

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

This appendix outlines the principal provisions of the Articles of Association. The summary of the Articles of Association shall take effect from the date the H shares are listed and traded on the Stock Exchange.

### **SHARES**

The shares of the Company are issued in the form of stock certificates.

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

The par value of shares issued by the company shall be denominated in Renminbi.

Neither the Company nor its subsidiaries (including the affiliated enterprises of the Company) shall provide financial assistance in form such as gifts, advances, guarantees, or loans, to others for acquiring shares of the Company or its parent, except when the Company implements an employee stock ownership plan.

In the interests of the Company, the Company may, by the resolution(s) of a shareholders' meeting, or by the resolution(s) of the board of directors in accordance with these Articles of Association or a mandate granted by shareholders, provide financial assistance to others for the acquisition of shares of the Company or those of its parent company, provided that the cumulative total of such financial assistance shall not exceed 10% of the total issued share capital. The relevant resolution(s) of the board of directors shall be passed by more than two-thirds of all directors.

### **INCREASE, DECREASE AND REPURCHASE OF SHARES**

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of resolutions at the general meeting:

- (i) issuing shares to unspecified parties;
- (ii) issuing shares to specific targets;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) converting the reserve funds into share capital;
- (v) other means approved by the laws, administrative regulations or approved by the CSRC.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be carried out in accordance with the procedures prescribed by the Company Law, the Hong Kong Listing Rules, other securities regulations of the place where the Company's shares are listed, other relevant provisions, and these Articles of Association.

The Company shall not acquire its own shares, except in any of the following circumstances:

- (i) to reduce the registered capital of the Company;
- (ii) to merger with other companies holding shares in the Company;
- (iii) to use shares for employee shareholding schemes or as equity incentives;

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

- (iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings regarding the merger or division of the Company;
- (v) to use the shares to satisfy the conversion of the convertible corporate bonds into shares issued by the Company;
- (vi) to safeguard corporate value and shareholders' interests as the Company deems necessary.

### **TRANSFER OF SHARES**

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

Shares issued prior to the public offering of shares of the Company shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall declare the Company their holdings of shares of the Company (including preference shares) and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed twenty-five (25) percent of their total holdings of shares in the same class of the Company. The shares of the Company held by them shall not be transferred within one (1) year from the date on which the Company's shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

When shareholders holding more than 5% of the shares, Directors and senior management officers of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains are owned by the Company and the Board of Directors of the Company shall recover its resulting gains. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC are excluded.

### **GENERAL PROVISIONS ON THE SHAREHOLDERS**

The Company shall establish a register of Shareholders in accordance with certificates provided by the securities registration and clearing authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the equal rights and assume the same obligations.

When the Company convenes a Shareholders' meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of identities of Shareholders, the Board or the convener of the Shareholders' meeting shall determine the record date. Shareholders included in the register of Shareholders at the close of business on the record date shall be the entitled Shareholders.

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of interest distribution according to the number of shares held;

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

- (ii) to legally require holding, convening, presiding over, participating in or authorizing proxies of Shareholders to attend the Shareholders' meeting and exercise corresponding voting rights;
- (iii) to supervise operations of the 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 and the Articles;
- (v) to inspect and copy the Articles, the register of Shareholders, Shareholders' meeting minutes, resolutions of meetings of the Board and financial and accounting reports;
- (vi) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon our termination or liquidation;
- (vii) to require the Company to acquire the shares from Shareholders voting against any resolution adopted at the Shareholders' meeting concerning the merger and division of the Company;
- (viii) other rights conferred by laws, administrative regulations, departmental rules and the Hong Kong Listing Rules or the Articles.

The Shareholders of the Company shall undertake the following obligations:

- (i) to abide by laws, administrative regulations and the Articles;
- (ii) to provide share capital according to the Shares subscribed for and the subscription methods;
- (iii) not to withdraw share capital unless prescribed otherwise in laws or 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;
- (v) to perform other duties prescribed in laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles.

Shareholders of the Company who abuse their Shareholders' rights and cause the Company or other Shareholders to suffer damages shall bear compensation liability in accordance with the 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 cause damage to the interests of the creditors of the Company shall bear joint liability for the Company's debt.

### GENERAL RULES OF THE GENERAL MEETING

The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

- (i) to elect and replace directors, and to decide on matters relating to the remuneration of directors;
- (ii) to consider and approve the reports of the Board;
- (iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

- (iv) to resolve on the increase or reduction of the registered capital of the Company;
- (v) to resolve on the issue of securities or bonds of the Company;
- (vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;
- (ix) to consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;
- (x) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (xi) to consider and approve the change in use of proceeds;
- (xii) to consider share incentive schemes and employee share ownership schemes;
- (xiii) to consider other matters required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association to be decided by the General Meeting.

The General Meeting may authorize the Board of Directors to make a resolution on the issuance of bonds of the Company.

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

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;
- (iii) when shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting;
- (iv) when the Board of Directors deems it necessary;
- (v) when the Audit Committee proposes to hold such a meeting;
- (vi) other circumstances as stipulated by 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.

