The Articles of Association of the Company, which were adopted by the shareholders at the Shareholders' meeting held on June 19, 2026, will become effective on the date that the H shares of the Company are [REDACTED] on the Stock Exchange of Hong Kong. This appendix is intended to provide prospective [REDACTED] with a summary of Articles of Association of the Company. Accordingly, this appendix may not contain all information that prospective [REDACTED] may consider material or relevant.

1. Directors and the Board of Directors

(1) Power to allot and issue shares

The Articles of Association provide that the shareholders may authorize the Board of Directors through a general mandate at a general meeting to allocate or issue shares of no more than 20% of all outstanding H shares. The Board of Directors shall prepare a proposal for allotment or issue of shares, which shall be submitted to the Shareholders' meeting for approval by the shareholders in the form of a special resolution.

Any such allotment or issue shall comply with the procedures prescribed by applicable laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

(2) Power to dispose of assets of the Company or any subsidiary

The disposal of significant assets exceeding 30% of the total assets of the latest audited financial statements is subject to approval by the shareholders at the Shareholders' meeting in the form of a special resolution. The Board of Directors may decide on the disposal of the Company's assets in accordance with the authority granted by the shareholders at the Shareholders' meeting.

(3) Emoluments or compensation for directors' loss of office

There is no provision in the Articles of Association regarding the provision of emoluments or compensation to the directors for their loss of office.

(4) Loans to directors

There is no provision in the Articles of Association regarding the provision of loans to the directors.

(5) Financial assistance for the acquisition of the Company's shares

The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance in the form of gifts, advances, or loans for the acquisition of the Company's or its parent company's shares by third parties, except for Employee Stock Ownership Plan.

The Company may provide financial assistance for the acquisition of the Company's or its parent company's shares by third parties provided that such financial assistance is for the benefit of the Company and has been duly approved either by a resolution of shareholders in the Shareholders' meeting or by a resolution of the Board of Directors acting pursuant to authority granted under the Articles of Association or by shareholders. The aggregate amount of any such financial assistance shall in no event exceed 10% of the Company's total issued share capital. Any resolution of the Board of Directors approving such financial assistance must be passed by a super majority of not less than two-thirds of all directors then in office.

(6) Disclosure of interests in contracts with the Company and/or its affiliates

No director shall, without prior disclosure to and approval by either the Board of Directors or the Shareholders' meeting in accordance with the Articles of Association, directly or indirectly enter into any contract or transaction with the Company.

(7) Remuneration

The remuneration of directors shall be approved by the shareholders at a Shareholders' meeting in the form of an ordinary resolution.

(8) Appointment, resignation and removal

The Board of Directors shall consist of 9 directors, including 3 executive directors, 3 non-executive directors and 3 independent non-executive directors.

Directors shall be elected or replaced by the Shareholders' meeting. The Shareholders' meeting may remove any director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract, provided that such removal is in compliance with relevant laws and regulations.

The Board of Directors shall have one chairman. The chairman of the board shall be elected and dismissed by a vote of more than one half of the directors.

The term of office of a director shall be calculated from the date of assuming office until the expiration of the current term of office of the incumbent Board of Directors, which is three years. Upon expiration of the term, the director may be re-elected in accordance with the relevant regulatory rules of the place where the Company's shares are [REDACTED].

In the event a director is not re-elected in time for the expiration of his/her term of office, or if a director resigns during his/her term of office, resulting in the number of the board of directors being less than the minimum number required by law, before the re-elected director assumes his/her office, the original director shall still perform the duties of a director in accordance with the provisions stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

In the event a director resigns, the director shall notify the Company in writing, and the resignation shall take effect on the date the Company receives the notification; however, if the circumstances set forth in the preceding paragraph exist, the director shall continue to perform the duties.

