
APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix mainly provides investors with an overview of the Articles of Association. Therefore, it may not contain all the information that may be important to investors.

SHARES

The Shares of the Company shall take the form of share certificates.

The Company shall issue Shares in an open, equitable and fair manner, and each of the Shares in the same class shall carry the same rights. Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for the same class of Shares issued in the same offering that it/he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Increase the Registered Capital

In light of the Company’s operational and developmental needs, the Company may increase its registered capital in accordance with the laws, regulations and the regulatory rules of the places where the Company’s Shares are listed and subject to a separate resolution of the Shareholders’ meeting, by any of the following methods:

- (I) offering of shares to non-specific targets;
- (II) offering of shares to specific targets;
- (III) allotment of bonus Shares to existing Shareholders;
- (IV) conversion of reserve fund into share capital;
- (V) other methods permitted by laws, administrative regulations, the regulatory rules of the places where the Company’s Shares are listed, and relevant state authorities such as the CSRC.

Reduce the Registered Capital

The Company may reduce its registered capital. Any reduction of the Company’s registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

Repurchase

The Company shall not acquire its Shares. However, exceptions are made in any of the following cases:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold Shares in the Company;
- (III) to use the Shares for employee shareholding schemes or as share incentives;
- (IV) to acquire the Shares of Shareholders (upon their request) who vote against any resolution adopted at any Shareholders’ meeting on the merger or division of the Company;
- (V) to use the Shares to satisfy the conversion of those corporate bonds convertible into Shares issued by the Company;
- (VI) to safeguard corporate value and Shareholders’ equity as the Company deems necessary;

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(VII) other circumstances as permitted by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed.

The Company may acquire its own Shares through an open and concentrated trading method, or other methods recognized by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and relevant state authorities such as the CSRC.

Transfer of Shares

The Shares of the Company shall be transferable in accordance with laws.

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

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations, the regulatory rules of the places where the Company's Shares are listed, or relevant state authorities such as the CSRC provide otherwise in respect of the transfer of the Company's Shares held by its Shareholders and actual controller, such rules shall prevail.

The Directors and senior management of the Company shall declare, to the Company, the 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 as determined upon taking office shall not exceed 25% of the total number of the same class Shares they hold in the Company. The Shares that they hold in the Company shall not be transferred within one year of the date on which the Shares of the Company are listed and traded. The aforesaid persons shall not transfer their Shares of the Company within half a year from the date of their resignation.

Where the Company's Directors, senior management or Shareholders who hold 5% or more of the Company's Shares sell the Company's Shares or other securities with the nature of equity they hold within six months of the relevant purchase, or purchase any Shares they have sold within six months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of the Company shall recover the proceeds. However, other circumstances shall be excluded where a securities company holds 5% or more of the Shares due to its purchase of any remaining Shares under best efforts underwriting and where the provisions of the regulatory authority at the places where the Company's Shares are listed or the CSRC apply.

Shares or other securities with the nature of equity held by Directors, senior management and natural person Shareholders as mentioned in the preceding paragraph include Shares or other securities with the nature of equity held by their spouses, parents or children, and held by them by using other people's accounts.

If the Board of the Company fails to comply with the provisions of the preceding paragraph, the Shareholders are entitled to request the Board to do so within 30 days. If the Board of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the people's court in their own names for the interest of the Company.

If the Board of the Company fails to implement the provisions of the preceding paragraph, the responsible Directors shall bear joint and several liability in accordance with laws.

SHAREHOLDERS

The Company shall establish a register of shareholders based on the certificates provided by the securities registration authorities. The register of shareholders shall be sufficient evidence proving the Shareholders' holding of the Company's Shares. Shareholders shall enjoy rights and assume obligations according to the class of Shares held by him/her. The Company shall ensure that the register of shareholders of overseas listed foreign shares is made available for check by Shareholders free of charge during business hours of the overseas agent. However, the register of shareholders may be closed on terms equivalent to those set out in Section 632 of the Companies Ordinance (Chapter 622 of

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the Laws of Hong Kong) by the Company. Shareholders who hold Shares of the same class shall enjoy equal rights and assume the equal obligations. A register of shareholders shall contain the following particulars:

- (I) the name and address of each Shareholder;
- (II) the class of shares and number of shares subscribed by each Shareholder;
- (III) the date on which each Shareholder acquired the shares;
- (IV) the Company shall sign a share custody agreement with the securities registration authorities for the purpose of inspecting the information and shareholding changes (including share pledge) of major Shareholders on a regular basis, in order to be informed of the shareholding structure of the Company in a timely manner.

Shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other forms of profit distributions in proportion to the number of Shares held;
- (II) the right to propose, convene, preside over, attend or appoint proxy(ies) to attend the Shareholders' meeting and to exercise the corresponding right to vote in accordance with the laws, unless individual Shareholders are required by the securities regulatory rules of the places where the shares are listed or applicable laws and regulations to abstain from voting on individual matters;
- (III) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;
- (IV) the right to transfer, give as a gift or pledge the Shares it holds in accordance with laws, administrative regulations, the regulatory rules of the places where the Company's Shares are listed and the Articles of Association;
- (V) the right to inspect and copy the Articles of Association, register of shareholders, minutes of Shareholders' meetings, resolutions of Board meetings, financial and accounting reports. Shareholders who meet the prescribed conditions may inspect the accounting books and vouchers of the Company;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of Shares held;
- (VII) Shareholders who object to resolutions of merger or division of the Company made by the Shareholders' meeting may request the Company to purchase the Shares they hold;
- (VIII) other rights as provided by laws, administrative regulations, departmental rules, the regulatory rules in the places where the Company's Shares are listed or the Articles of Association.

A resolution of the Shareholders' meeting or the Board of the Company may be declared void by the people's court upon application from Shareholders if the content contravenes the laws or administrative regulations. If the convening procedure or voting method of a Shareholders' meeting or the Board meeting contravenes the laws, administrative regulations or the Articles of Association, or if the contents of the resolutions of such meetings contravene 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 of the resolution. However, if the convening procedures or voting methods of the Shareholders' meetings and Board meetings are only slightly flawed and have no substantial impact on the resolution, this will be an exception.

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If the Board of Directors, Shareholders, or other relevant parties have a dispute over the validity of a resolution of the Shareholders’ meeting, they shall promptly file a lawsuit with the people’s court. Before the people’s court renders a judgment or ruling revoking the resolution, the relevant parties shall implement the resolution of the Shareholders’ meeting. The Company, the Directors, and senior management shall diligently perform their duties to ensure the normal operation of the Company. If the people’s court renders a judgment or ruling on the relevant matter, the Company shall fulfill its information disclosure obligations in accordance with laws, administrative regulations, the CSRC and the regulatory rules of the places where the Company’s shares are listed, fully explain the effect, and actively cooperate with the implementation of the judgment or ruling after it becomes effective. If the judgment or ruling involves rectification of prior events, the Company shall promptly handle and fulfill the corresponding information disclosure obligations.

The Shareholders of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay the share subscription price based on the Shares subscribed for by them and the method of acquiring such Shares;
- (III) not to withdraw its share capital unless prescribed otherwise in laws, regulations, the regulatory rules of the places where the Company’s shares are listed and the Articles of Association;
- (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 and the limited liability of Shareholders to harm the interests of the Company’s creditors;
- (V) other obligations imposed by laws, administrative regulations, the regulatory rules of the places where the Company’s shares are listed and the Articles of Association.

Any Shareholder who abuses Shareholders’ rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with laws; any Shareholder of the Company who abuses the status of the Company as an independent legal entity and the limited liability of Shareholders to evade debts and causes severe harms to the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

Controlling Shareholder and Actual Controller

The controlling Shareholder and actual controller of the Company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, and the requirements of the CSRC, the Hong Kong Securities and Futures Commission and the Hong Kong Stock Exchange, to safeguard the interests of the listed company.

The controlling Shareholder and actual controller of the Company shall comply with the following provisions:

- (I) to exercise Shareholders’ rights lawfully, and shall not abuse controlling rights or utilize related (connected) relationships to harm the legitimate interests of the Company or other Shareholders;
- (II) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (III) to fulfill information disclosure obligations in strict accordance with the relevant regulations, proactively cooperate with the Company in information disclosure, and promptly inform the Company of material events that have occurred or are proposed to occur;
- (IV) not to appropriate the Company’s funds in any way;

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- (V) not to order, instigate or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (VI) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (VII) not to harm the legitimate interests of the Company and other Shareholders through non-arm's length related (connected) transactions, profit distributions, asset reorganizations, external investments, or any other means;
- (VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (IX) laws, administrative regulations, provisions of the CSRC and the Hong Kong Securities and Futures Commission, business rules of the Hong Kong Stock Exchange, and other provisions of the Articles of Association.

The provisions regarding the fiduciary duties and diligence obligations of directors under the Articles of Association shall apply to the controlling Shareholder or actual controller of the Company who does not serve as a director of the Company but actually executes the affairs of the Company.

Where a controlling Shareholder or actual controller of the Company instructs a director or senior management to harm the interests of the Company or the Shareholders, he/she shall bear joint and several liability with such director or senior management.

Where a controlling Shareholder or actual controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the Company's control and production operations. Where a controlling Shareholder or actual controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the provisions of the CSRC, the Hong Kong Securities and Futures Commission and the Hong Kong Stock Exchange, as well as his/her undertakings in respect of the restriction on the transfer of shares.

