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## APPENDIX III

## SUMMARY OF THE ARTICLES OF ASSOCIATION

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This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

### SHARES AND REGISTERED CAPITAL

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 any entity or individual.

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

#### Increase and Decrease of Shares

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

- i. Issuance of shares to unspecific parties;
- ii. Issuance of shares to specific parties;
- iii. Distribution of bonus shares to existing shareholders;
- iv. Converting the reserve funds into share capital;
- v. Other means stipulated by laws and administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The Company may decrease the registered capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law and other regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

#### Repurchase of Shares

The Company shall not repurchase its own shares, save as under any one of the following circumstances:

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

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A resolution shall be passed at the general meeting when the Company is to repurchase its own shares under the circumstances stipulated in (i) and (ii) of the preceding paragraph. In case of the circumstances stipulated in (iii), (v) and (vi) of the preceding paragraph, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the applicable securities regulatory rules of the place where the Company's shares are listed.

After the Company has repurchased its own shares in accordance with the provisions in the preceding paragraph, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

When the Company repurchases its own shares, it shall perform the obligation of information disclosure in accordance with the relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

### **Transfer of Shares**

Shares of the Company held by the founders shall not be transferred within one year from the date of incorporation of the Company. Shares issued prior to the public offering of shares of the Company shall not be transferred within one 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 of their holdings of shares of the Company 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 25% of their total holdings of shares of the same class of the Company. The shares of the Company held by them shall not be transferred within one 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. Where laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the CSRC imposes other provisions on the transfer of the Company's shares held by a shareholder, those provisions shall prevail.

## **SHAREHOLDERS AND GENERAL MEETINGS**

### **Shareholders**

The Company shall establish a register of shareholders in accordance with laws. 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 same rights and assume the same obligations.

The rights of our shareholders are as follows:

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

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- ii. To legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the general meeting and speak and exercise corresponding voting rights at the general meeting;
- iii. To supervise operations of the Company, provide suggestions or submit queries;
- iv. To transfer, grant or pledge the shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- v. To read and copy the Articles of Association, the register of shareholders, general meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports, and shareholders who meet the requirements may also inspect the accounting books and vouchers of the Company;
- vi. To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- vii. To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the general meeting concerning the merger and division of the Company;
- viii. Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

If the shareholders request access to relevant information mentioned in the above article or ask for relevant materials, they shall provide the Company with written documents evidencing the class and number of the shares held by them in the Company, upon verification of their status as shareholders, the Company shall provide such shareholders with the information as required by them.

If the content of the resolution of the Company's general meeting or Board of Directors violates laws, administrative regulations, the Shareholders have the right to request the people's court to clarify it invalid. If the convening procedures or voting methods of the general meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made, except, however, where there are only minor defects in the convening procedure or voting method of the general meeting or Board meeting, which do not have substantive effect on the resolution.

The obligations of the Company's Shareholders are as follows:

- i. To abide by laws, administrative regulations and the Articles of Association;
- ii. To provide Share capital according to the Shares subscribed and the subscription methods;
- iii. Not to withdraw Shares unless prescribed otherwise in laws and regulations;
- iv. Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

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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 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.

- v. To perform other duties prescribed in laws, administrative regulations and the Articles of Association.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days are entitled to submit a written request to the Audit Committee to file an action with the people's court. Where the Audit Committee violates laws, administrative regulations or the Articles of Association in their duty performance and causes losses to the Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the people's court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the Shareholder(s) specified in the Articles of Association may file an action with the people's court pursuant to the provisions of the preceding two paragraphs.

If Directors or senior management violate laws, administrative regulations, or the provisions of the Articles of Association and harm the interests of Shareholders, Shareholders may file an action with the people's court.

The controlling shareholders and actual controllers of the Company shall not use their connected relationships to harm the interests of the Company. Those who violate regulations and cause losses to the Company shall be liable for compensation.

The controlling shareholders and actual controllers of the Company have a fiduciary obligation towards the Company and other Shareholders of the Company. The controlling shareholder shall strictly exercise the rights of the investor in accordance with the law. The controlling shareholder shall not use profit distribution, asset restructuring, external investment, fund occupation, loan guarantee, etc. to harm the legitimate rights and interests of the Company and other Shareholders of the Company, and shall not use their controlling position to harm the interests of the Company and other Shareholders of the Company.

