

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix is primarily intended to provide potential investors with an overview of the Articles of Association. The following information is merely a summary and therefore may not contain all the information that is material to potential investors.

ISSUANCE OF SHARES

The Shares of the Company shall be issued in a fair and equal manner. Each Share of the same class shall rank *pari passu* with each other.

Shares of a class in each issuance shall be issued under the same terms and at the same price. Any entity or individual shall pay the same price for each Share subscribed for.

INCREASE, DECREASE AND REPURCHASE OF SHARES

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

- (i) issuing Shares to non-specific investors;
- (ii) issuing Shares to specific investors;
- (iii) distributing bonus Shares to its existing Shareholders;
- (iv) converting capital reserve into share capital;
- (v) other ways prescribed by laws, administrative regulations and the securities regulatory rules of the place where the Company’s Shares are listed, and approved by relevant regulatory authorities.

According to the Articles of Association, the Company may decrease the registered capital. The Company may decrease the registered capital in accordance with the procedures prescribed in the Company Law, the Hong Kong Listing Rules, other relevant regulations and the Articles of Association.

The Company may repurchase its shares in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association under the following circumstances:

- (i) Reducing the Company’s registered capital;
- (ii) Merging with other companies that hold our Shares;
- (iii) Using the Shares for an employee stock ownership plan or equity incentives;

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- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders’ meeting upon their request;
- (v) Using of Shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders.

Except for the above circumstances, the Company shall not repurchase the Company’s shares.

The Company may repurchase the Company’s shares through public centralised trading, or other methods stipulated by laws and regulations, the securities regulatory rules of the place where the Company’s Shares are listed, and recognised by the CSRC and the Hong Kong Stock Exchange.

Where the Company repurchases the Company’s Shares under the circumstances (iii), (v) and (vi) set out above, the Company shall repurchase the Company’s Shares through public centralised trading.

A resolution shall be passed at the Shareholders’ meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company’s Board shall be passed by more than two-thirds of the Directors attending the Board meeting.

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

TRANSFER OF SHARES

The Shares of the Company may be transferred according to law. Shares issued by the Company prior to its public offering of A-Shares shall not be transferred within one year from the date of listing and trading of the Company’s Shares on the Shenzhen Stock Exchange. Directors and senior management of the Company shall declare to the Company the number of the Company’s Shares held by them and the changes therein, and shall not transfer more than 25% of the total number of the Company’s Shares held by them in each year of their term of office as determined at the time of their assumption of office. The Company’s Shares held by them shall not be transferred within one year from the date of listing and trading of the Company’s Shares. The above-mentioned personnel shall not transfer their Shares of the Company within six months after resignation.

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Where laws, administrative regulations or the listing rules of the place where the Company's Shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.

If a Director, senior management and the Shareholder holding more than 5% of the Company's Shares sells the Company's Shares or other securities of an equity nature held by them within six months from the date of purchase, or buys again within six months from the date of sale, the proceeds therefrom shall belong to the Company, and the Board of Directors of the Company shall reclaim the proceeds therefrom. However, securities companies holding more than 5% of the Shares due to the purchase of the remaining Shares after underwriting, and other circumstances stipulated by securities regulatory authority of the place where the Company's Shares are listed are excluded. If the Shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right within the restricted transfer period.

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

If the Board of Directors of the Company does not comply with the above provisions, Shareholders shall have the right to request the Board to do so within 30 days. If the Board of Directors fails to act within the aforementioned time frame, Shareholders shall have the right to directly file a lawsuit with the People's Court in their own name for the benefit of the Company.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

A Shareholder of the Company is a person who holds Shares of the Company according to law. Shareholders shall enjoy rights and assume obligations according to the class of Shares they hold. Shareholders holding Shares of the same class shall enjoy the same rights and assume the same obligations.

The Company shall establish a register of Shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of members of H Shares is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Any Shareholder whose name is registered on the register of members of H Shares or any person who requests his/her name to be registered on the register of members of H Shares may apply to the Company for the issue of new share certificates in respect of such Shares if his/her Share certificates are lost. Where holders of H Shares apply for replacement issuance due to loss of their Share certificates, they may be handled in accordance with the laws of the place where the original register of members of H Shares is deposited, the rules of securities trading venues or other relevant regulations.

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The Shareholders of the Company shall be entitled to the following rights:

- (i) to receive dividends and other forms of interest distribution according to the number of Shares held;
- (ii) to request to hold, convene, preside over a Shareholders' meeting, attend the Shareholders' meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;
- (iii) to supervise the operation of the Company and to make suggestions or inquiries;
- (iv) to transfer, grant or pledge the Shares held according to the provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association;
- (v) to inspect and copy the Articles of Association, register of members, minutes of Shareholders' meetings, resolutions of meetings of the Board of Directors, financial and accounting reports, and eligible Shareholders may inspect the Company's accounting books and accounting vouchers;
- (vi) to participate in the distribution of the remaining assets of the Company according to the proportion of Shares held upon our termination or liquidation;
- (vii) to require the Company to acquire the Shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;
- (viii) Other rights conferred by laws, administrative regulations, departmental rules, or the Articles of Association.

Shareholders requesting access to or copying of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations, and shall provide the Company with written documents evidencing the class and number of the Shares held by them in the Company. After verifying the identity of the Shareholders, the Company will notify the Shareholders to conduct inspection and copying at the designated place. Shareholders shall sign confidentiality agreements according to the requirements of the Company and comply with the relevant laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy and personal information.

Shareholders shall have the right to protect their legal rights through civil litigation or other legal methods in accordance with the provisions of laws and administrative regulations. If the content of the resolution of the Company's Shareholders' meeting or Board of Directors violates laws or administrative regulations, the Shareholders shall have the right to request the court to declare it invalid. If the convening procedures or voting methods of the Shareholders'

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meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders shall have the right to request the court to revoke the resolution within 60 days from the date on which the resolution is made. Provided that this shall not apply if there are only minor defects in the convening procedures or voting methods of the Shareholders' meeting or the Board of Directors of the Company which have not had any material impact on the resolutions.

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

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

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the above Shareholder(s) may file an action with the court pursuant to the above provisions.

If any Director or senior management member is in violation of laws, administrative regulations or the Articles of Association, which causes damage to the interests of Shareholders, the Shareholders may file an action with the court.

The obligations of Shareholders of the Company are as follows:

- (i) To abide by laws, administrative regulations and the Articles of Association;
- (ii) To provide Share payments according to the Shares subscribed and the subscription methods;
- (iii) Not to withdraw share capital unless prescribed otherwise in laws and administrative regulations;

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- (iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;
- (v) To perform other duties prescribed in laws, administrative regulations and the Articles of Association.

Shareholders of the Company who abuse their Shareholders' rights and cause the Company or other Shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of the Company who abuse the independent legal person status of the Company and limited liability of Shareholders to evade debts and cause material damage to the interests of the creditors of the Company shall bear joint liability for the Company's debt.

If the Shareholders holding more than 5% of the voting shares of the Company pledge their Shares, they shall submit a written report to the Company on the day of such pledge.

The controlling Shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, and the provisions of the China Securities Regulatory Commission and the stock exchange, and shall safeguard the interests of the listed Company.

The controlling Shareholder and actual controller of the Company shall have a duty of good faith to the Company and other Shareholders of the Company. Controlling Shareholder shall exercise its investor's rights in strict accordance with the law. The controlling Shareholder and actual controller shall not damage the legitimate rights and interests of the Company or of other Shareholders of the Company in any way such as via related party transactions, the distribution of profits, an asset reorganisation, external investments, the capital occupation or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of other Shareholders of the Company.