General Requirements of Shareholders' Meeting

The Shareholders' meeting of the Company is composed of all Shareholders. The Shareholders' meeting is the body of power of the Company which exercises the following functions and powers according to laws:

- (I) to elect and replace the Directors who are not employee representatives and to decide on the 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 plan and plan for recovery of losses;
- (IV) to resolve on the increase or reduction of the Company's registered capital;
- (V) to resolve on issuance of corporate bonds or any class of shares, warrants and other similar securities as well as the listing;
- (VI) to resolve on the merger, division, dissolution, liquidation or changing the form of the Company;
- (VII) to amend the Articles of Association;

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- (VIII) to adopt resolutions on the Company's appointments and dismissals of accounting firms undertaking the Company's audit work and their remuneration;
- (IX) to consider and approve the guarantees provided in Article 48 of the Articles of Association;
- (X) to consider the purchase or sale of major assets by the Company in excess of 30% of the Company's latest audited total assets within one year;
- (XI) to consider and approve changes in the use of proceeds;
- (XII) to consider the equity incentive plans and employee shareholding schemes; and
- (XIII) to consider other matters on which decisions shall be made by the Shareholders' meeting as required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the places where the Company's Shares are listed or the Articles of Association, the rules of procedure for the Shareholders' meetings and the internal basic rules of the Company.

The Shareholders' meeting may authorize the Board to make resolutions on the issuance of corporate bonds. Unless otherwise stipulated in the laws, regulations, securities regulatory rules of the places where the Company's shares are listed and the Articles of Association, the functions and powers of the Shareholders' meeting mentioned above shall not be delegated to the Board or any other body or individual.

The following external guarantees of the Company shall be considered and approved by the Shareholders' meeting:

- (I) Any guarantee provided after the total amounts of the external guarantees provided by the Company and its majority-owned subsidiaries exceed 50% of the latest audited net assets;
- (II) Any guarantee provided after the total amounts of the external guarantees provided by the Company exceed 30% of the latest audited total assets;
- (III) Guarantees of which the amount of guarantee provided by the Company to others within one year exceeds 30% of the latest audited total assets of the Company;
- (IV) Guarantees provided to any guaranteed party whose gearing ratio exceeds 70%;
- (V) Guarantees of which the amount of a single guarantee exceeds 10% of the latest audited net assets;
- (VI) Guarantees provided to Shareholders, actual controllers and their related (connected) parties;
- (VII) Other external guarantees matters that shall be considered by the Shareholders' meeting as required by laws, administrative regulations, rules and regulations, the securities regulatory rules of the places where the Company's shares are listed, other normative documents, and the Rules for Management of External Guarantee of the Company.

Convening of Shareholders' Meeting

The Board of Directors shall convene Shareholders' meetings on time within the stipulated period. With the consent of more than half of all independent non-executive Directors, independent non-executive Directors shall be entitled to submit a proposal to the Board on holding an extraordinary Shareholders' meeting. For such a proposal by independent non-executive Directors to convene an extraordinary Shareholders' meeting, the Board shall give a written reply as to whether it agrees or disagrees to hold an extraordinary Shareholders' meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

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Where the Board agrees to hold an extraordinary Shareholders' meeting, a notice of the Shareholders' meeting shall be given within 5 days after the resolution of the Board is made.

The Audit Committee shall be entitled to submit a proposal in writing to the Board on holding an extraordinary Shareholders' meeting. The Board shall give a written reply as to whether it agrees or disagrees to hold an extraordinary Shareholders' meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, and the Articles of Association.

Where the Board agrees to hold an extraordinary Shareholders' meeting, a notice of Shareholders' meeting shall be given within 5 days after the resolution of the Board is made. Any change to the original proposal in the notice shall be subject to the approval from the Audit Committee.

Where the Board does not agree to hold an extraordinary Shareholders' meeting or fails to give a reply within 10 days upon receipt of the proposal, it shall be deemed that the Board is unable or fails to perform its duty of convening a Shareholders' meeting. In such case, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or together hold 10% or more of the Shares of the Company shall have the right to request the Board to convene an extraordinary Shareholders' meeting and such request shall be made to the Board in writing. The Board shall give a written reply as to whether it agrees or disagrees to hold an extraordinary Shareholders' meeting within 10 days upon receipt of the request in accordance with laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

Where the Board agrees to hold an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after the resolution of the Board is made. Any change to the original request in the notice shall be subject to the approval from the relevant Shareholders.

Where the Board does not agree to hold an extraordinary Shareholders' meeting or fails to give a reply within 10 days upon receipt of the request, Shareholders who individually or together hold more than 10% of the Shares of the Company shall have the right to submit a proposal to the Audit Committee on holding an extraordinary Shareholders' meeting and such request shall be made to the Audit Committee in writing.

Where the Audit Committee agrees to hold an extraordinary Shareholders' meeting, it shall issue a notice of Shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be approved by the relevant Shareholders.

Where the Audit Committee fails to give the notice of the Shareholders' meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene and preside over the meeting, in which case, Shareholders who individually or together hold more than 10% of the Shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

Where the Audit Committee or Shareholders decide to convene a Shareholders' meeting on their own, they must notify the Board of Directors in writing and send relevant documents to the securities regulatory authority in the place where the Company is registered and the place where the Company's shares are listed in accordance with applicable provisions for filing (if required).

