audit Committee agrees to convene an extraordinary shareholders' meeting, the notice of shareholders' meeting shall be issued within 5 days after receiving such request. Any changes to the original request made in the notice shall be approved by the relevant shareholders. Failure of the Audit Committee to issue the notice of shareholders' meeting within the prescribed time limit shall be deemed as failure of the Audit Committee to convene and preside over a shareholders' meeting, and shareholders individually or jointly holding more than 10% of the shares (including preferred shares with restored voting rights) of the Company for more than 90 consecutive days are entitled to convene and preside over a shareholders' meeting on their own initiatives.

Where the Audit Committee or shareholders decide(s) to convene a shareholders' meeting on their own initiative, the board of directors shall be notified in writing, and records shall be filed with the securities

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regulatory authority of the place where the Company's shares are listed, in accordance with the requirements of the securities regulatory rules of such place. Before the announcement of the resolution of the shareholders' meeting, the shareholding of the shareholders convening such meeting shall not be less than 10%. The Audit Committee and the shareholders convening the meeting shall submit the relevant materials for proof to the securities regulatory authority of the place where the Company's shares are listed, in accordance with the requirements of the securities regulatory rules of such place at the time of issuance of notice of shareholders' meeting and announcement on the resolutions passed at the shareholders' meeting. For the shareholders' meeting convened by the Audit Committee or shareholders on their own initiative, the board of directors and its secretary will cooperate. The board of directors shall provide the register of members as at the date of shareholding registration.

For the shareholders' meetings convened by the Audit Committee or the shareholders on their own initiative, the necessary expenses in relation to the meetings shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

The content of the proposals shall be within the scope of the terms of reference of the shareholders' meeting, and have clear subjects and specific resolutions, and shall comply with the relevant requirements of the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

When the Company convenes a shareholders' meeting, the board of directors, the Audit Committee, as well as shareholder(s) individually or jointly holding more than 1% of the shares of the Company, shall be entitled to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares (including preferred shares with restored voting rights) of the Company may raise provisional proposals and submit the same in writing to the convener 10 days prior to the date of the shareholders' meeting. The convener shall issue a supplemental notice of shareholders' meeting and submit such proposal to the shareholders' meeting for review within 2 days after receiving such proposal and announce the content of the provisional proposal. Unless the provisional proposal violates laws, administrative regulations, the securities regulatory rules of the places where shares of the Company are listed, or the Articles of Association, or falls outside the scope of the authority of the shareholders' meeting. If the securities regulation rules of the places where shares of the Company are listed requires the shareholders' meeting to be postponed as a result of the supplemental notice, the convening of the shareholders' meeting shall be postponed in accordance with the requirements of such securities regulation rules. The Company shall not increase the shareholding ratio of shareholders who propose provisional proposals.

Other than the circumstances referred to in the preceding paragraph, after the convener issues the notice for the shareholders' meeting, no changes shall be made to the proposals set forth in the notice of shareholders' meeting and no further proposals shall be added.

The shareholders' meeting shall not vote or resolve on proposals not set forth in the notice of shareholders' meeting or not in compliance with the requirements of the Articles of Association.

The convener shall notify each shareholder in writing (including announcement) 20 days before the annual shareholders' meeting, and the extraordinary shareholders' meeting shall notify each shareholder in writing (including announcement) 15 days before the meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of shareholders' meeting shall include the following:

- (I) time, place and duration of the meeting;

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- (II) the matters and proposals submitted to the meeting for consideration. All specific details of all proposals shall be fully and completely disclosed;
- (III) the notice shall state clearly that all ordinary shareholders (including preferred shareholders with restored voting rights), shareholders holding shares with special voting rights, and other shareholders are entitled to attend the shareholders' meeting or appoint proxies in writing to attend and vote at such meeting on their behalf and that such proxies need not to be a shareholder of the Company;
- (IV) the date of shareholding registration for shareholders who are entitled to attend the shareholders' meeting. The interval between the registration date and the date of the meeting shall not exceed 7 business days. Once the record date is confirmed, it shall not be changed;
- (V) the names and telephone numbers of the contact person for the meeting affairs;
- (VI) the timing and procedures for voting online or otherwise.