When exercising voting rights, the controlling Shareholder of the Company shall not make decisions that prejudice the legitimate rights and interests of the Company and other Shareholders.

General Provisions for Shareholders' Meetings

The Shareholders' meeting of the Company shall be composed of all Shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

- (i) To elect and replace the Directors who are not employee representative, and decide on the remuneration matters of the relevant Directors;

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- (ii) To consider and approve reports of the Board of Directors;
- (iii) To consider and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company's registered capital;
- (v) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vi) To decide on the issue of corporate bonds by the Company;
- (vii) To amend the Articles of Association;
- (viii) To decide on the engagement or dismissal of accounting firms engaged in the audit work of the Company;
- (ix) To consider and approve the guarantee matters stipulated in Article 46 hereof;
- (x) To consider matters relating to the purchases and disposal of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (xi) To consider and approve matters relating to changes in the use of proceeds;
- (xii) To consider the equity incentive plans and employee stock ownership plans;
- (xiii) The Company intends to repurchase its Shares under the circumstances set out in items (I) or (II) of Article 23 of the Articles of Association;
- (xiv) Consider the related party transactions of the Company with a single related party transaction amount or similar related party transactions with a cumulative transaction amount of more than RMB30 million for twelve consecutive months and accounting for more than 5% of the absolute value of the latest audited net assets;
- (xv) The annual shareholders' meeting of the Company may authorise the Board of Directors to decide to issue Shares with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest year to specific objects, and the authorisation will expire on the date of the next annual Shareholders' meeting;
- (xvi) To consider other matters as required by the laws, administrative regulations, departmental rules, or the Articles of Association, which shall be decided by the Shareholders' meeting.

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The Company may issue stocks and corporate bonds that can be converted into stocks by resolution of the Shareholder’ meeting, or by resolution of the Board of Directors authorised by the Articles of Association and the Shareholder’ meeting. The specific implementation shall comply with laws, administrative regulations, the provisions of China Securities Regulatory Commission and the stock exchange.

Unless otherwise provided by laws, administrative regulations, provisions of the China Securities Regulatory Commission or stock exchange rules, the above-mentioned functions and powers of the Shareholders’ meeting shall not be exercised by the Board of Directors or other bodies and individuals on its behalf by way of delegation, but the Shareholders’ meeting may, when adopting the relevant resolutions by vote, authorise the Board of Directors or authorise the relevant persons by the Board of Directors to handle or implement the matters set out in such resolutions.

The following acts of external guarantee of the Company shall be submitted to the Shareholders’ meeting for consideration after being examined by the Board of Directors:

- (i) The single guarantee for an amount more than 10% of the Company’s latest audited net assets;
- (ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the Company’s latest audited net assets;
- (iii) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (iv) The total amount of guarantee exceeds 50% of the latest audited net assets of the Company within twelve consecutive months and the absolute amount exceeds RMB50 million;
- (v) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 30% of the Company’s total assets audited in the latest period;
- (vi) The amount of guarantees has exceeded 30% of the Company’s total assets audited in the latest period for twelve consecutive months;
- (vii) The guarantee to be provided to a Shareholder, actual controller or related party thereof;
- (viii) Other guarantees required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange of the place where the Company’s Shares are listed or the Articles of Association.

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Matters requiring external guarantees to be submitted for consideration by the Shareholders' meeting shall first be considered and approved by the Board of Directors before they can be submitted for consideration by the Shareholders' meeting. When the Board of Directors considers external guarantee matters, approval shall be obtained from more than two-thirds of the Directors present at the Board meeting. When the Shareholders' meeting considers the guarantee matters mentioned in item (vi) of the preceding paragraph, approval shall be obtained from more than two-thirds of the voting rights held by Shareholders present at the meeting.

Shareholders' meetings shall be classified as annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year, and shall take place within six months following the end of the previous financial year.

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

- (i) The number of Directors is less than 6;
- (ii) The uncovered losses of the Company reach one-third of its total paid-in share capital;
- (iii) A request from Shareholders who separately or jointly hold 10% or more Shares in the Company;
- (iv) The Board of Directors considers it necessary;
- (v) The Audit Committee proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules or the Articles of Association.

Assembling of Shareholders' Meetings

After obtaining the consent of a majority of all independent Directors, an independent Director has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the Board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, it shall state the reasons and make an announcement.

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The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the Board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

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

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

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

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

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

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Proposals and Notices of Shareholders' Meetings

The content of proposals shall fall within the scope of the Shareholders' meeting's authority, have definite topics and specific matters for resolution, and shall comply with relevant provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

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

Shareholders who individually or collectively hold more than 1% of the Company's Shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two days after receiving the proposal, announce the content of the temporary proposal and submit the same to the Shareholders' meeting for consideration. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Apart from the circumstances as stipulated in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, no proposals specified in such notice of Shareholders' meeting shall be altered and no new proposals shall be added therein.

The Shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the Shareholders' meeting or that do not comply with the Article 57 of the Articles of Association.

The convener shall notify each Shareholder by way of announcement at least 20 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

A notice of a Shareholders' meeting shall include the following:

- (i) the time, venue, format and duration of the meeting;
- (ii) matters and proposals submitted to the meeting for consideration;
- (iii) a prominent written statement that all ordinary Shareholders (including preferred Shareholders with restored voting rights), Shareholders holding Shares with special voting rights are entitled to attend the Shareholders' meeting and are entitled to appoint in writing proxies to attend and vote at the meeting and that such proxies need not be a Shareholder of the Company;

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- (iv) the record date of registration of Shareholders entitled to attend the Shareholders' meeting;
- (v) the name and telephone number of the regular contact person for the meeting;
- (vi) the time and procedure for voting online or through other means.

After the Shareholders' meeting notice has been issued, the meeting shall not be postponed or cancelled without a valid reason, and the proposals listed in the notice shall not be cancelled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two business days before the originally scheduled date.

Convening of Shareholders' Meetings

All ordinary Shareholders registered on the record date for equity registration (including preferred Shareholders with restored voting rights), Shareholders holding shares with special voting rights or their proxies shall be entitled to attend the Shareholders' meeting. Neither the Company nor the convener may refuse it for any reason. Shareholders present at the Shareholders' meeting shall have one vote for each Share they hold, except the Shareholders of classified Shares. However, Shares held by the Company itself are not entitled to any voting rights.

Shareholders may attend the Shareholders' meeting in person or appoint proxies to attend and vote on their behalf.

A Shareholder attending the Shareholders' meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity. The proxy appointed by the Shareholder shall present his or her valid identity card and power of attorney issued by the Shareholder.

A corporate Shareholder shall entrust the legal representative or its proxy to attend the Shareholders' meeting. The legal representative attending the Shareholders' meeting shall present his or her identity card and valid proof showing the status of the legal representative; the proxy attending the Shareholders' meeting shall present his or her identity card and power of attorney in writing issued by the legal representative of the corporate Shareholder.

Where Directors and senior management members are required to be present at Shareholders' meeting, such Directors and senior management members shall be present at the meeting and answer the queries from Shareholders.

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The Shareholders' meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or fails to perform his duties, the meeting shall be presided over by the vice-chairman (if there are two or more vice chairmen, the vice chairman elected by a majority of the Directors) shall preside over the meeting; if the vice-chairman is unable or fail to perform his duty, one Director shall be elected by a majority of the Directors to preside over the meeting

If the Shareholders' meeting is convened by the Audit Committee, it shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his duties, one member of the Audit Committee shall be elected by a majority of the members of the Audit Committee to preside over the meeting.