The Audit Committee or the convening Shareholders shall submit relevant supporting materials to the securities regulatory authority in the place where the Company is registered and the place where the Company's shares are listed in accordance with applicable provisions when issuing the notice of the Shareholders' meeting and the announcement of the resolutions of the Shareholders' meeting (if required).

Before announcing the resolution of the Shareholders' meeting, the proportion of Shares held by the convening Shareholders shall not be less than 10%.

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For the Shareholders' meetings convened by the Audit Committee or Shareholders themselves, the Board shall cooperate. The Board shall provide the register of shareholders as at the date of record.

For the Shareholders' meetings convened by the Audit Committee or the Shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

Proposals and Notices of Shareholders' Meeting

The contents of a proposal shall be within the scope of the duties and powers of the Shareholders' meeting, have definite themes and specific matters for resolutions, as well as be in compliance with laws, administrative regulations, regulatory rules of the places where the Company's Shares are listed, and the relevant requirements set forth in the Articles of Association.

When the Company convenes a Shareholders' meeting, the Board, the Audit Committee and Shareholders who individually or together hold more than 1% of the Shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or together holding more than 1% of the Shares of the Company can put forward a temporary proposal 10 days before the Shareholders' meeting is held and submit the proposal to the Board in writing. The temporary proposal shall contain definite themes and specific matters for resolutions. The Board shall notify other Shareholders within 2 days upon receiving such proposal, and submit such temporary proposal to the Shareholders' meeting for consideration, unless the temporary proposals violate the provisions of the laws, administrative regulations, the securities regulatory rules of the places where the Company's Shares are listed or the Articles of Association, or do not fall within the scope of the duties and powers of the Shareholders' meeting.

Save as specified in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the Shareholders' meeting or add any new proposals subsequent to the issue of the notice.

The Shareholders' meeting shall not vote or pass resolutions on proposals not listed in the notice of the Shareholders' meeting or proposals not in conformity with the Articles of Association.

Where the Company convenes Shareholders' meetings, the convener shall notify each Shareholder 21 days prior to an annual Shareholders' meeting and shall notify each Shareholder 15 days prior to an extraordinary Shareholders' meeting. For the purpose of calculating the starting date, the day on which the meeting is held shall be excluded.

Notice of Shareholders' meeting shall include the following contents:

- (I) the date, venue and duration of the meeting;
- (II) matters and proposals to be considered at the meeting;
- (III) an express statement that the entire Shareholders are entitled to attend the Shareholders' meeting, and to appoint proxy(ies) in writing to attend and vote on his/her behalf at the meeting, and that a proxy need not be a Shareholder of the Company;
- (IV) the record date on which the Shareholders are entitled to attend the Shareholders' meeting;
- (V) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (VI) the voting time and procedure via internet or through other means.

The notice and the supplementary notice of the Shareholders' meeting shall fully and completely disclose the contents of all proposals.

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After issuing the notice of the Shareholders’ meeting, the Shareholders’ meeting shall not be postponed or canceled and the proposals listed in the notice of the Shareholders’ meeting shall not be canceled without justified reasons. In the event of postponement or cancelation, the convener shall make an announcement and specify the reasons at least 2 working days before the original scheduled date of the meeting. If the securities regulatory rules of the place where the Company’s shares are listed have special provisions on the procedures for postponing or canceling the Shareholders’ meeting, such provisions shall prevail, provided that they do not violate the domestic regulatory requirements.

Holding of Shareholders’ Meeting

All Shareholders (or their proxies) of the Company who are registered on the record date shall have the right to attend the Shareholders’ meeting and exercise voting rights in accordance with relevant laws, regulations, the regulatory rules of the places where the Company’s Shares are listed and the Articles of Association, unless certain Shareholders are required to abstain from voting on specific matters according to the Hong Kong Listing Rules. Pursuant to the applicable laws and regulations and the listing rules of the stock exchange where the Company’s shares are listed, whereas any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be tallied.

Any Shareholder entitled to attend and vote at a Shareholders’ meeting shall have the right to appoint a person (who may not be a Shareholder) to act as his/her proxy to attend and vote at the meeting on his/her behalf. If the Shareholder is a company, it may appoint a representative to attend any Shareholders’ meeting of the issuer and vote thereat, and if the company has appointed a representative to attend any meeting, it shall be deemed as a personal attendance. The Company may sign the form for appointing a proxy through its formally authorized personnel.

The Shareholder’s proxy shall exercise the following rights in accordance with the Shareholder’s authorization:

- (I) the same right as the Shareholder to speak at the meeting;
- (II) the right to demand or join in demand for a poll;
- (III) unless otherwise prescribed by relevant laws, administrative regulations, listing rules of the stock exchange in the place where the Company’s shares are listed or other securities laws and regulations, the right to exercise voting rights by a show of hands or by poll.