After the notice of the shareholders' meeting has been given, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the shareholders' meeting shall not be cancelled. In case of postponement or cancellation, the convener shall send a notice at least 2 trading days before the scheduled date and explain the reasons.

Conducting the Shareholders' Meeting

All shareholders in the register as at the date of shareholding registration or their proxies shall be entitled to attend the shareholders' meeting, and to exercise their voting rights at the shareholders' meeting pursuant to the relevant laws and regulations, the securities regulatory rules of the place where shares of the Company are listed and the Articles of Association.

A shareholder may attend and vote at the shareholders' meeting in person or by proxy.

Individual shareholders attending the shareholders' meeting in person shall present their identity cards or other valid identity documents or proof. In the case of attending by proxies, the proxies shall present valid identity documents and the proxy forms from the shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend the meeting. If the meeting is attended by the legal representatives, they shall produce their identity cards and valid proof of their status as legal representatives; if the meeting is attended by proxies of such legal representatives, such proxies shall present their identity cards and the written authorization letter legally issued by the legal representative of the legal entity shareholder.

If a shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinances from time to time enacted in Hong Kong or the securities regulatory rules of the place where the Company's shares are listed, such shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its representative at any shareholders' meeting or any creditors' meeting; provided that if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. Any person so authorized may exercise rights on behalf of such shareholder (without producing share certificates, with notarized authorization and/or further evidence to prove their due authorization) and shall be entitled to the same statutory rights as other shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company.

If the shareholders' meeting requires directors and members of the senior management to be present at the meeting, the directors and members of the senior management shall be present and accept enquiries from shareholders.

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A shareholders' meeting shall be presided over by the chairman of the board of directors. If the chairman is unable or unwilling to perform his/her duties, the vice chairman shall preside. If the vice chairman is unable or unwilling to perform his/her duties, a director nominated by a majority of the directors shall preside. A shareholders' meeting convened by the Audit Committee on its own initiative shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or unwilling to perform his/her duties, a member of the Audit Committee nominated by a majority of the members of the Audit Committee shall preside. A shareholders' meeting convened by the shareholders on their own initiative shall be presided over by the convener or a representative nominated by the convener. If the chairman of the meeting is in breach of the rules of procedure such that the shareholders' meeting cannot proceed, the shareholders' meeting may, upon the consent of a majority of the shareholders present at the meeting and entitled to vote, elect a person to act as the chairman and continue to conduct the meeting.

Voting at and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting include ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the shareholders' meeting. Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting.

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

- (I) work reports of the board of directors;
- (II) profit distribution plan and loss make-up plan formulated by the board of directors;
- (III) appointment and dismissal of directors, their remuneration and payment terms;
- (IV) matters other than those to be approved by special resolutions in accordance with the laws, administrative regulations, requirements under the securities regulations and rules of the places where shares of the Company are listed or the Articles of Association.

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

- (I) increase or reduction of the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendments to the Articles of Association;
- (IV) purchase or disposal of material assets or provision of guarantees to others by the Company within one year, of which the amount exceeds 30% of the latest audited total assets of the Company;
- (V) stock option incentive schemes;
- (VI) other matters stipulated by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed or the Articles of Association, and other matters which are considered to have a significant impact on the Company and therefore need to be passed by way of a special resolution as determined by the shareholders' meeting with an ordinary resolution.

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Shareholders shall exercise their voting rights according to the number of voting shares held by them, and each share shall have one vote. Save for shares with special class rights. Where otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, such rules shall prevail.

When material issues affecting the interests of the small and medium investors are considered at shareholders' meeting, the votes of the small and medium investors shall be counted separately. The separate voting results shall be disclosed publicly in a timely manner.

The shares of the Company held by the Company itself do not have voting rights, and such shares shall not be included in the total number of voting shares present at the shareholders' meeting.

If the shareholder's purchase of the voting shares of the Company violates paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares in excess of the prescribed proportion shall not be exercisable within 36 months after the purchase and shall not be included in the total number of voting shares present at the shareholders' meeting.