A Shareholders' general meeting convened by Shareholders on their own shall be presided over by the convener(s) or the representative(s) appointed thereby.

At the annual Shareholders' meeting, the Board of Directors shall report their work for the previous year to the Shareholders' meeting. Each of the independent Directors shall also make their personal work reports.

The Directors and senior management shall make explanation and interpretation on the inquiries and suggestions of the Shareholders.

The convener shall ensure the contents of the meeting minutes are true, accurate and complete. The attending or presenting Directors, secretary of the Board of Directors, convener or representative thereof, and presider of the meeting shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those Shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting online or through other means shall be kept for at least 10 years.

A convener shall ensure that a Shareholders' meeting shall be held continuously until a final resolution is formed. In the event that a Shareholders' meeting is suspended or no resolutions can be made thereat due to force majeure or other special reasons, the convener shall take necessary measures to resume the meeting as soon as possible or directly terminate the meeting, and make an announcement promptly. Meanwhile, the convener shall report to the local office of the CSRC at the place where the Company is situated and the relevant stock exchange.

Voting and Resolutions at Shareholders' Meeting

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

An ordinary resolution at a Shareholders' meeting shall be passed by more than half of the voting rights held by the Shareholders present at the Shareholders' meeting.

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A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

The following matters shall be approved by the Shareholders' meeting through ordinary resolutions:

- (i) Work reports of the Board of Directors;
- (ii) Plans of profit distribution and recovery of losses schemes drafted by the Board of Directors;
- (iii) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;
- (iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations or the Articles of Association.

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) Any amendment to the Articles of Association;
- (iv) The purchase and disposal of material assets or amount of guarantee to others provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (v) Share incentive plan;
- (vi) Other matters as required by the laws, administrative regulations, or the Articles of Association, and considered by the Shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders shall exercise voting rights based on the number of Shares with voting rights held by them, and each Share shall be entitled to one vote, except the Shareholders of classified Shares.

Where material issues affecting the interests of minority Shareholders are considered at the Shareholders' meeting, the votes of minority Shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

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The Shares of the Company held by the Company itself shall carry no voting rights, and such Shares shall not be included in the total number of Shares entitled to vote at the Shareholders' meeting.

If a Shareholder purchases Shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such Shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of Shares with voting rights present at the Shareholders' meeting for 36 months after the purchase.

The Board of Directors, independent Directors, and Shareholders holding more than 1% of the Shares with voting rights, or investor protection institutions established in accordance with laws and administrative regulations, or the provisions of the CSRC may publicly solicit Shareholders' voting rights. The solicitation of Shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons. The solicitation of Shareholders' voting rights based on remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not propose a minimum percentage of shareholding for the solicitation of voting rights.

When the Shareholders' meeting reviews matters regarding related party transactions, related Shareholders shall not participate in the voting, and the number of Shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-related Shareholders.

The chairman of the meeting shall, before any proposal on related party transactions is considered at the Shareholders' meeting, inform related Shareholders that they are not entitled to vote on the proposal, and announce the number of attending Shareholders and proxies other than related Shareholders, and the total number of their voting Shares.

Where a related Shareholder participates in voting in violation of the provisions of this article, the voting on related party transactions shall be invalid.

Resolution at a Shareholders' meeting on a related party transaction shall be passed by more than half of the voting rights held by the non-related Shareholders attending the Shareholders' meeting. However, in case of the related party transaction that involves any of the matters specified in Article 81 of the Articles of Association, such resolution at a Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by non-related Shareholders attending the Shareholders' meeting.

The list of Director candidates shall be submitted to the Shareholders' meeting for voting by way of a proposal. The methods and procedures for nominating Directors are:

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- (i) when a re-election of the Board of Directors or an addition or replacement of Director for the incumbent Board of Directors takes place, the incumbent Board of Directors and Shareholders individually or collectively holding 1% or more of Shares of the Company may nominate candidates based on the number of persons to be elected as Director for the next session of the Board of Directors or additional candidates as Director;
- (ii) Candidates to be elected as Director nominated by Shareholders shall be subject to qualification review by the incumbent Board of Directors and then proposed to the Shareholders' meeting for election upon approval.

The cumulative voting system may be adopted for the election of Directors at the Shareholders' meeting in accordance with the provisions of the Articles of Association or the resolutions of the Shareholders' meeting. Cumulative voting shall be adopted for the election of two or more independent Directors at a Shareholders' meeting.

The principles below shall be followed for voting at a Shareholders' meeting under the cumulative voting system:

- (i) The number of Director candidates can be larger than the number to be elected in Shareholders' meeting, but the candidate number voted by each Shareholder cannot exceed the number of Director to be elected in Shareholders' meeting. The summation of allocated votes cannot exceed vote owned by Shareholders; otherwise, the vote shall be cancelled;
- (ii) Separate voting shall be implemented for independent Directors and non-independent Directors. When electing independent Directors, the vote that every Shareholder has the right to obtain shall equal to product of stock number held by themselves multiplying the number of independent Directors to be elected, which can be only voted to candidates of independent Directors of the Company. When electing non-independent Directors, the vote that every Shareholder has the right to obtain shall equal to product of stock number held by themselves multiplying the number of non-independent Directors to be elected, which can be only voted to candidates of non-independent Directors of the Company;
- (iii) The final elect shall be determined on votes of Director candidates, but the least votes of each elect shall exceed half of sum of Shares held by Shareholders (including Shareholders' proxies) attending the Shareholders' meeting. Where the elected Directors are less than the number of Directors that Shareholders' meeting plans to elect, additional voting shall be taken for all Director candidates with insufficient votes on gaps; if it remains insufficient, by-election shall be taken on the next Shareholders' meeting of the Company. If more than two Director candidates get same votes but only part of them can be elected due to limit of planned number, separate vote and election needs taking again for the Director candidates with same votes.

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Except for the cumulative voting system, the Shareholders' meeting shall vote all proposals one by one. If there are different motions on the same issue, the proposal shall be voted in chronological order according to the time they are proposed. Except for the reason of force majeure or other special reason causing the Shareholders' meeting to be adjourned or no resolutions can be made, the Shareholders' meeting shall not shelve or refuse to vote the proposals.

When the proposal is being considered at the Shareholders' meeting, no amendment to the proposal shall be made, otherwise such amendment shall be considered as a new proposal which cannot be voted at the Shareholders' meeting of this time.

When a vote is cast, it may be cast by only one of the following methods: in person, online or by other voting means. If one vote is cast by more than one method, the first vote shall prevail.

The Shareholders' meeting shall be conducted by way of poll in registered form °

Before the Shareholders' meeting votes on a proposal, two Shareholder representatives shall be elected to participate in the vote-counting and scrutiny. If a matter under consideration is of interest to a Shareholder, the relevant Shareholder and his/her proxy shall not participate in the vote-counting or scrutiny.

When the Shareholders' meeting votes on a proposal, the lawyer(s) and Shareholder representatives shall be jointly responsible for the vote-counting and scrutiny, and the voting results shall be announced on the spot. The resolution of the vote shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote online or other means have the right to check their own voting results through the corresponding voting system.

The closing time of the physical Shareholders' meeting shall not be earlier than that for online or other voting methods. The chairman of the Shareholders' meeting shall announce the voting status and result of each proposal and, based on the voting results, declare whether each proposal has been passed.