If the Shareholder is a recognized clearing house (or its proxy) within the meaning of the relevant regulations imposed in Hong Kong from time to time, the Shareholder may authorize one or more persons whom it considers appropriate to act as its representative(s) at any Shareholders’ meeting; provided that if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and shall be signed by authorized proxies of recognized clearing house. Such person so authorized shall be entitled to attend the meeting on behalf of the recognized clearing house or its proxy (without presentation of evidence of its shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same) and speak at the meeting and exercise his/her rights, as if such person was an individual Shareholder of the Company. These authorized persons enjoy statutory rights (including the right to speak and vote) equivalent to those enjoyed by other Shareholders.

An individual Shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity. If a Shareholder appoints a proxy to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the Shareholder.

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A legal person Shareholder shall attend the meeting by its legal representative or proxy appointed by the legal representative. Where the legal representative attends the meeting, he/she shall produce his/her own identification card and valid certificates evidencing his/her capacity as the legal representative. Where a proxy attends the meeting, he/she shall produce his/her own identification card and the written power of attorney issued by the legal representative of the legal person Shareholder according to laws.

In case of a Shareholder who is a partnership, such Shareholder shall attend the meeting through the managing partner (a natural person) or a proxy of the managing partner, or an agent entrusted by the managing partner or by the proxy of managing partner. Where the managing partner (a natural person) or the proxy of the managing partner attends the meeting, he/she shall produce his/her identity card and valid proof of his/her status; and where an agent attends the meeting, the agent shall produce his/her identity card and a written power of attorney issued by the managing partner or the proxy of the managing partner.

A proxy of attorney issued by a Shareholder to entrust another person as his/her proxy to attend the Shareholders' meeting shall contain the following:

- (I) the name of the appointer and the class and number of shares of the Company held by him/her;
- (II) whether he/she has rights to speak and vote;
- (III) the name of the proxy;
- (IV) specific instructions from Shareholders, including the instructions to vote in favor of or against, or to abstain from voting on, each matter set out on the agenda of the Shareholders' meeting, etc.;
- (V) the issuing date and validity period of the power of attorney;
- (VI) signature (or seal) of the principal. If the principal is a legal person Shareholder or a partnership Shareholder, the corporate seal of the legal person or the partnership Shareholder shall be affixed.

The power of attorney shall indicate whether the proxy can vote as he/she thinks fit or not if the Shareholder does not make specific instructions. Where the power of attorney is signed by a person authorized by the principal, the power of attorney or other authorization instruments authorized to be signed shall be notarized. The notarized power of attorney or other authorization instruments, together with the power of attorney, shall be lodged at the domicile of the Company or other places as specified in the notice of the meeting.

Where the Shareholders' meeting requires Directors and senior management to attend, Directors and senior management shall attend the meeting and answer the inquiries of Shareholders.

The Shareholders' meeting shall be presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable to or fails to perform his/her duties, a director elected by more than half of all directors shall preside over the meeting. If a Shareholders' meeting is convened by the Audit Committee itself, the convener of the Audit Committee shall preside over the meeting. If the convener of the Audit Committee is unable to or fails to perform his/her duties, a member of the Audit Committee elected by more than half of all members of the Audit Committee shall preside over the meeting. The Shareholders' meeting convened by Shareholder itself shall be presided over by a representative elected by the convener.

In a Shareholders' meeting, if the chairman of the meeting contravenes the rules of procedure, making the meeting impossible to proceed, with consent from more than half of the attending Shareholders with voting rights, the Shareholders' meeting may nominate one person to serve as the chairman and continue with the meeting.

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Voting and Resolutions at Shareholders' Meetings

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

An ordinary resolution of the Shareholders' meeting shall be adopted by more than half of the votes held by the Shareholders (including proxies of Shareholders) attending the Shareholders' meeting. A special resolution of the Shareholders' meeting shall be adopted by more than two-thirds of the votes held by the Shareholders (including proxies of Shareholders) attending the Shareholders' meeting.

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

- (I) the increase or reduction of the registered capital of the Company;
- (II) the division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendment to the Articles of Association;
- (IV) the purchases or sales of material assets by the Company within one year or the guarantee amount provided to others exceeding 30% of the latest audited total assets of the Company;
- (V) the share incentive scheme;
- (VI) other matters stipulated by laws, administrative regulations, securities regulatory rules of the places where the Company's Shares are listed, or the Articles of Association, as well as other matters that the Shareholders' meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

Other matters other than those approved by special resolution as stipulated in the laws, administrative regulations, regulatory rules of the places where the Company's shares are listed or the Articles of Association shall be approved by the Shareholders' meeting through ordinary resolutions.

Shareholders (including proxies of Shareholders) may exercise their voting rights by the number of Shares held by them which carry the right to vote. Each share shall have one vote. The Shares of the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting Shares represented by Shareholders attending a Shareholders' meeting. If a Shareholder purchases Shares with voting rights of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, such Shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted in the total number of Shares with voting rights present at the Shareholders' meeting.