None of the following persons shall serve as our director:

i. A person who has no civil capacity or has limited civil capacity;

ii. A person who has been imposed a penalty for the offense of corruption, bribery, embezzlement, larceny, disrupting the socialist economic order or has been deprived of political rights because of this conviction and is within five years from the expiry date of the sentence; in the case of a probation, less than two years have elapsed since the date of expiration of the probationary period;

iii. A person who is a former director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated because of poor operation, was personally liable for the bankruptcy of such company or enterprise, and is within three years from the date of completion of bankruptcy and liquidation of such company or enterprise;

iv. A person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years from the date on which the business license of such company or enterprise was revoked;

v. A person listed by the people's court as dishonest judgment debtor, who has a relatively large sum of debt, which was not paid at maturity;

vi. A person who is prohibited by relevant securities regulator from entering into the securities market and is still in such prohibition period; or

vii. A person who has been publicly determined by the stock exchange to be not suitable to serve as a director or senior management of a listed company, and the period has not elapsed; or

viii. Any other person who is otherwise not eligible under laws, administrative regulations, regulations of the authorities, regulatory documents and other conditions set out in the securities regulatory rules of the place where the Company's shares are [REDACTED].

The election, appointment or engagement of a director shall be invalid if such election, appointment or engagement violates the above-mentioned provisions. If a director falls into the situations provided in the above-mentioned situations during their term of office, they shall be dismissed by the Company.

(9) Borrowing powers

The Articles of Association do not contain any specific provisions regarding the borrowing powers of directors.

The Board of Directors shall be entitled to develop proposals for the Company to issue bonds and to list its Shares, and that such bond issues must be approved by the shareholders by a special resolution at the Shareholders' meeting.

2. Modification of the Articles of Association

The Company may amend its Articles of Association in accordance with laws, administrative regulations and the provisions of the Articles of Association.

In the event that the amendments to the Articles of Association passed by the Shareholders' meeting requires examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3. Modification of existing shares or classes of shares

There are no provisions for modification of rights in respect of existing shares or classes of shares in the Articles of Association.

4. Special resolutions needed to be adopted by absolute majority vote

The resolutions of the Shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

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

A special resolution may be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the Shareholders' meeting.

5. Voting rights

When shareholders (including proxies) vote at the Shareholders' meeting, they exercise their voting rights based on the number of voting shares they represent, and each share has one voting right.

The shares held by the Company itself shall have no voting right and shall not be counted in the total number of voting shares at the Shareholders' meeting.

Any shareholder who is required by the securities regulatory rules of the place where the Company's shares are [REDACTED] to abstain from voting on a matter or is limited to an affirmative or negative vote shall abstain from voting or be required to so vote; any vote cast by or on behalf of the relevant shareholder which is cast in violation of such requirement or restriction shall not be counted in the voting result.

6. Rules of the annual Shareholders' meeting

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

7. Accounts and audit

(1) Financial and accounting policies

The Company shall formulate its financial and accounting policies in accordance with laws, administrative regulations and rules formulated by the competent authorities.

The Company shall publish financial reports twice in each accounting year. Interim financial reports shall be published within three months of the end of the first six months of a fiscal year, while the annual financial report shall be published within four months of the end of each accounting year.

(2) Appointment and dismissal of accountants

The Company shall engage a reputable accounting firm that meets appropriate requirements of the relevant laws, regulations and regulatory requirements to be responsible for auditing its annual financial report, conduct accounting statement audit, net asset verification and other related consulting services, and the term of service shall be one year, which is renewable upon expiry of the term.

The appointment and removal of an accounting firm providing regular audit services to the Company shall be determined by ordinary resolution of the shareholders in the Shareholders' meeting.

Prior to the removal or the non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the accounting firm concerned 30 days in advance and such accounting firm shall be entitled to make representation at the Shareholders' meeting when voting on the dismissal of such firm at the Shareholders' meeting.

In the event the accounting firm resigns from its post, it shall make clear to the Shareholders' meeting whether there has been any impropriety on the part of the Company.

If the position of an appointed accounting firm is vacant, the Board of Directors may appoint an accounting firm before the start of the Shareholders' meeting. However, if during the vacant period, the Company has other incumbent accounting firms, such accounting firm may fill the vacancy.