Before the official announcement of the voting results, all parties involved in the physical, online, and other voting methods, including the Company, vote-counters, scrutineers, major Shareholders, and online service providers, are bound by a duty of confidentiality regarding the voting results.

Shareholders present at the Shareholders' meeting shall provide one of following comments on proposals to be voted: for, against or abstain.

Unfilled, wrongly filled or illegible votes and uncast votes are regarded as the voters giving up their voting rights and the voting results of their Shares shall be "abstain".

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If the chairman of the meeting has any doubts about the results of any resolutions submitted for voting, he/she may organise the counting of the votes cast; if the chairman of the meeting fails to count the votes, Shareholders or their proxies attending the meeting shall have the right to request for the counting of votes immediately after the announcement of the poll results if they have any objections to the results announced by the chairman of the meeting, and the chairman of the meeting shall organise the counting of votes immediately.

The resolutions of a Shareholders' meeting shall be announced in a timely manner, and the announcement shall clearly set out the number of Shareholders and proxies attending the meeting, the total number of voting Shares held and the proportion to the total number of voting Shares of the Company, the voting method, the poll results of each proposal and the details of each of the resolutions passed.

For any proposal that fails to be passed, or any amendment that has been made at the current Shareholders' meeting to any resolution passed at the previous Shareholders' meeting, a special reminder shall be given in the announcement of the resolutions of the Shareholders' meeting.

If a proposal for the election of a Director is passed at a Shareholders' meeting, the new Director shall take office from the date of passing the resolution at the Shareholders' meeting.

If a proposal for cash distributions, bonus issue or conversion of capital reserve into share capital, the Company shall implement the specific plan within two months following the conclusion of the Shareholders' meeting.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons, and a person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) the person without civil conduct capacity or with limited civil conduct capacity;
- (ii) the person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

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- (iii) the person who is a former Director, factory director or General Manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) the person who is a former legal representative of a Company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of such revocation of the business license;
- (v) the person listed as a judgement defaulter by the court of the PRC because the amount of debt he/she bears is relatively large and the debt is not paid off when it is due;
- (vi) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;
- (vii) persons who are publicly deemed by a stock exchange as unsuitable to serve as a Director, and senior management of the listed Company for a period which has not yet expired;
- (viii) other contents stipulated by laws, administrative regulations or departmental rules.

If Directors are elected or appointed in violation of the provisions of this Article, such election, appointment or engagement shall be invalid. If the Director falls under the circumstances stipulated in this Article during the tenure, the Company will remove him/her from office and suspend his/her performance of duties.

The Board of Directors of the Company comprises one employee representative Director. The employee representatives of the Board of Directors shall be elected by the Company's employees through the employee representatives meeting.

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

The term of office for Directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for Directors expires and a timely re-election has not taken place, the outgoing Directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Directors take office.

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Directors may concurrently hold the position of senior management, but the total number of Directors who concurrently hold the position of senior management, and Directors representing the employees shall not exceed half of the total number of Directors of the Company.

Directors shall comply with the laws, administrative regulations and the Articles of Association, and Directors owe fiduciary duties to the Company and shall take measures to avoid conflicts of interest between their personal interests and the interests of the Company, and shall not use their authority to seek improper benefits:

The Directors shall fulfil the following fiduciary obligations to the Company:

- (i) not to misappropriate the Company's properties or divert the funds of the Company;
- (ii) not to deposit any funds of the Company in an account opened in their names or in the names of others;
- (iii) not to abuse their authority in bribes or accepting other unlawful income;
- (iv) Shall not directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board of Directors or the Shareholders' meeting and approval by the Board of Directors or the Shareholders' meeting in accordance with the provisions of the Articles of Association;
- (v) Shall not take advantage of his position to seek business opportunities belonging to the Company for himself or others, save as where he has reported such opportunity to the Board of Directors or the Shareholders' meeting and obtained the approval of the Shareholders' meeting by resolution; or the Company is unable to avail itself of such business opportunity pursuant to the provisions of laws, administrative regulations or the Articles of Association;
- (vi) Shall not engage in or operate any business of the same nature as that of the Company without reporting to the Board of Directors or the Shareholders' meeting and obtaining approval by the Shareholders' meeting;
- (vii) Shall not accept commissions from transactions between others and the Company as their own;
- (viii) Shall not disclose Company secrets without authorisation;
- (ix) Shall not use his related relations to harm the interests of the Company;
- (x) Other fiduciary duties as prescribed by laws, administrative regulations, departmental rules and the Articles of Association.

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Income obtained by Directors in violation of this provision shall belong to the Company. He shall be liable for damages caused to the Company.

The close relatives of Directors or senior management, enterprises directly or indirectly controlled by Directors or senior management or their close relatives, and related persons with other associated relationships with Directors or senior management, when entering into contracts or conducting transactions with the Company, shall apply the provisions of Paragraph 2, Subparagraph (iv) of this Article.

Directors shall abide by the provisions of laws, administrative regulations and the Articles of Association and owe the duties of diligence to the Company. In performing their duties, Directors shall exercise the reasonable care ordinarily expected of a prudent manager in the best interests of the Company.

Directors owe the following duties of diligence to the Company:

- (i) They shall exercise the rights granted to them by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;
- (ii) They shall treat all Shareholders fairly;
- (iii) They shall promptly understand the status of the Company's business operations and management;
- (iv) They shall sign a written confirmation on the Company's regular reports to ensure that the information disclosed by the Company is true, accurate, and complete;
- (v) They shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising its powers;
- (vi) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

If a Director fails to attend the Board meeting in person for two consecutive times and does not entrust another Director to attend the Board meeting, it shall be deemed that he is unable to perform his duties, and the Board shall recommend to the Shareholders' meeting to replace him.

The Shareholders holding more than 1% the Company's Shares individually or collectively can propose an allegation or removal proposal to the Company's Board of Directors in respect of any independent Director who lacks the qualifications or capabilities to serve as an independent Director, fails to perform duties independently, or fails to safeguard the legitimate rights and interests of the Company and minority Shareholders. The impugned

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independent Director shall immediately explain the matters in allegations and disclose them. The Company's Board of Directors shall convene a special meeting for discussion immediately upon receiving the relevant allegation or removal proposal, and disclose the discussion results.

A Director may resign before the end of his term. A Director's resignation shall be made by submitting a written resignation letter to the Company. The resignation shall take effect on the date the Company receives the resignation letter, and the Company shall disclose the relevant information within two trading days.

If the resignation of a Director results in the number of members of the Board of Directors falling below the statutory minimum, the original Director shall still perform the duties of a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director takes office.

The Company has established a management system for the departure of Directors, clearly defined safeguarding measures for accountability and recovery of unfulfilled public commitments and other unfulfilled matters. When a Director's resignation takes effect or his term expires, he shall complete all handover procedures with the Board of Directors, and his duty of fiduciary to the Company and Shareholders shall not be necessarily discharged upon expiration of his term of office and his obligation of confidentiality in respect of the Company's trade secrets survives upon the expiry of his term of office until the same falls into public information. A Director's duties for the performance of his duties during his tenure shall not be relieved or terminated upon leaving office.

The Shareholders' meeting may resolve to remove a Director, and the removal takes effect on the date the resolution is made. If a Director is removed before the expiration of his term without justifiable reasons, the Director may demand compensation from the Company.