### **General Provisions for General Meetings**

The general meetings shall be divided into annual general meetings (AGM) and extraordinary general meetings (EGM). The annual general meeting shall be convened once a year, and shall be held within 6 months after the prior accounting year.

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The general meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

- i. To decide on the Company's operational policies and investment plans;
- ii. To elect or replace any Director (not including employee representative(s)), and to determine the remuneration of the relevant Directors;
- iii. To examine and approve reports of the Board of Directors;
- iv. To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- v. To decide on any increase or decrease of the Company's registered capital;
- vi. To decide on the issue of corporate bonds by the Company;
- vii. To decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- viii. To amend the Articles of Association;
- ix. To decide on the appointment and dismissal of the accounting firm that provides audits for the Company;
- x. To examine and approve the guarantees stipulated in Article 43 of the Articles of Association;
- xi. To examine and approve the financial assistance stipulated in Article 44 of the Articles of Association;
- xii. To examine matters relating to the total value of assets purchased or sold by the Company or the amount of the transaction calculated cumulatively within 12 consecutive months exceeds 30% of the audited total assets of the Company for the latest period;
- xiii. To examine and approve matters relating to changes in the use of proceeds;
- xiv. To examine the equity incentive plans and employee stock ownership plans;
- xv. To examine the cash dividend distribution plan;
- xvi. To decide on the Company's repurchase of its own shares under the circumstances stipulated in (i) and (ii) of Article 21 of the Articles of Association;
- xvii. To examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, which shall be decided by the general meeting.

The following guarantee matters of the Company shall be submitted to the general meeting for review and approval after being examined by the Board of Directors:

- i. The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

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- ii. Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;
- iii. Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 30% of the Company's total assets as audited in the latest period;
- iv. A guarantee provided to a party with an asset-liability ratio of over 70% as shown in its latest financial statement;
- v. The cumulative guarantee amount in the last twelve months has exceeded 30% of the Company's latest audited total assets;
- vi. The guarantee to be provided to a Shareholder, or to an actual controller or connected party thereof;
- vii. Other external guarantee matters that shall be decided at the general meeting as required by the relevant laws and regulations or the securities regulatory rules of the place where the Company's shares are listed.

The guarantee specified in (v) of the preceding paragraph shall be approved by a special resolution of the general meeting.

If the Company provides guarantees for the controlling shareholders, actual controller, and their connected parties, the controlling shareholder, actual controller, and their connected parties shall provide counter-guarantees. When the general meeting reviews proposals for guarantees provided to Shareholders, actual controller, and their connected parties, the Shareholder in question or the Shareholder under the control of the actual controller shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other Shareholders present at the general meeting.

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

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

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### Assembling of General Meetings

Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within 10 days of receipt, Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary general meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. In such cases, Shareholders who individually or collectively hold more than 10% of the Company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Where the Audit Committee or Shareholders decide to convene a general meeting by themselves, they shall notify the Board of Directors in writing. Where there are any other provisions of the securities regulatory rules of the place where the Company's shares are listed and without violating domestic laws, administrative regulations or the Articles of Association, such provisions shall prevail. Prior to the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

For general meetings convened by the Audit Committee or Shareholder(s) on its/their own, the Board of Directors and the secretary to the Board of Directors shall work in a cooperative manner. The Board of Directors shall provide the register of shareholders of the date of record.

In the event of the Audit Committee or the Shareholder(s) convening and holding a general meeting on its/their own, the necessary expenses incurred for such meeting shall be borne by the Company.

### Notices of General Meetings

A notice of a general meeting shall include the following:

- i. the time, venue and duration of the meeting;
- ii. matters and proposals submitted to the meeting for consideration;

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- iii. a prominent written statement that all Shareholders are entitled to attend general meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a Shareholder of the Company;
- iv. the record date of registration of Shareholders entitled to attend the general meeting;
- v. the name and telephone number of the regular contact person for the meeting;
- vi. the time and procedure for voting through telephonic, video-conference or other means;
- vii. other requirements stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice and supplementary notice of the general meeting shall fully and completely disclose all the specific contents of all proposals. The record date of registration shall be determined in accordance with the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

### **Proposals of General Meetings**

The Company may convene a general meeting, and the Board of Directors, the Audit Committee, as well as Shareholders who individually or collectively hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal. If, according to the securities regulatory rules of the place where the Company's shares are listed, the general meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

### **Form of Proxy for the General Meeting**

Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf. Such proxy need not be a Shareholder of the Company.