Except as otherwise stipulated by the securities regulatory rules of the places where the Company's shares are listed, when relevant related (connected) transaction is considered at a Shareholders' meeting, the related (connected) Shareholders shall not vote, and the voting Shares held by them shall not be counted in the total number of Shares with valid voting rights; the resolutions of the Shareholders' meeting shall fully disclose the voting of non-related (connected) Shareholders.

DIRECTORS AND THE BOARD

Directors

Directors of the Company shall be natural persons. Under any of the following circumstances, a person shall not serve as a Director of the Company, and a candidate for Director shall not be nominated as a Director of the Company:

- (I) a person without capacity or with limited capacity of civil conduct;

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- (II) a person who has committed offenses relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of socialist market economic order and has been sentenced to criminal punishment and deprived of political rights, where less than five years has elapsed since the date of restoring his/her political rights, or who has been pronounced to suspended sentence, where less than two years has elapsed since the date of expiration of the probation period;
- (III) a person who was the Director, factory manager or general manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such company or enterprise, where less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) a person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of the laws and who was personally liable, where less than three years has elapsed since the date of the revocation or closure;
- (V) a person who has a substantial number of debts due and outstanding and listed as a judgment defaulter by the people's court;
- (VI) a person who is subject to the CSRC's measures which prohibit him/her from entering into the securities market for a period which has not yet expired;
- (VII) a person who is publicly deemed by a stock exchange as unsuitable to serve as a Director and senior management of a company and the term has not expired;
- (VIII) other circumstances specified by the laws, administrative regulations, securities regulatory rules of the places where the Company's Shares are listed or departmental rules.

Any election, designation or appointment of a Director made in contravention of this Article shall be null and void. Any Director who becomes disqualified during his/her term of office pursuant to this Article shall be removed from office by the Company.

Non-employee Directors shall be elected or replaced at Shareholders' meeting and shall be removed from office prior to the expiry of their tenure by Shareholders' meeting. Employee Directors shall be democratically elected by the employees of the Company at the employees' representative meeting or other forms, and be eligible to be a member of the Board directly. The Company shall have one employee Director. The term of office for Directors is three years, and they may be re-elected for consecutive terms.

The term of office of a Director shall commence from the date on which the said Director assumes office until the expiry of the term of office of the current session of the Board. A Director shall continue to perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Subject to the securities regulatory rules of the places where the Company's shares are listed, if the Board of Directors appoints new Directors to fill a temporary vacancy of the Board or to increase the number of Directors, the term of the appointed Directors shall only extend to the first annual Shareholders' meeting of the Company following their appointment, at which time they shall be eligible for re-election.

Board

The Company has established the Board which shall be accountable to the Shareholders' meetings. The Board consists of seven Directors, including three independent non-executive Directors. The Board shall have one chairman.

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The Board exercises the following functions and powers:

- (I) to convene Shareholders’ meetings and report on its work to the Shareholders’ meetings;
- (II) to implement the resolutions of the Shareholders’ meetings;
- (III) to decide on the Company’s business plans and investment plans;
- (IV) to formulate the Company’s profit distribution plan and loss recovery plan;
- (V) to formulate proposals for the increase or reduction of the Company’s registered capital, issuance of bonds or other securities, and listing plans;
- (VI) to formulate plans for major acquisitions of the Company, purchase of our Company’s Shares, or merger, division, dissolution and change of form of our Company;
- (VII) within the scope authorized by the Shareholders’ meeting, to decide on the Company’s external investment, acquisition and sale of assets, asset pledge, external guarantee matters, entrusted wealth management, related (connected) transactions, and external donations;
- (VIII) to decide on the establishment of the Company’s internal management structure;
- (IX) to decide on the appointment or dismissal of the Company’s manager and other senior management, and to determine their remuneration, rewards and punishments; to decide on the appointment or dismissal of the deputy manager and chief financial officer and other senior management of the Company based on the nominations by the manager, and to determine their remuneration, rewards and punishments;
- (X) to formulate the Company’s basic management system;
- (XI) to formulate proposals for any amendment to the Articles of Association;
- (XII) to manage the information disclosure matters of the Company;
- (XIII) to propose to the Shareholders’ meeting the appointment or change of the accounting firm acting as the auditor of our Company;
- (XIV) to receive the work report of the Company’s manager and examine the manager’s work;
- (XV) other duties and powers stipulated by laws, administrative regulations, departmental rules, regulatory rules of the places where the Shares of the Company are listed, the Articles of Association, the internal basic rules of the Company or the Shareholders’ meetings.

After deliberation and approval by the Company’s Board of Directors, the aforementioned matters shall be submitted to the Shareholders’ meeting for deliberation in accordance with the provisions of the Company Law of the PRC and the Articles of Association.

A meeting of the Board shall be held in the presence of more than half of the Directors. The resolutions of the Board must be passed by more than half of all Directors. Where there are other stipulations in the Articles of Association, such stipulations shall prevail.