No Director may act on behalf of the Company or the Board of Directors in his personal capacity without authorisation under the provisions of the Articles of Association or the lawful authorisation of the Board of Directors. Where a Director acts in his personal capacity, he shall declare his position and identity in advance if a third party would reasonably believe that he is acting on behalf of the Company or the Board of Directors.

The Company shall be liable for damages caused by a Director in the course of performing his duties for the Company. A Director who has acted with intent or gross negligence shall also be liable for compensation.

A Director who, in the course of performing his duties for the Company, violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association and causes losses to the Company shall bear liability for compensation.

If a Director uses the Company's property to provide guarantees for others without approval from the Board of Directors or the Shareholders' meeting, the Board of Directors shall recommend to the Shareholders' meeting to replace him. Accordingly, if the Director causes losses to the Company, he shall bear liability for compensation.

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Board of Directors

The Board shall consist of nine Directors, including one chairman and one vice chairman. The members of the Board of Directors shall include three independent Directors, at least one of whom should be a professional accountant.

The Board shall exercise the following duties and powers:

- (i) to convene Shareholders' meetings and report its work to the Shareholders' meetings;
- (ii) to implement the resolutions of the Shareholders' meetings;
- (iii) to resolve business operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and schemes for recovery of losses of the Company;
- (v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;
- (vii) to determine, to the extent authorised by the Shareholders' meeting, on such matters as the external investments, acquisition or disposal of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions, and external donations of the Company;
- (viii) to determine the internal management structure of the Company;
- (ix) to decide on the appointment or dismissal of the Company's president, Board secretary and other senior management members, and determine matters relating to their remuneration, rewards and disciplinary actions; upon the nomination of the president, it shall decide on the appointment or dismissal of the Company's vice president, chief financial officer and other senior management members, and determine matters relating to their remuneration, rewards and disciplinary actions;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendment of the Articles of Association;
- (xii) to manage the information disclosure of the Company;
- (xiii) to propose to the Shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;

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- (xiv) to listen to work reports of the president of the Company and review his work;
- (xv) Other powers conferred by laws, administrative regulations, departmental rules, the Articles of Association or the Shareholders' meeting.

The Board of Directors of the Company shall explain to the Shareholders' meeting the non-standard audit opinion issued by the certified public accountant on the Company's financial reports.

The Board shall determine the limitation for external investment, acquisition and disposal of assets, asset mortgage and pledges, external guarantee matters, entrusted wealth management, related transactions, external donation, etc., and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and submitted to the Shareholders' meeting for approval. As outlined below:

- (i) External investment matters where the single amount or aggregate amount for 12 consecutive months is less than 30% of the Company's net asset value set out in the consolidated accounting statement for the most recent accounting year (including operational investments, equity investments, securities investments, derivative product investments based on stocks, interest rates, exchange rates, and commodities (such as futures, options, warrants, etc.), entrusted wealth management, and entrusted loans), as well as asset purchase or disposal where the single amount or aggregate amount for 12 consecutive months (including debt and expenses assumed) is less than 30% of the Company's total asset value set out in the consolidated accounting statement for the most recent accounting year. Among these, external investment matters where the single amount or aggregate amount for 12 consecutive months is less than 10% of the net asset value set out in the consolidated accounting statement for the most recent accounting year (including operational investments, equity investments, securities investments, derivative product investments based on stocks, interest rates, exchange rates, and commodities (such as futures, options, warrants, etc.), entrusted wealth management, and entrusted loans), and asset purchase and disposal matters shall be directly approved and implemented by the Company's Chairman. Transactions falling under the above categories that occur within any consecutive 12 months and have already undergone consideration by the Board of Directors or Shareholders' meeting shall not be included in the relevant cumulative calculation. Any of the above transactions involving the use of funds raised through securities issuance for investment purposes shall require approval by the Shareholders' meeting;
- (ii) Asset mortgages or pledges where the aggregate amount is less than 50% of the Company's total asset value set out in the consolidated accounting statement for the most recent accounting year;
- (iii) Other external guarantee matters except for those that shall be submitted to the Shareholders' meeting for consideration and approval as stipulated in Article 46 of the Articles of Association;

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- (iv) Debt financing matters (excluding issuance of bonds) related to the main business where the Company's asset-liability ratio remains below 60% after financing; for debt financing matters (excluding issuance of bonds) where the Company's asset-liability ratio exceeds 60% after financing, single transactions with an amount of less than RMB100 million;
- (v) The Board of Directors may decide on related transaction matters within the scope authorised by the Related Transaction Rules approved by the Shareholders' meeting.

Should laws, administrative regulations, and documents issued by the CSRC and the stock exchange require submission to the Shareholders' meeting for consideration and approval, matters falling within the decision-making authority of the Board of Directors as stipulated in the preceding paragraph shall be handled in accordance with the relevant provisions.

External guarantee matters subject to the consideration and approval of the Board of Directors shall be considered and approved by more than two-thirds of the Directors present at the Board meeting. The Board of Directors shall establish a rigorous review and decision-making procedure, and matters beyond the decision-making authority of the Board of Directors shall be reported to the Shareholders' meeting for approval.

The chairman and vice chairman of the Board shall be elected by a majority of all the Directors of the Board.

The chairman shall exercise the following powers:

- (i) Preside over Shareholders' meetings, convene and preside over meetings of the Board of Directors;
- (ii) Supervise and inspect the implementation of the resolutions of the Board of Directors;
- (iii) Other powers authorised by the Board of Directors.

The vice chairman of the Company shall assist the chairman in his work. If the chairman is unable or fails to perform his duties, the vice chairman shall perform them; if the vice chairman is unable or fails to perform his duties, a Director jointly elected by a majority of the Directors shall perform them.

The Board of Directors shall convene at least two meetings per year, called by the chairman, and all Directors shall be notified in writing at least 10 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

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The method and time limit for notifying an extraordinary meeting of the Board of Directors shall be: a written notice shall be issued at least three days prior to the meeting; however, in case of an emergency, a meeting may be convened at any time by oral notice, telephone or other means.

The notice of a meeting of the Board of Directors shall include the following contents:

- (i) Date and venue of the meeting;
- (ii) Duration of the meeting;
- (iii) Reasons and agenda items;
- (iv) Date of issuance of the notice.

A meeting of the Board of Directors shall be held only if more than half of the Directors are present.

Resolutions of the Board of Directors shall be passed by a majority of all Directors.

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

If a Director has an associated relationship with the enterprise or individual involved in the matter to be resolved at a Board meeting, the Director shall promptly submit a written report to the Board of Directors. A Director with an associated relationship shall not exercise the voting right on the resolution, nor shall he act on behalf of other Directors in exercising the voting rights. A meeting of the Board of Directors may be held if more than half of the Directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors shall be passed by a majority of the Directors without associated relationships. If the number of Directors without associated relationships attending the meeting of Board of Directors is less than three, the matter shall be submitted to the Shareholders' meeting for consideration.

The voting method for resolutions of Board of Directors shall be: the Board of Directors shall adopt a written voting method unless a majority of the Directors present at the meeting agree to a show of hands.

On the premise of ensuring that Directors can fully express their opinions, meetings of the Board of Directors may be held in written form (including service of meeting materials by hand delivery, post, fax, e-mail and other means), by conference call (or with the aid of similar communication equipment), by electronic communication or other means instead of on-site meetings. The Board secretary shall prepare the resolutions of the Board of Directors after the meeting and submit it to the participating Directors for signature.