If an individual Shareholder attends the meeting in person, such Shareholder shall present his/her identity card or other valid certificates or evidence which can be used to substantiate his/her identity. If a proxy is appointed to attend the meeting, the proxy shall present his/her valid identity card and proxy form issued by the Shareholder.

With respect to a corporate Shareholder, its legal representative or a proxy appointed by the legal representative shall attend the meeting. If the legal representative attends the meeting, he/she shall present his/her own identity card, valid proof evidencing his/her qualification of serving as the legal representative. If a proxy is appointed to attend the meeting, the proxy shall present his/her own identity card and the written proxy form issued in accordance with law by the legal representative of the corporate Shareholder, and if a corporate Shareholder appoints a proxy to attend the general meeting, such proxy shall be entitled to vote at the meeting and shall be deemed as the corporate Shareholder's personal attendance at the general meeting.

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The Recognised Clearing House shall have the right to appoint proxies or corporate representatives to attend general meeting and creditors' meetings, and such proxies or corporate representatives shall enjoy statutory rights equivalent to those of other Shareholders, including the rights to speak and vote.

Where H shareholders are involved, compliance shall be effected in accordance with securities regulatory rules of the place where the shares of the Company are listed.

### General Meeting Voting

Resolutions of the general meeting shall be classified as ordinary resolutions and special resolutions. An ordinary resolution of the general meeting shall be adopted by a majority of the voting rights held by Shareholders (including Shareholder proxies) present at the general meeting. A special resolution of the general meeting shall require approval by at least two-thirds of the voting rights held by Shareholders (including Shareholder proxies) present at the general meeting.

Shareholders (including Shareholder proxies) shall exercise their voting rights according to the number of voting shares that they represent, with each share carrying one vote.

The shares held by the Company shall have no voting right, and such portion of shares shall not be included in the total number of voting shares of Shareholders attending the general meeting.

If the securities regulatory rules in the place where the shares of the Company are listed require any Shareholder to waive his/her voting right with respect to a matter to be resolved or restrict any Shareholder to vote for or against any matter to be resolved, no votes cast by such Shareholder or his/her proxy shall be counted in the event of any violation of such regulations or restrictions.

The Board of Directors, independent executive directors, and Shareholders who meet the eligibility conditions prescribed by relevant laws, administrative regulations, or the securities regulatory authorities of the Company's shares are listed may solicit voting rights from Shareholders.

The following matters shall be passed through ordinary resolutions at a general meeting:

- i. work reports of the Board;
- ii. plans for profit distribution and recovery of losses prepared by the Board;
- iii. appointment and dismissal of the members of the Board, and their remuneration and payment methods;
- iv. annual budgets and final accounts plans of the Company;
- v. annual report of the Company;
- vi. matters other than those which shall be passed by special resolutions as specified by laws, administrative regulations, securities regulatory rules of the places where the shares of the Company are listed, or the Articles of Association.

The following matters shall be approved through special resolution at a general meeting:

- i. increase or decrease of the Company's registered capital;

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- ii. division, merger, dissolution and liquidation or change of organizational form of the Company (including voluntary winding-up) ;
- iii. amendments to the Articles of Association and its appendices (including the rules of procedure of the general meeting and the rules of procedure for the Board of Directors);
- iv. matters involving the Company's purchase or sale of major assets reaching more than 30% of the Company's most recently audited total assets within one year;
- v. any external guarantees provided after the Company's aggregate guarantee amount exceeds 30% of its most recently audited total assets, calculated on a rolling 12-month cumulative basis of the guarantee amount;
- vi. equity incentive plan;
- vii. issuance of shares, convertible corporate bonds, preference shares, and other securities products approved by CSRC in accordance with the securities regulatory rules of the place where the shares of the Company are listed;
- viii. repurchase of the Company's shares under the circumstances specified in Article 21 (1) and (2) of the Articles of Association;
- ix. major asset restructuring;
- x. other matters stipulated by laws, administrative regulations, the securities regulatory rules of the places where the shares of the Company are listed, or the Articles of Association, as well as matters that the general meeting determines by ordinary resolution to have a material impact on the Company and require approval by special resolution.