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

### CONVENING OF GENERAL MEETINGS

The Board shall convene the Shareholders' meeting within the prescribed time limit.

Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

When the audit committee proposes to convene an extraordinary general meeting, it shall submit the proposal to the board of directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the consent of the Audit Committee.

Where the Board disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within ten (10) days after receiving the request, it shall be deemed that the Board is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than ten (10) percent of the Company's shares and request the Board to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response within ten (10) days after receiving the request, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

Where the Board agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five (5) days after making the Board resolution. Any change to the original request in the notice shall be subject to the consent of the relevant Shareholders.

Where the Board disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within ten (10) days after receiving the request, Shareholders who individually or collectively hold more than ten (10) percent of the Company's shares and propose to the Audit Committee to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Audit Committee.

Where the Audit Committee agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares (including preference shares with restored voting rights) for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing

Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

For the Shareholders' meetings convened by the Audit Committee or by the Shareholders themselves, the Board and the Secretary to the Board shall cooperate. The Board shall provide the register of Shareholders as at the Record Date. The register of shareholders obtained by the convener shall not be used for other purposes except for convening the general meeting.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

### **PROPOSALS AND NOTICES OF GENERAL MEETING**

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

### **HOLDING OF GENERAL MEETINGS**

The Board of the Company and other conveners shall take necessary measures to ensure the proper order of the general meeting. Any act that interferes with the general meeting, stirs up troubles or infringes upon the Shareholders' lawful rights and interests shall be stopped by the Company by taking proper measures and promptly reported to the relevant authorities for investigation.

All shareholders whose names appear on the register of members on the record date and Shareholders holding shares with special voting rights or their proxies registered on the record date for equity registration shall be entitled to attend the general meeting. They shall have the right to exercise voting rights in accordance with relevant laws, regulations, the Hong Kong Listing Rules, and the Articles. The Company and the convener shall not reject for any reason.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation.

### **VOTING AND RESOLUTIONS AT GENERAL MEETINGS**

Resolutions of the general meeting include ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders attending and entitled to vote at the general meeting.

A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board and, their remunerations and methods of payment;
- (iv) Other matters other than those required by the laws, administrative regulations, the Hong Kong Listing Rules, and the other securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) the increase or reduction of share capital of the Company;
- (ii) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (iii) amendments to the Articles;
- (iv) the acquisition or disposal of major assets or guarantees within one year reaches or exceeds 30% of the Company's latest audited total assets;
- (v) equity incentive plan;
- (vi) any other matters as required by the laws, administrative regulations, the Hong Kong Listing Rules and the other securities regulatory rules of the place where the shares of the Company are listed or the Articles, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

### General provisions in relation to directors

Directors are elected or replaced by the Shareholders' meeting and may be removed from office by the Shareholders' meeting before the expiration of their term. The term of office for Directors shall be three (3) years, and they may be re-elected for consecutive terms.

The term of office for Directors shall begin as of the date of their appointment and end when the current Board's term expires. If the term of office for Directors expires and a timely re-election has not been made, the outgoing Directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles until the newly elected directors take office.

Directors may concurrently hold other senior management positions, but the total number of Directors who concurrently hold other senior management positions and Directors who are employees' representatives shall not exceed half of the total number of Directors of the company.

### Board of Directors

The Company shall have a Board of Directors, and shall consist of no less than nine directors, of which one-third are independent directors.

The Board of Directors shall have one chairman and vice chairmen, who shall be elected by a majority of all directors of the Board of Directors.

The Board of Directors exercises the following powers:

- (i) To convene the general meeting and report on work to the general meeting;
- (ii) Implement the resolutions of the general meeting;
- (iii) Determine the business and investment plans of our Company;
- (iv) Devise the earnings distribution and loss offset plans of our Company;
- (v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of bonds or other securities, as well as the listing of the stock of our Company;
- (vi) Formulate plans for major acquisitions of the Company, the buy-back of shares of our Company, merger, separation, dissolution and changing the form of our Company;
- (vii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;
- (viii) Decide on the setup of our Company's internal management organization;
- (ix) To decide on matters such as appointment or dismissal of the Company's manager, secretary to the Board of Directors and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the manager;
- (x) Set the basic management systems of our Company;
- (xi) Make the modification plan to the Articles;

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

- (xii) Manage the disclosure of company information;
- (xiii) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;
- (xv) Attend to the work report of our Company's manager and review the work of the manager;
- (xvi) Other powers and duties authorized by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles.

The Board meeting shall be attended by a majority of the directors. Resolutions made by the Board of Directors shall be approved by a majority of all directors.

Voting on the resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

### **Independent Directors**

As members of the Board, independent Directors shall have fiduciary duties and duties of diligence to the Company and all Shareholders, and shall prudently perform the following duties:

- (i) to participate in the decision-making of the Board and express clear opinions on the matters under consideration;
- (ii) to supervise potential material conflicts of interest between the Company and controlling Shareholders, actual controllers, Directors and senior management so as to protect the lawful rights and interests of minority Shareholders;
- (iii) to provide professional and objective advice on the Company's operation and development, and promote the enhancement of the Board's decision-making level;
- (iv) other duties provided for by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles.