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Directors shall attend meetings of the Board of Directors in person; if a Director is unable to attend a meeting due to any reason, he may entrust another Director in writing to attend on his behalf. The power of attorney shall specify the name of the attorney-in-fact, the entrusted matters, the scope of authorisation and the term of validity, and be signed or sealed by the principal. The Director attending the meeting as a proxy shall exercise the Director's rights within the scope of authorisation. If a Director neither attends a meeting of the Board of Directors nor entrusts a representative to attend, he shall be deemed to have waived his voting right at such meeting.

The Board of Directors shall prepare meeting minutes for the decisions on the matters reviewed at the meeting, and the Directors present at the meeting shall sign the meeting minutes. Directors have the right to request that an explanatory record of their speeches at the meeting be made in the minutes.

The meeting minutes of the Board of Directors shall be kept as the Company's archives for a period of not less than 10 years.

The meeting minutes of the Board of Directors shall include the following contents:

- (i) Date, venue of the meeting and name of the convener;
- (ii) Names of the Directors present and the names of the Directors (attorneys-in-fact) who attend the Board meeting on behalf of others;
- (iii) Meeting agenda;
- (iv) Highlights of Directors' speeches;
- (v) Voting method and result of each resolution item (the voting result shall specify the number of affirmative, negative or abstention votes).

Special Committees of the Board of Directors

The Board of Directors of the Company shall set up an Audit Committee, which shall exercise the powers of the supervisory committee as stipulated in the Company Law.

The Audit Committee shall consist of three Directors who do not hold senior management positions in the Company, including two independent Directors, and the convener shall be an independent Director with professional accounting expertise.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all members of the Audit Committee:

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- (i) Disclosure of financial information in the financial accounting reports and periodic reports, and the internal control evaluation report;
- (ii) Engagement or dismissal of accounting firms undertaking the Company's audit business as a listed company;
- (iii) Appointment or dismissal of the chief financial officer of the listed company;
- (iv) Making changes to accounting policies or accounting estimates, or correcting material accounting errors for reasons other than changes in accounting standards;
- (v) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

The Audit Committee shall hold at least one meeting each quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems it necessary. An Audit Committee meeting may only be held if more than two-thirds of the members are present.

A resolution of the Audit Committee shall be passed by a majority of the members of the Audit Committee.

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

Minutes of the Audit Committee resolutions shall be prepared in accordance with the provisions, and the members of the Audit Committee present at the meeting shall sign the meeting minutes.

The working rules of the Audit Committee shall be formulated by the Board of Directors.

The Board of Directors of the Company shall set up other special committees such as the Strategy and Sustainable Development Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorisation of the Board of Directors. Proposals of the special committees shall be submitted to the Board of Directors for consideration and decision. The working rules of the special committees shall be formulated by the Board of Directors.

The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing the candidates for Directors and senior management and their qualifications for office, and putting forward suggestions to the Board of Directors on the following matters:

- (i) Nomination, appointment or dismissal of Directors;
- (ii) Engagement or dismissal of senior management;

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- (iii) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

If the Board of Directors does not adopt or not fully adopt the suggestions of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the Board resolution and make disclosure thereof.

The Remuneration and Appraisal Committee is responsible for formulating appraisal criteria for Directors and senior management and conducting appraisals, formulating and reviewing remuneration policies and plans for Directors and senior management such as the decision-making mechanism, decision-making process, payment and suspension-recovery arrangements for remuneration, and putting forward suggestions to the Board of Directors on the following matters:

- (i) Remuneration of Directors and senior management;
- (ii) Formulation or modification of equity incentives plans and employee stock ownership plans, and the fulfilment of conditions for incentive participants to be granted and exercise equity interests;
- (iii) Arrangement of stock ownership plans for Directors and senior management in the proposed spin-off subsidiaries of the Company;
- (iv) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

If the Board of Directors does not adopt or not fully adopt the suggestions of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the Board resolution and make disclosure thereof.

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General Manager and Other Senior Management

The Company shall have one president that shall be appointed or dismissed by the Board of Directors.

The president, vice president, chief engineer, chief financial officer, and Board secretary are considered senior management of the Company.

The provisions in the Company's Articles of Association on the circumstances under which a person may not serve as a Director and the resignation management system shall apply to the senior management.

The provisions in the Articles of Association regarding the fiduciary duties and duties of care and diligence of Directors shall also apply to the senior management.

Personnel who hold any administrative positions other than Director and supervisor in the Company's controlling Shareholder entity shall not serve as the senior management of the Company.

The senior management of the Company shall only receive remuneration from the Company, and no remuneration shall be paid on their behalf by the controlling Shareholder.

The term of office of the president is for three years and may be renewed for another term.

The president shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (i) To be in charge of the Company's production, operation and management and to organise the implementation of resolutions of the Board of Directors and report to the Board of Directors;
- (ii) To organise the implementation of the Company's annual operation plans and investment plans;
- (iii) To draw up plans for the establishment of the Company's internal management structure;
- (iv) To draw up the Company's basic management system;
- (v) To formulate the specific rules of the Company;
- (vi) To propose to the Board of Directors to appoint or dismiss the Company's vice president, chief engineer and CFO;

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(vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) Other functions and powers conferred by the Articles of Association or the Board of Directors. The president shall be in attendance at Board meetings.

The president shall formulate the rules of procedure for the president, which shall be implemented upon submission to and approval by the Board of Directors.

The rules of procedure for the president shall include the following contents:

- (i) Conditions for the convening of and the procedures for the president's meetings, and the attendees thereof;
- (ii) Specific duties and division of work of the president and other senior management;
- (iii) The authority to use the funds and assets and execute material contracts, and the system of reporting to the Board of Directors;
- (iv) Other matters as the Board of Directors considers necessary.

The president may tender his resignation before the expiry of his term office. The specific procedures and measures regarding the resignation of the president shall be governed by the labour contract between the president and the Company.

As assistants of the president, the Company's vice president, chief engineers and CFO shall be responsible for the management of their respective assigned areas in accordance with the president's instructions, be accountable to the president and issue relevant business documents within the scope of their duties.

When the president is unable to perform his duties, the vice president, with the president's written authorisation, can be the proxy to perform the president's duties.

The Company shall have a Board secretary, who is responsible for the organisation of Shareholders' meetings and Board meetings, document keeping and management of information regarding the Shareholders of the Company, dealing with information disclosure and other matters.

The Board secretary shall comply with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

If a senior management causes losses to others in performing his duties, the Company shall be liable for compensation; the senior management shall also be liable for compensation if there is intentionality or gross negligence on his part.

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If a senior management violates the laws, administrative regulations, departmental rules and the Articles of Association while performing his duties for the Company, causing losses to the Company, he shall be liable for compensation.

If a senior management provides guarantee for others with the property of the Company without the approval of the Board of Directors or the Shareholders' meeting, the Company shall dismiss the said member from all his posts in the Company; and if the Company has suffered any loss arising therefrom, the said member shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders.

If any senior management fails to perform their duties with due diligence or violates their fiduciary duties and harm the interests of the Company and the public Shareholders, they shall be liable for compensation in accordance with the law.

Financial Accounting System, Profit Distribution and Audit

Financial Accounting System

The Company shall submit and disclose its annual reports to the branch office of the CSRC and the stock exchanges within four months from the end of each fiscal year, and its interim reports to the branch office of the CSRC and the stock exchanges within two months from the end of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchanges.

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

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

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

After the Company has appropriated the statutory reserve from its after-tax profits, it may, upon a resolution adopted by the Shareholders' meeting, further appropriate a discretionary reserve from its after-tax profits.