### **Directors and the Board of Directors**

#### **Directors**

Directors shall be elected or replaced by the general meeting, with a term of three years. Directors whose terms have expired may be re-elected for consecutive terms. Director may concurrently hold the position of general manager or other senior management positions. However, the total number of directors who concurrently hold the positions of general manager or other senior management positions, as well as directors who are employee representatives, shall not exceed one-half of the total number of directors of the Company.

The Company appoints one director who is employee representative. The employee director is elected by the Company's employees through the employee representatives meeting, employee meeting or otherwise democratically, and does not need to be submitted to the general meeting for review. The Company may appoint independent directors, and the number of independent directors shall not be less than one-third of the number of members of the board of directors.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, and owe the following duties of loyalty to the Company. They shall also take measures to avoid conflicts between their own interests and the interests of the Company and shall not use their positions to seek improper benefits:

- i. not to abuse their powers to accept bribes or other illegal income or misappropriate the Company's properties;



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- iv. to sign a written confirmation on the Company's regular reports;
- v. to provide relevant information and materials to the Audit Committee truthfully and not to obstruct the Audit Committee or its members from exercising their powers;
- vi. other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Upon effectiveness of resignation or expiry of tenure of a director, he shall complete all hand-over procedures with the Board of Directors, and his loyalty duty to the Company and Shareholders will not be terminated as soon as the end of his tenure, and his confidentiality obligations for trade secrets of the Company shall survive the end of his appointment until such secrets become publicly available. The duration of other duty shall be determined according to the equity principle, taking into account the length of time between the occurrence of the event and the resignation, as well as the circumstances and conditions under which the relationship with the Company has ended.

Without the due authorization by the Board of Directors or under the Articles of Association, no director may act for the Company or the Board of Directors in his own name. Where any director acts in his own name but any third party reasonably believes that such director is acting for the Company or the Board of Director, such director shall first state his stance and status.

### **Chairman**

The Board of Directors shall have one chairman and may have one vice chairman. The chairman and vice chairman are elected by a majority of all the directors.

### **Board of Directors**

The Board of Directors consists of nine directors, including three independent directors and one director who is a representative of the employees.

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

- i. to convene the general meetings and report on its work to such general meeting;
- ii. to implement resolutions passed at the general meeting;
- iii. to decide on the Company's business plans and investment plans;
- iv. to formulate the Company's annual financial budgets and final accounts plans;
- v. to formulate the Company's profit distribution proposals and loss recovery proposals;
- vi. to prepare plans on increase or reduction of registered capital of the Company, issuance of bonds or other securities, and listing of the Company;
- vii. to formulate plans for material acquisitions, purchase of shares of the Company in accordance with the provisions of the Articles of Association, merger, division, dissolution or change of organizational form of the Company;

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- viii. to decide on external investment, asset acquisition or disposal, mortgage of assets, external guarantee, entrusted wealth management and connected transactions, donations, etc. of the Company, within the scope of delegation by the general meeting;
- ix. to determine on the establishment of the Company's internal management structure;
- x. to appoint or dismiss the Company's general manager and the secretary of the Board of Directors;  
  
based on the nomination of the chairman, to decide on the appointment or dismissal of the Company's secretary to the Board; based on the nomination of the general manager, to appoint or dismiss other senior management personnel of the Company, and to determine their remuneration and matters of reward and punishment;
- xi. to formulate the Company's basic management system;
- xii. to formulate proposals for amendments to the Articles of Association;
- xiii. to manage information disclosures of the Company;
- xiv. to propose to the general meeting to engage or replace the accounting firm which provides audit services to the Company;
- xv. to listen to work reports presented by the general manager of the Company and inspect the work of the general manager;
- xvi. to formulate the Company's equity incentive plan;
- xvii. to decide on the establishment of Special Committees under the Board;
- xviii. to decide on the Company's repurchase of its own shares in accordance with the provisions of the Articles of Association;
- xix. to exercise other functions and powers as stipulated by laws, administrative regulations, department rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The Board meeting shall be held only if more than half of the directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors, unless otherwise stipulated by laws, regulations, and the Articles of Association.