8. Notice and agenda of the Shareholders' meeting

Under any of the following circumstances, the Board of Directors shall convene an extraordinary Shareholders' meeting within two months:

i. The number of directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;

ii. The uncovered losses of the Company reach one-third of its total paid-in registered capital;

iii. Shareholders holding 10% or more shares of the Company (including preference shares with restored voting rights) separately or jointly request in writing to convene an extraordinary Shareholders' meeting;

iv. The Board of Directors deems it necessary to convene an extraordinary Shareholders' meeting;

v. The audit committee proposes a relevant proposal; or

vi. Any other circumstances stipulated by laws, regulations, the securities regulatory rules of the place where the Company's shares are [REDACTED], and the Articles of Association.

In the event that the Shareholders' meeting is convened, the Board of Directors, the audit committee and shareholders who separately or jointly hold more than 1% of the shares of the Company (including preference shares with restored voting rights) may submit a proposal.

When convening an annual Shareholders' meeting, the Company shall notify shareholders by announcement 21 days before it is convened. When convening an extraordinary Shareholders' meeting, the Company shall send a written notice 15 days before it is convened.

The notice of the Shareholders' meeting shall be made in writing and include the following contents:

i. The place, date and time of the meeting;

ii. The matters and proposals to be considered at the meeting;

iii. A conspicuous statement that all shareholders are entitled to attend the meeting and appoint a proxy to attend and vote and that proxy need not be a shareholder;

iv. The date of shareholding registration for the shareholders who are entitled to attend the meeting;

v. The name and telephone number of the contact person for the meeting;

vi. The voting time and voting procedures for internet or other alternative voting methods; and

vii. Other requirements stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association.

The notice of the Shareholders' meeting and any supplementary notice shall contain a full and complete disclosure of all substantive details of every proposed resolution.

The resolutions of the Shareholders' meeting include ordinary resolutions and special resolutions. The following matters require approval by the Shareholders' meeting through ordinary resolution:

i. Work report of the Board of Directors;

ii. Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

iii. Appointment or dismissal of the members of the Board of Directors and their remuneration and payment methods;

iv. Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' meeting:

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

ii. Division, spin-off, merger, dissolution and liquidation of the Company;

iii. Amendment of the Articles of Association;

iv. Acquisition or disposal of material assets of the Company or provision of guarantees to others by the Company within one year exceeding 30% of the latest audited total assets of the Company;

v. Share incentive plan;

vi. Other matters recognized by ordinary resolution of the Shareholders' meeting that could materially affect the Company, and which are stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association to be approved by a special resolution.

In the event that any resolution of the Shareholders' meeting or resolution of the Board of Directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting method of the Shareholders' meeting or meeting of the Board violates any of laws, administrative regulations or the Articles of Association, or the content of resolution violates the Articles of Association, any shareholder is entitled to request the court to revoke the relevant resolution within 60 days after the resolution was adopted, unless there is only a minor defect in the procedures for convening a Shareholders' meeting or Board meeting or in the manner of voting, which does not materially affect the resolution

9. Share transfer

The shares issued before the public issuance of shares by the Company shall not be transferred within one year from the date on which the stocks of the Company are listed and traded on a stock exchange.

The directors and senior management of the Company shall declare to the Company information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25% of the total shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer their shares of the Company within six months from the date of their resignation.

If the securities regulatory authority of the place where the Company's shares are listed and the CSRC (if applicable) have any other provisions on the transfer restrictions of H Shares, such provisions shall prevail.

10. Powers of the Company to repurchase its own shares

The Company shall not repurchase its own shares, except under any of the following circumstances and provided that such repurchase does not violate laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association:

i. Reduce the registered capital of the Company;

ii. Merge with another company holding our shares;

iii. Grant shares to the employees of the Company as an incentive;

iv. Request the Company to repurchase its shares from shareholders who vote against any resolution adopted at the Shareholders' meeting concerning the merger and division of the Company;

v. Convert shares into bonds issued by the Company which is convertible to stock of the Company;

vi. Necessary for the Company to maintain the Company's value and shareholders' interests.

11. Power of any subsidiary of the Company to hold shares in its parent company

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

12. Dividends and other distribution methods

The Company may distribute dividends in the manner of cash or stock.

The Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months after the Shareholders' meeting has passed a resolution on the profit distribution plan, or upon the formulation of a specific plan by the Board of Directors in accordance with the conditions and ceiling for interim dividends in the following year approved at the annual Shareholders' meeting. If the Shareholders' meeting authorizes the Board of Directors to formulate a specific plan for dividend distribution, the Board of Directors shall complete the distribution of dividends (or shares) within two months of the Board of Directors meeting.

13. SHAREHOLDER PROXIES

Shareholders may attend the Shareholders' meeting in person or authorize a representative, who is not a shareholder, to attend and vote on their behalf.

Any proxy statement issued by a shareholder who authorizes a proxy to attend the Shareholders' meeting on his/her behalf shall include the following details:

i. the name or title of the appointer, class and number of the shares of the Company held;

ii. the name or title of the proxy;

iii. the shareholder's specific instructions, including respective instructions on for, against or abstention voting on each item for deliberation listed in the Shareholders' meeting agenda;

iv. the issuance date and valid period of the proxy statement;

v. the signature (or seal) of the appointer. Where the appointer is a corporate shareholder, the corporate seal of the legal entity shall be affixed.

14. CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association regarding the calls on shares and forfeiture of shares.

15. INSPECTION OF THE REGISTER OF SHAREHOLDERS

The Company establishes the register of shareholders according to the rules provided by the securities registration authority. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's shares. Shareholders enjoy rights and assume obligations according to the type and number of shares they hold.

Shareholders holding the same type of Shares shall enjoy the same rights and undertake the same obligations.

The original register of the shareholders of the H Shares [REDACTED] in Hong Kong shall be kept in Hong Kong.

When the Company convenes the Shareholders' meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the Board of Directors shall fix a date as the equity registration date, upon expiration of which the shareholders whose names registered on the register of shareholders shall be the shareholders entitled to relevant equity.

16. QUORUM FOR SHAREHOLDERS' MEETINGS

There are no provisions in the Articles of Association regarding the quorum for Shareholders' meetings.

17. RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION

If any director or senior management (other than a member of the Audit Committee) violates laws, administrative regulations or the Articles of Association in fulfilling his or her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 consecutive days shall have the right to request the Audit Committee in writing to institute legal proceedings with the People's Court; if the member of the Audit Committee violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the aforementioned shareholders shall have the right to request the Board of Directors in writing to institute legal proceedings with the People's Court.

If the Audit Committee or the Board of Directors refuses to institute legal proceedings after receipt of the aforesaid written request or fails to institute legal proceedings within 30 days after receipt of the aforesaid written request, or if under urgent circumstances that any delay of legal proceedings may cause irrecoverable damages to the interests of the Company, the shareholders specified above shall have the right to directly institute legal proceedings with the People's Court in their own names for the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders specified in the first paragraph may institute legal proceedings with the People's Court pursuant to the preceding provisions.

Where any director or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations or the Articles of Association in fulfilling his or her duties, thereby causing any loss to the Company, or where a third party infringes the lawful rights and interests of such wholly-owned subsidiary, thereby causing any loss, the shareholder(s) who individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall have the right to submit a written request to the board of supervisors or the Board of Directors of the wholly-owned subsidiary to initiate legal proceedings with the People's Court in accordance with the relevant provisions of the Company Law or directly initiate legal proceedings with the People's Court in their own names.

If a wholly-owned subsidiary of the Company does not set up the board of supervisors or does not have a supervisor, and sets up an audit committee instead, the relevant procedure specified in paragraph 1 and 2 above shall be followed.

If any director or senior management violates the laws, administrative regulations or the Articles of Association, thereby causing any loss to the shareholders' interests, the shareholders may institute legal proceedings with the People's Court.

18. LIQUIDATION PROCEDURES

The Company shall be dissolved under any of the following circumstances:

(i) the expiration of the business period as stipulated in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;

(ii) the Shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary as a result of the merger or division of the Company;

(iv) the business license of the Company is revoked, or the Company is ordered to be closed down, or it is deregistered according to law; and

(v) the Company is confronted with serious difficulties in operation and management, and its continued existence may cause material loss to the interests of its shareholders, and the difficulties cannot be resolved through other means, in which case the shareholders holding 10% or more of the voting rights held by all the shareholders of the Company may request a People's Court to dissolve the Company.