The board of directors, independent directors and shareholders holding more than 1% of the voting shares or the investor protection institutions established in accordance with laws, administrative regulations, or the provisions of the CSRC may publicly solicit shareholders' voting rights.

The solicitors shall make sufficient disclosure of the information such as their voting preference to the shareholders from whom the voting rights are being solicited. Solicitation of voting rights of shareholders involving compensation or disguised compensation shall be prohibited. The Company shall not impose any limitation in respect of the minimum shareholding ratio on the solicitation of voting rights except as required by law.

When a related transaction is considered at a shareholders' meeting, the related shareholders shall abstain from voting. The number of voting shares represented by such shareholder(s) shall not be included in the total number of valid votes. The resolutions of the shareholders' meeting shall fully disclose the voting results of non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

The director of the Company shall be a natural person. A person may not serve as a director of the Company if any of the following circumstances applies:

- (I) persons who have no or restricted capacity for civil conduct;
- (II) persons who were sentenced to criminal punishment due to corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or who have been deprived of political rights due to any criminal offenses, where less than five years have lapsed since the expiration of the execution period, or who were granted probation, where less than two years have lapsed since the expiration of the probationary term;
- (III) persons who served as a director, factory manager or manager of a company or an enterprise that declared insolvent and liquidated and were personally liable for the insolvency of such company or enterprise, and less than three years have lapsed since the date of completion of the insolvency and liquidation of that company or enterprise;
- (IV) persons who served as the legal representative of a company or an enterprise of which the business license was revoked and was ordered to close down due to violation of laws and who

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- (VIII) not disclose confidential information of the Company without authorization;
- (IX) not abuse his connected relationship to compromise the interests of the Company;
- (X) other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

Income generated by a director in violation of the preceding provisions shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

When close relatives of directors and members of the senior management, enterprises directly or indirectly controlled by directors, members of the senior management or their close relatives, and other related parties having other affiliations with directors or members of the senior management enter into contracts or conduct transactions with the Company, the provisions of preceding paragraph shall apply.

Directors shall abide by laws, administrative regulations, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association, and shall bear the duty of diligence towards the Company, and in performing their duties, shall exercise the reasonable care normally expected of a manager for the best interests of the Company. Directors shall bear the following duty of diligence towards the Company:

- (I) shall exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with the national laws, administrative regulations and the requirements of various economic policies of PRC, and the commercial activities shall not go beyond the scope of the business stipulated in the business license;
- (II) to treat all shareholders fairly;
- (III) to maintain a timely awareness of the operation and management of the Company;
- (IV) to sign written confirmation on the regular reports of the Company and to ensure the information disclosed by the Company is true, accurate and complete;
- (V) to provide relevant information and materials to the Audit Committee truthfully, and shall not obstruct the exercise of powers by the Audit Committee;
- (VI) other duty of diligence stipulated by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

The Company shall establish a director departure management system to specify safeguard measures for pursuing accountability and compensation for unfulfilled public commitments and other outstanding matters. Upon the effective resignation or expiration of the term of a director, the director shall complete all handover procedures with the board of directors. The duty of loyalty owed by the director to the Company and shareholders shall not be automatically terminated upon the end of the term and shall remain valid for three years thereafter. A director's liabilities arising from the performance of duties during the term of office shall not be exempted or terminated due to departure.

Board of Directors

The Company shall have a board of directors composed of eleven directors, including one chairman, one vice chairman, one employee representative director, and four independent directors (one of whom shall be an accounting professional). The chairman and vice chairman shall be elected by a majority vote of all directors.