Voting on Board resolutions shall be made on a one-person-one-vote basis.

Independent Non-executive Directors

Independent non-executive Directors shall diligently perform their duties in accordance with the requirements of laws, administrative regulations, the CSRC, the Hong Kong Securities and Futures Commission, the Hong Kong Stock Exchange, and the Articles of Association. They shall fulfill their

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roles in decision-making participation, oversight, and professional advisory functions within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority Shareholders.

Independent non-executive Directors shall maintain the independence.

The following matters shall, upon consent by more than half of all the independent non-executive Directors of the Company, be tabled at the Board of Directors for deliberation:

- (I) related (connected) transactions which shall be disclosed;
- (II) plan for change or waiver of undertaking by the Company and the relevant parties;
- (III) decisions made and measures adopted by the Board of Directors of the target listed company in respect of the acquisition;
- (IV) other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Hong Kong Securities and Futures Commission, securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

The Company shall hold specialized meetings of independent non-executive Directors on a regular or ad hoc basis. The matters stipulated in item (I) to item (III) of the first paragraph of Article 131, and Article 132 of the Articles of Association shall be deliberated by a specialized meeting of the independent non-executive Directors.

Special Committees of the Board

The Board of the Company shall establish an audit committee to exercise the functions and powers of the board of supervisors stipulated in the Company Law and other functions and powers stipulated in the relevant working procedures. The audit committee shall have 3 members, who shall be non-executive Directors not holding senior management positions in the Company, of which more than half shall be independent non-executive Directors. The convener (chairman) shall be an accounting professional among these independent non-executive Directors.

The Board of Directors of the Company shall establish a nomination committee and a remuneration committee, who shall perform duties in accordance with the Articles of Association and the authorization of the Board of Directors, and proposals of the special committees shall be submitted to the Board of Directors for deliberation and decision. The Board of Directors shall be responsible for formulating the working procedures of the special committees.

MANAGER AND OTHER SENIOR MANAGEMENT

The Company shall have one manager, who shall be appointed or dismissed by the Board. The Company may appoint several deputy managers, who shall be appointed or dismissed by the Board. The Company's manager, deputy manager and chief financial officer are the senior management of the Company.

The manager shall serve a term of three years and may serve consecutive terms upon reappointment. The manager shall be accountable to the Board and exercise the following functions and powers:

- (I) to lead the Company's production, operation and management, organize the implementation of the resolutions of the Board, and report to the Board;
- (II) to organize the implementation of the Company's annual business plan and investment proposal;
- (III) to prepare the plan for the establishment of the Company's internal management department;

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- (IV) to prepare the basic management system of the Company;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board the appointment or dismissal of the Company's deputy general manager and chief financial officer;
- (VII) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;
- (VIII) to decide on relevant matters other than those required to be approved by the Shareholders' meeting and the Board as stipulated in these Articles of Association;
- (IX) other functions and powers conferred by these Articles of Association, working rules for the managers of the Company or the Board. The manager shall attend Board meetings.

FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS

The Company shall develop its financial and accounting systems pursuant to laws, administrative regulations and the requirements of the competent authorities of China, and the securities regulatory rules of the places where the Company's Shares are listed.

The Company shall not establish separate accounting books except for statutory accounting books. Any funds of the Company shall not be deposited in any account opened in the name of any individual.

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 Shareholders' 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 unanimously approved by the all Shareholders or stipulated in the Articles of Association.

Profits distributed to Shareholders by the Company in violation of the Company Law and the Articles of Association shall be returned to the Company. If losses are caused to the Company, the Shareholders and responsible Directors and senior management shall bear liability for compensation.

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

The reserve funds of the Company shall be applied to making up for the Company's losses, expanding its business operations or increasing its registered capital. To cover the Company's losses with the reserve funds, the discretionary reserve funds and statutory reserve funds shall be used first; if it cannot be covered, the capital reserve funds can be used according to regulations. Upon the conversion of the statutory reserve funds into increase registered capital, the balance of the reserve funds shall not be less than 25% of the registered capital of the Company before such conversion.

Upon the Shareholders' meeting makes a resolution to distribute profits, the Board shall complete the distribution of dividends (or shares) within six months of the resolution of the Shareholders' meeting.

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The Company's profit distribution policy is:

- (I) the profit distribution of the Company shall maintain continuity and stability, and firmly attach importance to the actual interests of Shareholders and the long-term interests of the Company;
- (II) proposals related to the adjustment of the profit distribution policy shall be submitted to the Shareholders' meeting of the Company for approval after consideration by the Board of the Company;
- (III) the Company may distribute dividends by way of cash, Shares or a combination of cash and Shares; when the conditions are met, the Company may also distribute the interim cash dividends;
- (IV) the Company's profit distribution shall not exceed the scope of cumulative distributable profits and shall not jeopardize the Company's ability to continue as a going concern.