### **Special Committees under the Board**

The Company's Board of Directors shall establish an Audit Committee and may, as needed, set up relevant specialized committees such as strategy, nomination, and compensation and assessment committees. These specialized committees are accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association, the working rules of each specialized committee, and the authorization granted by the Board of Directors. Proposals from the specialized committees shall be submitted to the Board of Directors for deliberation and decision.

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### **Secretary to the Board**

The Company shall have a secretary to the Board, and shall be responsible for the preparation of the general meeting and Board meeting of the Company, the filing of documents and management of information regarding the Shareholders of the Company, and shall deal with information disclosure and other matters. The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

### **General Manager and Other Senior Management Personnel**

The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and 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. in accordance with the instruction of the Board of Directors to draft the annual financial budget and final accounts plans of our Company;
- iv. to draft plans for the subsidiaries of the Company of merger, division and reorganization;
- v. to draft the employee of the Company of salaries, benefits and incentives/disincentives policy and plans;
- vi. to draft plans for the establishment of the Company's internal management organizations;
- vii. to draft plans for the establishment of the Company's branches;
- viii. to draft the Company's basic management system;
- ix. to formulate specific rules and regulations for the Company;
- x. to propose to the Board of Directors on the appointment or dismissal of financial officer and other senior management personnel of the Company;
- xi. to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- xii. other functions and powers conferred by the Articles of Association or the Board of Directors.

### **Audit Committee**

The Audit Committee exercises the powers of the supervisory board as stipulated in the Company Law. The Audit Committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee requires the attendance of more than two-thirds of its members to be held. Resolutions made by the Audit Committee shall be passed by more than half of its members.

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Voting on Audit Committee resolutions shall be on a one-person, one-vote basis. Meeting minutes of Audit Committee resolutions shall be prepared in accordance with regulations, and the Audit Committee members attending the meeting shall sign the meeting minutes. The working rules of the Audit Committee shall be formulated by the Board of Directors.

### **Qualifications and Obligations of Directors and Senior Management Personnel of the Company**

A person may not serve as a director or senior management personnel if any of the following circumstances apply:

- i. a person who has no civil capacity or has restricted civil capacity;
- ii. a person who has been punished because of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order; or who has been deprived of his/her political rights because of committing offence, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, or who has been declared on probation, where less than two years have elapsed since the date of the completion of the probation period;
- iii. a person who is a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- iv. a person who was a legal representative of a company or enterprise which had its business licence revoked and was ordered to close down due to violation of the law and was personally liable, where less than three years have elapsed since the date of the revocation of the business licence of the company or enterprise;
- v. a person who has a relatively large amount of debts due and outstanding and has been listed as a dishonest debtor by the people's court;
- vi. the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- vii. other circumstances stipulated by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed.

### **Financial and Accounting Systems**

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations, and the provisions of relevant state departments.

The Company shall prepare the annual financial report within four months from the end of each fiscal year.

The above-mentioned financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

The Company shall not establish an accounting book other than those required by laws. No assets of the Company shall be deposited under any account opened in the name of any individual.

## APPENDIX III

## SUMMARY OF THE ARTICLES OF ASSOCIATION

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve of the Company. If the accumulated amount of the statutory reserve of the Company reaches more than 50% of the registered capital of the Company, the Company is released from the obligation of withholding such statutory reserve.

Where the Company's statutory reserve is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve according to the provisions of the previous paragraph.

After the Company withholds the statutory reserve from the after-tax profit, it may also withhold optional reserve fund from the after-tax profit upon the resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withdrawing the reserve funds may be distributed according to the proportion of shares held by the Shareholders, unless otherwise agreed upon by all Shareholders.

If the general meeting violates the provisions of the preceding paragraph and distributes profits to Shareholders before the Company has made up for losses and withdrawn the statutory reserves, the Shareholders must return the profits distributed in violation of the provisions to the Company.

Shares held by the Company itself do not participate in the profit distribution.