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The board of directors shall exercise the following functions and powers:

- (I) to convene shareholders' meetings and submit work reports to the shareholders' meetings;
- (II) to implement resolutions of the shareholders' meetings;
- (III) to determine the business plans and investment plans of the Company;
- (IV) to formulate the Company's profit distribution plan and loss recovery plan;
- (V) to formulate plans for the Company for increase or reduction of registered capital, issuance of bonds or other securities, and listing;
- (VI) to formulate plans for major acquisitions of the Company, the acquisition of the Company's shares under the circumstances specified in items (I) and (II) of Article 25 of the Articles of Association, or the merger, division, dissolution, or change of the Company's corporate form; and to consider and approve resolutions regarding the Company's repurchase of its own shares under the circumstances specified in items (III), (V), and (VI) of Article 25 of the Articles of Association.
- (VII) within the scope authorized by the shareholders' meeting, decide on matters such as the Company's external investment, acquisition and sale of assets, asset pledges, external guarantees, entrusted financial management, related transactions and external donations;
- (VIII) to decide on the establishment of the Company's internal management body;
- (IX) to decide on the appointment or dismissal of the Company's chief executive officer, secretary to the board of directors and other members of the senior management, and decide on the matters in relation to their remuneration, rewards and punishments; decide on the appointment or dismissal of the Company's executive president, vice president, financial controller and other members of the senior management based on the nomination of the chief executive officer, and decide on matters in relation to their remuneration, reward and punishment;
- (X) to formulate the Company's basic management system;
- (XI) to formulate proposed amendments to the Articles of Association;
- (XII) to manage the Company's information disclosure matters;
- (XIII) to make proposal to the shareholders' meeting on the engagement or change of the accounting firm performing audits for the Company;
- (XIV) to listen to the work reports from the chief executive officer of the Company and review the work of the chief executive officer;
- (XV) other powers conferred by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

Matters exceeding the scope of the authority of the shareholders' meeting and the Articles of Association shall be submitted to the shareholders' meeting for consideration.

The chairman of the board of directors shall exercise the following functions and powers:

- (I) Preside over the shareholders' meetings and convene and preside over the board meetings;

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- (II) Supervise and inspect the implementation of resolutions of the board of directors;
- (III) Other powers conferred by the board of directors.

The vice-chairman of the Company shall assist the chairman of the board of directors in his work. If the chairman of the board of directors is unable to perform his duties or fails to perform his duties, the vice-chairman shall perform his duties; if the vice-chairman is unable to perform his duties or fails to perform his duties, one director jointly nominated by more than half of the directors shall perform his duties.

The board of directors shall convene at least four meetings every year, approximately once per quarter, and shall notify all directors in writing 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, and more than one-third of the directors or the Audit Committee may propose to convene an extraordinary meeting of the board of directors. The chairman of the board of directors shall convene and preside over a board meeting within ten days after receiving the proposal.

A notice for an extraordinary board meeting shall be given by personal delivery, mail, facsimile or email, and shall be provided at least 5 days prior to the meeting. In case of urgency, such notice may be given by telephone, in which case the time requirement for the notice shall not apply, provided that the convener shall provide an explanation at the meeting.

The board meeting shall be held only when more than half of the directors are present. Resolutions made by the board of directors must be passed by more than half of all directors.

Resolutions of the board of directors are voted by way of poll with each director having one vote.

If any director is related to the enterprise or individual involved in the resolution at a board meeting, the said director shall promptly report to the board of directors in writing. The director with a related party relationship shall not exercise his voting rights on the said resolution for himself or on behalf of another director. Such board meeting may be held when more than half of the non-related directors attend the meeting. The resolution of such board meeting shall be passed by more than half of the non-related directors. If the number of non-related directors attending the board meeting is fewer than three, the matter shall be submitted to the shareholders' meeting for consideration. Where the laws and regulations and securities regulations and rules of the places where the Company's shares are listed have any additional limitations in respect of the participation and voting by directors in board meetings, the Company shall comply with such provisions.

Directors shall attend the board meetings in person. Where a director is unable to attend a meeting for any reason, he/she may authorize another director to attend the meeting on his/her behalf in writing. The authorization letter shall set out the name of the authorized person, the matters to be authorized, scope of authorization and valid period, which shall be signed or sealed with the chop by the director who authorizes. An independent director may not appoint a non-independent director to attend the meeting on his/her behalf. The directors who attend the meeting on behalf of another director shall exercise the rights as directors within the scope of authorization. The responsibility of the director for voting matters remains even when another director represents him/her. If a director fails to attend a board meeting and does not authorize a representative to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at such meeting.