Article 130 The independent Directors shall exercise the following special duties and powers:

- (i) to independently engage intermediaries to audit, consult or verify specific matters of the Company;
- (ii) to propose to the Board to convene an extraordinary Shareholders' meeting;
- (iii) to propose to convene a Board meeting;
- (iv) to publicly solicit the rights of Shareholders from Shareholders in accordance with law;
- (v) to express independent opinions on matters that may jeopardize the interests of the Company or minority Shareholders;
- (vi) other duties and powers as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles.

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

When an independent Director exercises the powers and functions listed in (i) to (iii) of the preceding paragraph, he/she shall obtain the approval of a majority of all independent Directors.

### **Special Committees of the Board of Directors**

The Board of the Company has set up an Audit Committee to exercise the duties and powers of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee shall consist of three or more members who are non-executive Directors not serving as senior management of the Company. Among them, more than half of the members are independent Directors, and the convener (i.e., the chairman of the Committee) shall be an accounting professional selected from among the independent Directors.

An extraordinary meeting may be convened on the proposal of two or more members of the Audit Committee, or if the convener deems it necessary. A meeting of the Audit Committee may be held only when more than two-thirds of the members are present.

Resolutions of the Audit Committee shall be adopted by a majority vote of all its members.

Voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis.

Resolutions of the Audit Committee shall be recorded in meeting minutes, and the members present at the meeting shall sign the minutes.

Working rules and procedures for the Audit Committee shall be formulated by the Board.

The Board of the Company has set up the Nomination Committee, Remuneration Committee and other special committees, which shall perform their duties in accordance with the Articles and the authorization of the Board. Proposals from special committees shall be submitted to the Board for consideration and decision. Working rules and procedures for the special committees shall be formulated by the Board.

Independent directors shall constitute a majority of the members of the Nomination Committee and the Remuneration Committee, and serve as conveners. However, if 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 provide otherwise, those provisions shall prevail.

The Board may also set up additional committees or adjust the existing committees if necessary.

### **SENIOR MANAGEMENT MEMBERS**

The Company has one general manager and several deputy general managers, who are appointed or dismissed by the Board.

The general manager is responsible to the Board and exercises the following authorities:

- (i) preside over the production, operation and management work of the Company, organize the implementation of the resolutions of the Board, and report the work to the Board;
- (ii) organize the implementation of the Company's annual business plan and investment plan;
- (iii) draft the Company's internal management organization setup plan;

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

- (iv) draft the Company's basic management system;
- (v) formulate the specific rules and regulations of the Company;
- (vi) propose to the Board the appointment or dismissal of the Company's deputy general managers and chief financial officer;
- (vii) decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;
- (viii) other authorities granted by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board as a non-voting participant.

### FINANCIAL ACCOUNTING SYSTEM

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, relevant national departmental provisions, and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall prepare and submit financial accounting reports, including annual reports, in compliance with the relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where its shares are listed.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company's dividend policy requires the Board of Directors to propose the profit distribution policy for the current year within the annual profit distribution plan submitted to the general meeting for deliberation, and to provide a rationale for such proposal. The Company may distribute dividends in the form of cash, stock or a combination of cash and stock, and give priority to cash dividends. Profit distribution shall not exceed the scope of the cumulative distributable profits.

## APPENDIX V

## SUMMARY OF ARTICLES OF ASSOCIATION

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital immediately prior to such capital increase through provident fund transfer.

### APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint an accounting firm in compliance with the Securities Law to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company's accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

### Dissolution and Liquidation

The Company is dissolved for the following reasons:

- (i) expiration of the term of operation or occurrence of an event for dissolution provided in the Articles of Association;
- (ii) the general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary due to merger or division of the Company;
- (iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution.

The liquidation team shall be composed of the Directors, except as otherwise provided in the Articles of Association or as otherwise elected by the resolution of the Shareholders' meeting.

Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or the creditors, they shall be liable for compensation.

After liquidating the Company's property and preparing the balance sheet and a list of property, the liquidation team shall work out a liquidation plan and submit it to the Shareholders' meeting or the people's court for confirmation.

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

After liquidation expenses, employees' wages, social insurance expenses, and statutory compensation, all outstanding taxes and debts are paid off, the remaining assets shall be distributed to the Shareholders in proportion to their respective shareholdings.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to Shareholders until the debts specified in the preceding paragraph have been paid off.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

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

After the completion of the Company liquidation, the liquidation team shall prepare a liquidation report, submit it to the Shareholders' meeting or the people's court for confirmation, and report to the Company registration authority for cancellation of the Company registration.

### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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

- (i) After the amendments are made to the Company Law or relevant laws, administrative regulations, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations;
- (ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
- (iii) the general meeting decides to amend the Articles of Association.