The Company must appoint one or more collection agents in Hong Kong for H shareholders. The collection agents shall collect and hold on behalf of the relevant H shareholders the dividends distributed to and other payables of the Company in respect of the H Shares, pending payment to such H shareholders. The collection agents appointed by the Company shall meet the requirements of laws and regulations and the securities regulatory rules at the place where the shares of the Company are listed.

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

When the statutory reserves are converted into capital, the remaining amount of such reserves shall not be less than 25% of the Company's registered capital before the increase.

After the general meeting of the Company has resolved on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of the dividends (or shares) within two months after convening of the general meeting. If the specific plan cannot be implemented within two months due to the requirements of laws and regulations and the securities regulatory rules at the place where the shares of the Company are listed, the implementation date of the specific plan may be adjusted accordingly in accordance with such requirements and the actual situations.

The Company shall implement an internal audit system, clarifying the leadership structure, responsibility and authority, staffing, financial security, use of audit results and accountability in respect of internal audit work. The internal audit system of the Company shall be implemented upon the approval of the Board of Directors. The internal audit institution of the Company supervises and inspects the business activities, risk management, internal control, financial information and other matters of the Company.

## APPENDIX III

## SUMMARY OF THE ARTICLES OF ASSOCIATION

The internal audit institution shall be responsible to the Board of Directors. The internal audit institution shall be subject to the supervision and instruction of the Audit Committee in the course of supervision and inspection of the business activities, risk management, internal control and financial information of the Company. If the internal audit institution identifies relevant material issues or clues, it shall report immediately and directly to the Audit Committee.

The Company shall appoint such accounting firm which has complied with the requirements of relevant laws and regulations and the securities regulatory rules at the place where the shares of the Company are listed for carrying out accounting statement auditing, net asset verification and other relevant consulting service. The term of appointment shall be one year and can be re-appointed.

The appointment and dismissal of an accounting firm by the Company shall be determined at the general meeting by way of an ordinary resolution, and the Board of Directors shall not appoint an accounting firm prior to the decision of the general 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 auditing fee of the accounting firm shall be determined at the general meeting.

When the Company dismisses or no longer re-appoints the accounting firm, it shall notify the accounting firm 30 days in advance; when the general meeting of the Company votes on dismissal of an accounting firm, the accounting firm shall be allowed to state its opinions.

### **Dissolution and Liquidation of the Company**

The Company shall be dissolved for the following reasons:

- i. the term of business stipulated in the Articles of Association expires or other cause of dissolution stipulated in the Articles of Association arises;
- ii. the general meeting has resolved on the dissolution;
- iii. dissolution is required due to the merger or division of the Company;
- iv. the business license of the Company is revoked or the Company is ordered to close down or deregistered in accordance with laws;
- v. the Company suffers significant difficulties in operation and management that cannot be resolved through other means, and its continued existence will cause significant losses to the interests of Shareholders, in which case Shareholders holding more than 10% of all Shareholders' voting rights of the Company may apply to the people's court for dissolution of the Company.

If the Company is dissolved due to the provisions in items i, ii, iv or v mentioned above, a liquidation shall be conducted. The Directors shall be the obligors for the liquidation of the Company and shall form a liquidation group to carry out the liquidation within 15 days from the date on which the cause of dissolution arises. The liquidation group shall be composed of Directors, unless otherwise stipulated in the Articles of Association or other persons otherwise resolved to be appointed by the general meeting.

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## APPENDIX III

## SUMMARY OF THE ARTICLES OF ASSOCIATION

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The liquidation group shall notify the creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims. During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to the Shareholders prior to making repayments pursuant to the provisions of the preceding paragraph.

If the liquidation group finds that the Company's assets are insufficient to repay the debts after sorting out the Company's assets and preparing the balance sheet and inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with laws.

After the Company is declared bankrupt in accordance with laws, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

- i. after amendments are made to the Company Law or relevant laws, administrative regulations and the securities regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws and administrative regulations;
- ii. there are any changes to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- iii. the general meeting has resolved to amend the Articles of Association.

If the amendments to the Articles of Association passed by resolutions of the general meeting are subject to the approval of the competent authorities, the amendments shall be submitted to the competent authorities for approval; if the amendments involve registration matters of the Company, change registrations shall be completed in accordance with laws.