Independent Directors

Independent directors shall, in accordance with the provisions of laws, administrative regulations, the CSRC, securities regulations and rules of the places where the Company's shares are listed, and the

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

SENIOR MANAGEMENT MEMBERS

The Company shall have one chief executive officer, who shall be appointed or dismissed by the board of directors. The Company shall have vice presidents, who shall be appointed or dismissed by the board of directors.

The provisions in the Articles of Association in relation to the circumstances under which a person may not serve as a director and the resignation management system shall apply to the senior management members. The provisions in the Articles of Association regarding the fiduciary duties of directors and the duty of diligence of directors shall apply to the senior management members.

The chief executive officer is responsible to the board of directors and exercises the following powers:

- (I) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the board of directors and report on works to the board of directors;
- (II) To organize and implement the Company's annual business plan and investment proposals;
- (III) To draft plans for the establishment of the Company's internal management organizations;
- (IV) To draft the fundamental management system of the Company;
- (V) To formulate specific rules and regulations for the Company;
- (VI) To propose to the board of directors on the appointment or dismissal of vice president, and financial controller of the Company;
- (VII) To decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the board of directors;
- (VIII) Other functions and powers conferred by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association or the board of directors.

The chief executive officer shall attend the board meetings.

The Company shall be liable for damages caused to any third party by its senior management personnel in the course of performing their corporate duties. Where such senior management personnel are found to have acted with willful misconduct or gross negligence, they shall also be liable for compensation. If senior management personnel cause losses to the Company by violating laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the provisions of these Articles of Association while performing their duties, they shall be liable for compensation to the Company.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations, securities regulations and rules of the places where the Company's shares are listed and the provisions stipulated by the relevant authorities of the PRC.

The Company shall submit and disclose its annual reports to the relevant branch office of the CSRC and the stock exchange of the place where the shares of the Company are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange of the place where the shares of the Company are listed within two months from the end of the first half of each fiscal year.

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The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and securities regulations and rules of the places where the Company's shares are listed.

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

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the shareholders' meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may also draw the discretionary reserve fund from the after-tax profits.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise provided in these Articles of Association.

Where the shareholders' meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits so distributed in breach of regulations to the Company; if losses are caused to the Company, the shareholders and the directors and senior management members who are responsible shall bear liability for compensation.

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

The Company's common reserve shall be used to cover losses of the Company, expand the Company's production and operations, or be converted into additional registered capital of the Company.

The company's capital reserve is used to cover losses, expand production and operations, or increase the company's capital. However, the capital reserve is not used to cover losses. When the statutory provident fund is converted into capital, the retained provident fund shall not be less than 25% of the registered capital of the Company before the conversion.

The Company's board of directors must complete the distribution of dividends (or shares) within two months after the meeting of shareholders has approved the profit distribution plan, or after the board has formulated a specific plan in accordance with the conditions and caps for interim dividends for the following year approved at the annual meeting. Except under special circumstances, the company shall pay cash dividends of no less than 10% of the distributable profits recorded in the fiscal year.

The Company's profit distribution shall balance the provision of reasonable investment returns to investors with the Company's sustainable development. The profit distribution policy shall maintain continuity and stability.

Profit distribution may be made in the form of cash, shares, or a combination of cash and shares, with cash dividends being the preferred method.

Internal Audit

The Company has implemented an internal audit system, which shall specify the leadership structure, responsibilities and authorities, staffing, funding safeguards, utilization of audit results, and accountability mechanisms for internal audit work.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The internal audit system of the Company shall be implemented upon approval by the board of directors and shall be disclosed externally.

The internal audit department of the Company shall be supervised and inspected the Company's business activities, risk management, internal controls and financial information.

Appointment of Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law and securities regulations and rules of the places where the Company's shares are listed for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one year and can be re-appointed.

The appointment and removal of accounting firm by the Company shall be subject to the approval of the shareholders' meeting. The board of directors may not appoint accounting firm before the approval of the shareholders' meeting.

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

The audit fees of an accounting firm shall be determined at the shareholders' meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm 10 days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' meeting.

If any accounting firm offers to resign, it shall explain to the shareholders' meeting whether the Company has engaged in any misconduct.