Where any ground for dissolution as specified in the preceding paragraph arises in respect of the Company, the Company shall within 10 days publish such ground for dissolution via the National Enterprise Credit Information Publicity System.

Where the Company is to be dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall undergo liquidation. Directors shall act as the liquidation obligor and establish a liquidation committee within 15 days from the date when the event of dissolution occurs. The members of the liquidation committee shall be composed of the directors or the personnel appointed by the Shareholders' meeting.

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

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall formulate a liquidation plan and submit it to the Shareholders' meeting or the People's Court for confirmation.

Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' meeting or the People's Court for confirmation, and file it with the Company Registry to apply for deregistration of the Company.

19. OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR SHAREHOLDERS

(1) General Provisions

The Company is a joint stock company. The operating period of the Company is from 29 August 2013 to 28 August 2033.

According to the Articles of Association, any shareholder may bring a lawsuit against another shareholder, director, or senior management, any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director or the senior management.

(2) Capital increase and capital reduction

The Company may increase stock capital by the following means in accordance with laws and regulations, subject to the approval by the Shareholders' meeting, for management and operation needs:

i. Issuing shares in a public offering;

ii. Issuing shares via a private placement;

iii. Giving bonus shares to existing shareholders;

iv. Converting reserve funds into shares; and

v. Other means approved by the laws, administrative regulations, departmental rules and relevant regulatory authorities where the Company's shares are listed and the CSRC (if necessary).

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

(3) Shareholders

A shareholder is entitled to rights and assumes obligations pursuant to the classification of shares he or she holds. Shareholder holding the same classified share has the same rights and assumes the same obligations.

The rights of our ordinary shareholders are as follows:

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

ii. To legally require, convene, preside over, participate in or authorize proxies of shareholders to participate in and exercise corresponding voting rights at the Shareholders' meeting;

iii. To supervise and manage business and operational activities of the Company, and to provide suggestions or submit queries;

iv. To transfer, grant or pledge the Company's shares he or she held according to the provisions of the laws, administrative regulations, regulatory rules where the Company's shares are listed and the Articles of Association;

v. To obtain relevant information according to the provisions of the Articles of Association, including reading and copying the Articles of Association, register of shareholders, minutes of Shareholders' meetings, resolutions of Board meetings; eligible Shareholders may inspect the accounting books and accounting vouchers;

vi. To participate in the distribution of residual properties of the company in proportion to the number of shares held in the event of the termination or liquidation of the Company;

vii. To request the Company to buy back their shares as dissenting shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;

viii. Other rights conferred by 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.

(4) The Board of Directors

The Board of Directors is responsible to the Shareholders' meeting.

The Board of Directors exercises the following powers:

i. To convene the Shareholders' meeting and report on its work to the Shareholders' meeting;

ii. Implement the resolutions of the Shareholders' meeting;

iii. Determine the business and investment plans of the Company;

iv. Formulate the earnings distribution and loss offset plans of the Company;

v. Formulate the proposals for increasing or decreasing the Company's registered capital, issuance of corporate bonds or other securities and the listing plan of the Company;

vi. Prepare plans for major acquisition, stocks buy-back, corporate merger, division, dissolution and change of corporate form of the Company;

vii. Determine, in accordance with the Articles of Association or within the scope authorized by the Shareholders' meeting, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted management of finance, related-party transactions and external donations;

viii. Decide on the establishment of the Company's internal management organization;

ix. Appoint or dismiss the general manager, secretary of the Board and other senior management personnel of the Company, and determine their remuneration, reward and disciplinary matters; upon the nomination of the general manager, appoint or dismiss senior management of the Company such as deputy general manager, financial controller etc., and determine their remuneration, reward and disciplinary matters;

x. Formulate the basic management systems of the Company;

xi. Formulate the modification plan to the Articles of Association;

xii. Manage the information disclosure of the Company;

xiii. Make proposals to the Shareholders' meeting on the appointment or replacement of the accounting firm that provides audit services to the Company;

xiv. Listen to work report of general manager and inspect the general manager's work;

xv. Formulate and implement share incentive plan of the Company;

xvi. Other powers and duties authorized 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.