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The remaining after-tax profits of the Company after making up for losses and appropriating reserves shall be distributed in proportion to the Shares held by the Shareholders, save as otherwise provided for in the Articles of Association where the distribution is not made in proportion to shareholding.

Where the Shareholders' meeting distributes profits to the Shareholders in violation of Company Law, the profits so distributed shall be returned to the Company. The Shareholders and Director(s) and senior management liable, shall be liable to indemnify the Company against any losses incurred.

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

The distribution of dividends (or Shares) shall be completed within two months after a resolution is made at the Shareholders' meeting on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan based on the conditions and maximum amount of interim dividends for the following year as considered and approved at the annual Shareholders' meeting.

The Company's reserves shall be applied to making up the Company's losses, expanding the Company's production and business operations, or converting into an increase in the Company's registered capital.

For the purpose of making up the Company's losses with reserves, the discretionary reserves and statutory reserves shall be applied first; if such reserves are still insufficient to cover the losses, the capital reserves may be applied in accordance with the relevant provisions.

Where the statutory reserves are converted into an increase in the Company's registered capital, the amount of such statutory reserves retained shall not be less than 25% of the Company's registered capital prior to such conversion.

Profit distribution

(I) Principles of profit distribution

1. The Company shall adopt a proactive profit distribution policy, attach importance to delivering reasonable investment returns to investors, maintain the continuity and stability of the profit distribution policy, and ensure compliance with the relevant provisions of applicable laws and regulations.
2. The profit distribution of the Company shall not exceed the scope of accumulated distributable profits, shall not impair the Company's ability to sustain its operations, and shall adhere to the following principles: (1) The principle of distribution in accordance with the statutory order; (2) The principle that no distribution shall be made if there are undischarged losses; (3) The principle that Shares held by the Company in itself shall not participate in profit distribution.

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(II) Forms of profit distribution

1. The Company may adopt cash, stock, a combination of cash and stock, or other methods permitted by laws and regulations for profit distribution. Cash dividends shall take priority over stock dividends.
2. The Company shall actively promote dividend distribution in cash. On the premise of ensuring full payment of cash dividends and maintaining a reasonable equity size and shareholding structure, the Company may adopt stock dividends for profit distribution to maintain the alignment between equity expansion and performance growth. For each stock dividend distribution, the stock dividend distributed for every ten Shares held shall be not less than one Share.

(III) Conditions for cash dividend distribution

1. The Company’s distributable profit for the year or half-year (i.e. the Company’s profit after tax after making up losses and withdrawing provident fund) is positive and the cash flow is sufficient, and the implementation of the cash dividend will not affect the Company’s sustainable operation in the future;
2. The Company’s cumulative profit available for distribution is positive;
3. The auditing firm has issued a standard unqualified audit report on the Company’s financial report for that year;
4. The Company shall have no material investment plans or material cash expenditures, save for fundraising projects. Material investment plans or material cash expenditures mean that the aggregate amount of the Company’s proposed external investments, asset acquisitions, equipment purchases and building acquisitions within the next twelve months shall account for 30% or more of the Company’s most recent audited total assets.

The Company may refrain from profit distribution if it fails to meet the aforementioned conditions.

(IV) Proportion of cash dividends and time interval

1. When the conditions for cash dividend distribution are satisfied, the Company shall, in principle, distribute cash dividends once annually following the annual Shareholders’ meeting. The Board of Directors may propose interim cash dividend distributions based on the Company’s profitability and capital requirements.

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2. When the conditions for cash dividend distribution are satisfied, the Company shall distribute profits in cash not less than 15% of the distributable profits realised in the current year. Furthermore, over any three consecutive fiscal years, the cumulative cash dividends distributed by the Company shall not be less than 45% of the average annual distributable profits achieved during such three-year period.
3. The Board of the Company shall take into account its industry characteristics, development stage, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and shall propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association to cater the following circumstances:
 - (1) When the Company is in the mature stage of development and has no significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 80%;
 - (2) When the Company is in the mature stage of development and has significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 40%;
 - (3) When the Company is in the growth stage and has significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 20%.

If the development stage of the Company with significant capital expenditure cannot be easily distinguished, the Company may handle the matter in accordance with the provisions set out in the preceding paragraph.

4. When the net cash flow generated by the Company's operating activities is negative for two consecutive years, the Company may not pay a high proportion of cash dividends; when the Company's asset-liability ratio exceeds 70% at the end of that year, the Company does not need to pay cash dividends.
5. The undistributed distributable profits in the current year can be reserved for distribution in subsequent years.

(V) Conditions for distribution of stock dividends

Under the condition of cash dividend distribution, if the Company's operating income and net profit grow rapidly, and the Board of Directors thinks that the Company's share capital scale and shareholding structure are reasonable, it can propose and implement a stock dividend distribution plan in addition to the cash dividend distribution plan. If stock dividends are used for profit distribution, real and reasonable factors such as the Company's growth and dilution of net assets per Share should be taken into account.

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(VI) Decision-making procedure and mechanism of profit distribution

1. The Company shall strengthen the awareness of rewarding Shareholders, comprehensively consider factors such as the Company's profitability, capital demand, development goals and reasonable returns of Shareholders, take every three years as a cycle, formulate a Shareholder return plan within the cycle, and clarify the specific arrangement and form of three-year dividends, cash dividend planning and period intervals, etc.
2. After the end of each fiscal year, the management and Board of Directors of the Company shall put forward a reasonable profit distribution plan in combination with the Articles of Association, the Company's profitability, capital demand and Shareholders' return plan, and the Board of Directors shall formulate the annual profit distribution plan and the medium-term profit distribution plan. The formulation or modification of the profit distribution plan shall be submitted to the Shareholders' meeting for approval after being considered and approved by the Board of Directors. Independent Directors have the right to express independent opinions if they believe that the cash dividend plan may harm the rights and interests of listed companies or minority Shareholders. If the Board of Directors fails to adopt or fully adopt the opinions of independent Directors, the Board of Directors shall disclose the opinions of independent Directors and the specific reasons for not adopting or not fully adopting them in the announcement of the Board of Directors' resolutions.
3. When deliberating the specific plan of cash dividends, the Board of Directors shall carefully study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the requirements of decision-making procedures, etc., and record in detail the management suggestions, the main points of the speeches of the participating Directors, the voting situation of the Board of Directors, etc., and form a written record for proper preservation as the Company files.
4. The Audit Committee shall review the profit distribution plan formulated or revised by the Board of Directors, and approve it by half of the members of the Audit Committee. If the Company makes an annual profit but does not propose a cash dividend plan, the Audit Committee shall issue special explanations and opinions on the implementation of relevant policies and plans. The Audit Committee shall supervise the implementation of the profit distribution plan and Shareholder return plan. The Shareholders' meeting shall review and vote on the profit distribution plan proposed by the Board of Directors in accordance with laws, regulations and the Articles of Association.