MERGER, SPIN-OFF, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Spin-off, Capital Increase and Reduction

Corporate merger may take the form of merger by absorption or by establishment. Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to the establishment of a new company by merging two or more companies, whereby the merging parties shall be dissolved.

Where the consideration for a merger does not exceed 10% of the Company's net assets, it may be approved without a resolution of the shareholders' meeting, except as otherwise provided in the Articles of Association. If the Company proceeds with a merger without a resolution of the shareholders' meeting in accordance with the preceding paragraph, it shall be approved by a resolution of the board of directors.

In the event of any merger involving the Company, the Company shall enter into a merger agreement with other parties involved and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in the newspapers designated by the Company or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In the event of any merger involving the Company, the surviving company or the newly established company shall assume all claims and debts of the parties involved in such merger.

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In the event of any spin-off of the Company, its assets shall be divided accordingly. In the event of any spin-off of the Company, the Company shall prepare a balance sheet and a list of assets, notify its creditors within 10 days from the date of the resolution of spin-off and publish announcements in the newspapers designated by the Company or on the National Enterprise Credit Information Publicity System within 30 days.

Unless otherwise agreed by the Company and its creditors in writing prior to such spin-off with respect to the discharge of obligations, the company spun off from the Company shall be jointly and severally liable for the obligations of the Company prior to such spin-off.

The Company shall prepare a balance sheet and a list of assets on the reduction of its registered capital. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution on the reduction of the registered capital at the shareholders' meeting and publish announcements in the newspapers designated by the Company or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

Where the Company reduces its registered capital, it shall reduce the capital contributions or shares held by shareholders proportionately according to their shareholding, except as otherwise provided by law, securities regulations and rules of the places where the Company's shares are listed or the Articles of Association.

When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive rights, except as otherwise provided in the Articles of Association or if a resolution is passed at the shareholders' meeting granting shareholders such pre-emptive rights.

Where the merger or spin-off of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law. Any increase or reduction of the registered capital of the Company shall be registered with the company registry according to law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (I) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (II) The shareholders' meeting adopts a resolution to dissolve;
- (III) The Company needs to be dissolved for the purpose of merger or division;
- (IV) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;
- (V) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of voting rights of the Company's shareholders may request the people's court to dissolve the Company.

If dissolution causes stipulated in the preceding paragraph occur, the Company shall publicize the dissolution causes through the National Enterprise Credit Information Publicity System within ten days.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Under the circumstance set out in item (I) above and assets have not yet been distributed to the shareholders, the Company may continue its operation by amending the Articles of Association or resolution of the shareholders' meeting. Any amendment to the Articles of Association or resolution of the shareholders' meeting pursuant to the foregoing provision shall be subject to approval of two thirds or more of the votes held by the shareholders present at the shareholders' meeting.

Where the Company is dissolved under the circumstances set out in items (I), (II), (IV) and (V) above, it shall be liquidated. The directors shall be the liquidation obligors of the Company and the liquidation committee shall be established within 15 days from the date of the event leading to liquidation. The personnel of the liquidation committee shall consist of directors, except where otherwise provided in the Articles of Association or otherwise selected by the resolution at the shareholders' meeting. If a liquidation obligor fails to promptly perform his/her liquidation obligations, causing losses to the Company or creditors, such obligor shall be liable for compensation.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in the newspapers designated by the Company or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation committee shall carry out registration of the claims.

During the period for declaration of claims, the liquidation committee shall not make any repayment to the creditors.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a list of assets, it shall formulate a liquidation proposal and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets of the Company after paying the costs of liquidation, the employees' salaries, social insurance contributions and legal compensation, taxes and debts of the Company shall be distributed to the shareholders in proportion to their respective shareholding.

During the period of liquidation, the Company shall not engage in any business activity except for those relating to the liquidation. Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

In the event the liquidation committee finds that, after taking stock of the Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court for bankruptcy liquidation according to the law.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

- (I) Following the revision of the Company Law or relevant laws and administrative regulations or securities regulations and rules of the places where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations or securities regulations and rules of the places where the Company's shares are listed;
- (II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (III) A shareholders' meeting has decided on making amendments to the Articles of Association.