Board meeting shall be held only if more than one half of the directors are present. Unless otherwise provided in the Articles of Association, resolutions of the Board of Directors shall be passed by a simple majority of all directors.

The Board of Directors of the Company shall give an explanation to the Shareholders' meeting on the non-standard audit report issued by the certified public accountants on the financial reports of the Company.

(5) Independent Non-executive director

The Board of Directors of the Company has three independent non-executive directors. At least one independent non-executive director shall have applicable professional qualification or are equipped with applicable accounting or financial management expertise.

(6) Secretary of the Board of Directors

The Secretary of the Board of Directors, as a senior management officer of the Company, shall be responsible for organizing the Shareholders' meetings and Board meetings, maintaining corporate records, managing shareholders' information and handling disclosure matters, while complying with all applicable laws, administrative regulations, departmental rules, and the provisions of the Articles of Association. The Company has one secretary of the Board of Directors.

(7) Audit committee

The Company shall set up an audit committee.

The audit committee consists of three directors.

The audit committee shall consist of directors who are not senior managements of the company, with at least two independent directors, and the convener shall be an independent director.

The audit committee shall be responsible for review of the Company's financial information and disclosure thereof, supervision and evaluation of internal and external audit work and internal control. The following matters shall, upon consent by more than half of all the members of the audit committee, be present to Board meeting for deliberation:

i. Disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report;

ii. Engagement or dismissal of accounting firm which undertakes audit business of a listed company;

iii. Engagement or dismissal of the financial controller of a listed company;

iv. Change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards;

v. Any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

(8) General manager

The Company has one general manager, appointed or dismissed by the Board of Directors. The general manager of the Company is responsible to the Board of Directors and exercises the following powers:

i. Be in charge of the producing and operational management of the Company, organize the implement of resolutions of the Board of Directors and report to the Board of Directors on his/her work;

ii. Organize the implementation of the Company's annual operation plans and investment schemes;

iii. Formulate the plans for establishment of the Company's internal management organization;

iv. Formulate the fundamental management systems of the Company;

v. Formulate the specific regulations and rules of the Company;

vi. Propose the Board of Directors of engagement or dismissal of the Company's deputy general manager, financial controller and other senior managements;

vii. Decide to engage or dismiss other managements except those who shall be appointed or dismissed by the Board of Directors;

viii. Other responsibilities authorized by the Articles of Association and the Board of Directors.

(9) Reserve fund

When the annual after-tax profits of the Company are distributed, the Company shall allocate 10% of the profits to the statutory reserve fund of the Company. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

If the Company's statutory reserve fund is insufficient to offset our losses during the previous year, the profits generated during the current year shall be used to cover such losses before allocating the statutory reserve in accordance with the requirements set forth above.

After allocation to the statutory reserve fund from the after-tax profits of the Company, we may also allocate to the discretionary reserves fund will from after-tax profits in line with the resolution(s) adopted at the Shareholders' meeting.

After the Company has covered for its losses and made allocations to its statutory reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders, unless otherwise specified by the Articles of Association.

If the Shareholders' meeting violates the above provisions and profits are distributed to the shareholders, the profits distributed in violation of the provisions shall be returned by such shareholders to the Company. If the Company suffers losses, the shareholders and responsible directors, senior managements shall be liable for compensation.

The shares held by the Company itself shall not be subject to profit distribution.

The Company's reserve fund shall be used to offset losses of the Company, expanding the scale of business and operations or for conversion into and increase our capital.

Where reserve fund is used to offset loss of the Company, the discretionary reserve fund and statutory reserve fund shall be firstly used; in the event they are insufficient for offsetting loss, the capital reserve fund may be applied to cover the company's losses.

Where the statutory reserve fund converses into the registered capital, the remaining statutory reserve fund shall not be less than 25% of the registered capital of the Company before such conversion.