Internal Audit

The Company shall implement an internal audit system and adopt full-time auditors to supervise the internal audits of financial incomes and expenses as well as the economic activities of the Company.

The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board. The internal audit organization of the Company shall conduct supervision and inspection of business activities, risk management, internal controls, financial information and other matters of the Company.

In the process of supervising and inspecting the business activities, risk management, internal controls and financial information of the Company, the internal audit organization shall accept the supervision and guidance of the Audit Committee. If the internal audit organization discovers relevant major issues or clues, it shall immediately report them directly to the Audit Committee.

Appointment of an Accounting Firm

The Company shall engage an accounting firm which is qualified under the PRC Securities Law and regulatory rules of the places where the Company's Shares are listed, to perform audits of accounting statements, verify net assets and provide other relevant consulting services. The term of such engagement is one year and can be renewed.

The engagement and dismissal of an accounting firm by the Company that undertakes its audit business shall be determined at the Shareholders' meeting, and the Board shall not engage an accounting firm before any decision is made at the Shareholders' meeting.

The Company shall ensure to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting data to the accounting firm it engages, without any refusal, withholding or misrepresentation.

MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL

The merger of the Company may take the form of either merger by absorption or merger by new establishment.

The absorption by one company of another company constitutes a merger by absorption, in which case the absorbed company shall be dissolved. The merger of two or more companies to form a new company shall be deemed a new establishment merger, with all merging parties being dissolved.

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Where the Company merges with a company in which it holds more than 90% of the shares, the merged company is not subject to the approval of the Shareholders' meeting but shall notify other Shareholders of the merger. Such Shareholders shall have the right to request the Company to purchase their equity or shares at a reasonable price.

Where the consideration for the merger payable by the Company does not exceed 10% of the net assets of the Company, the merger is not subject to the approval of the Shareholders' meeting, unless otherwise stipulated in the Articles of Association. Any merger of the Company not subject to the approval of the Shareholders' meeting under the preceding two paragraphs shall be subject to the approval of the Board of Directors.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, demand the Company to repay its debts or provide guarantees for such debts. When the Company is merged, the claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution of the Shareholders' meeting for the reduction of its registered capital and shall publish an announcement in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. A creditor has the right within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

If the reduction of the registered capital in violation of the Company Law, the Shareholders shall return any funds they have received, and any waived Shareholder capital contributions shall be restored to their original status; where losses are caused to the Company, the Shareholders and the responsible Directors and senior management shall bear liability for compensation.

Where there is a change in the registered items due to the Company's merger or division, the Company shall apply for registration of change with the company registration authority in accordance with the laws; where the Company is dissolved, the Company shall apply for cancelation of its registration in accordance with the laws; where a new company is established, the Company shall apply for registration of establishment of the company in accordance with the laws. When the Company increases or reduces its registered capital, it shall apply for registration of change with the company registration authority in accordance with the laws.

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DISSOLUTION AND LIQUIDATION

The Company shall be dissolved due to the following reasons:

- (I) expiry of the term of business provided in the Articles of Association or other causes of dissolution as specified therein or unanimously agreed by all Shareholders;
- (II) a resolution on dissolution is passed by the Shareholders' meeting;
- (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 dissolved in accordance with the laws;
- (V) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in Shareholders' interests, Shareholders representing more than 10% of the voting rights of the Company may plead the people's court to dissolve the Company and the people's court has agreed.

If the Company encounters any of the circumstances of dissolution specified in the preceding paragraph, it shall announce the circumstances of its dissolution through the National Enterprise Credit Information Publicity System within 10 days. If the Company falls under the circumstances specified in the items (I) and (II) of the first paragraph of Article 187 of the Articles of Association and has not yet distributed its assets to Shareholders, it may survive by amending the Articles of Association or by a resolution of the Shareholders' meeting.

Amendments to the Articles of Association in accordance with the preceding paragraph or by resolution of the Shareholders' meeting shall be approved by more than two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

Where the Company is dissolved pursuant to the items (I), (II), (IV) and (V) of the first paragraph of Article 187 of the Articles of Association, it shall be liquidated. Directors shall be the persons responsible for liquidation of the Company and shall establish a liquidation committee within 15 days as of the date of the dissolution circumstance arises, and the liquidation shall be performed.

As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make a public announcement in the newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days as of the date of the receipt of the notice or, in case where they fail to receive such notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during the period of credit declaration.

AMENDMENTS TO THE ARTICLES

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

- (I) After amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules at the places where the Shares of the Company are listed, any term contained in the Articles become inconsistent with the said amendments;
- (II) If certain changes of the Company occur resulting in inconsistency with terms specified in the Articles;

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(III) The Shareholders’ meeting has resolved to amend the Articles.

Where the amendments to the Articles passed by resolutions of the Shareholders’ meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

The Board shall amend the Articles in accordance with the resolutions passed by the Shareholders’ meeting to effect such amendments and pursuant to the approval opinions of relevant regulatory authorities.