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5. In order to effectively protect the rights of public Shareholders to participate in the Shareholders' meeting, the Board of Directors, independent Directors and qualified Shareholders can publicly solicit their voting rights at the Shareholders' meeting. They shall also actively communicate and exchange with Shareholders, especially minority Shareholders, through various channels (including but not limited to telephone, fax, email, interactive platforms, etc.), fully listen to the opinions and demands of minority Shareholders, and promptly respond to the concerns of minority Shareholders' questions.
6. The Company's dividend plan shall be approved by more than half of the voting rights held by Shareholders or Shareholders' proxies attending the Shareholders' meeting.
7. If the Company needs to adjust its profit distribution policy according to the needs of production and operation, investment planning and long-term development, it shall take the protection of Shareholders' rights and interests as the starting point, and the adjusted profit distribution policy shall not violate the provisions of relevant laws, regulations, normative documents and the Articles of Association; The proposal on adjusting the profit distribution policy shall be expressed by the Audit Committee, submitted to the Shareholders' meeting of the Company for approval after being considered by the Board of Directors of the Company, and passed by more than two-thirds of the voting rights held by Shareholders or Shareholders' proxies attending the Shareholders' meeting. Independent Directors have the right to express independent opinions on the rationality of the revision of profit distribution policy. At the same time, the Company shall provide online voting methods to facilitate minority Shareholders to participate in voting at the Shareholders' meeting.
8. If a Shareholder of the Company illegally occupies the Company's funds, the Company shall deduct the cash dividend distributable by the Shareholder at the time of profit distribution to repay the Company funds occupied by such Shareholder.

(VII) Profit distribution information disclosure mechanism

The Company shall disclose in detail the implementation of the profit distribution plan and cash dividend policy in the annual report and interim report in strict accordance with relevant regulations, explaining whether it meets the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' meeting, whether the dividend standards and proportions are clear and clear, whether the relevant decision-making procedures and mechanisms are complete, whether minority Shareholders have the opportunity to fully express their opinions and demands, and whether the legitimate rights and interests of minority Shareholders are fully safeguarded. If the cash dividend policy is adjusted or changed, it is also necessary to explain in detail whether the conditions and procedures for the adjustment or change are compliant and transparent. If the Company is profitable in the current year and the Board of Directors fails to make a cash profit distribution plan, it shall explain in detail in the

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periodic report the reasons for not proposing cash dividends and the purpose and use plan of the funds not used for cash dividends retained in the Company. At the same time, when holding the Shareholders' meeting, the Company shall provide online voting and other means to facilitate minority Shareholders to participate in the voting of the Shareholders' meeting.

Internal Audit

The Company implements an internal audit system to clarify the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability of internal audit work.

The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed to the public.

The internal audit institution of the Company supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit institution shall maintain its independence, be staffed with full-time auditors, and shall not be placed under the leadership of the financial department or co-located with the financial department.

The internal audit institution is responsible to the Board of Directors.

The internal audit institution shall accept the supervision and guidance of the Audit Committee in the process of supervision and inspection of the Company's business activities, risk management, internal control and financial information. If the internal audit institution finds relevant major problems or clues, it shall immediately report directly to the Audit Committee.

The internal audit institution is responsible for the specific organisation and implementation of the Company's internal control evaluation. According to the evaluation report and relevant information issued by the internal audit institution and reviewed by the Audit Committee, the Company issues the annual internal control evaluation report.

When the Audit Committee communicates with external audit units such as accounting firms and national audit institutions, the internal audit institutions shall actively cooperate and provide necessary support and cooperation.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law to audit accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be one year and can be renewed.

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The appointment and dismissal of accounting firms by the Company shall be subject to the approval of the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the approval of the Shareholders' meeting.

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

The audit fee of an accounting firm shall be determined by the Shareholders' meeting.

When the Company dismisses or does not renew the appointment of an accounting firm, it shall notify the accounting firm ten days in advance, and the accounting firm shall be allowed to state its opinions when the Shareholders' meeting of the Company votes on the dismissal of the accounting firm.

If an accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether the Company has any improper circumstances.

Notices and Announcements

The Company's notice is given in the following form:

- (i) by personal delivery;
- (ii) by post;
- (iii) by announcement;
- (iv) by other means prescribed by the Articles of Association.

Where a notice of the Company is served by announcement, the notice shall be deemed as received by all the relevant persons once the notice is announced.

Notices of the Company's Shareholders' meetings shall be served by announcement.

Notices of the Company's Board meetings shall be served by personal delivery, post, fax or email, save as otherwise provided for in the Articles of Association in respect of convening an extraordinary Board meeting due to urgent matters.

If the notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the fifth working day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement,

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the date of first announcement shall be the date of service; if the notice of the Company is sent by fax, the time recorded by the fax machine shall be the date of service; if the notice of the Company is sent by e-mail, the time of sending the e-mail recorded by computer shall be the date of service.

If a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or if such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void only thereby.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

If the price paid for the merger of the Company does not exceed 10% of the net assets of the Company, it may not be subject to a resolution of the Shareholders' meeting, unless otherwise provided in the Articles of Association.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the Shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

In the event of a merger, the merged parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's merger resolution and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of the Company's merger resolution.

A creditor has the rights, within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt.

Upon the merger of the Company, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

When the Company is divided, its assets shall be split up accordingly.

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In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution to divide and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date the Company made a resolution to divide.

Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

Where the Company needs to reduce its registered capital, it will prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution made by the Shareholders' meeting for reduction of registered capital and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the rights, within 30 days after receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days from the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

Where the Company reduces its registered capital, the amount of capital contribution or Shares shall be reduced correspondingly in proportion to the Shares held by its Shareholders, unless otherwise provided by law or the Articles of Association.

Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 159 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its Shareholders, nor exempt the Shareholders from their obligation to make capital contribution or calls on Share.

The provisions of the Paragraph 2 of Article 185 of the Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding article. The Company shall publish an announcement on the Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the Shareholders' meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulated amount of the statutory reserve fund and discretionary reserve fund reaches 50% of its registered capital.

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If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, Shareholders shall return the funds they have received and the reduced capital contribution of the Shareholders shall be restored to its original amount; in case of losses caused to the Company, the Shareholders and the liable Directors and senior management shall be liable for compensation.

Where an increase in registered capital of the Company is made by means of issue of new Shares, the Shareholders do not have any pre-emptive right unless otherwise provided in the Articles of Association or the Shareholders' meeting resolves that the Shareholders shall have pre-emptive right.

Changes in particulars of the companies as a result of merger or division shall be registered with the registration authorities in accordance with the law. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the law.

When increasing or reducing the registered capital, the Company shall register the changes with company registration authorities in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (i) The term of operation stipulated in the Articles of Association expires, or any other grounds for dissolution as set out in the Articles of Association arise;
- (ii) The Shareholders' meeting resolves to dissolve the Company;
- (iii) Dissolution is required due to the merger or division of the Company;
- (iv) Its business license is revoked, it is ordered to close down or is cancelled in accordance with the law;
- (v) Where the Company encounters serious difficulties in business operation and management, and its continued existence will cause material losses to the interests of Shareholders, and such difficulties cannot be resolved through any other means, Shareholders holding 10% or more of the voting rights of the Company may apply to the people's court for the dissolution of the Company.

Where any of the grounds for dissolution as specified in the preceding paragraph arises, the Company shall publicize such grounds for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

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Upon the occurrence of the situation described in item (I) and (II) of Article 190 hereof, and the Company has not distributed any property to its Shareholders, the Company may continue to exist by amending the Articles of Association or by resolution of the Shareholders' meeting.

Amendments to the Articles of Association pursuant to the preceding paragraph or by resolution of the Shareholders' meeting shall be subject to the approval of more than two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

Where the Company is dissolved in accordance with items (I), (II), (IV) and (V) of Article 190 hereof, it shall be liquidated. The Directors are the obligor of liquidation of the Company, and shall establish a liquidation committee to carry out liquidation within 15 days from the date of occurrence of events giving rise to dissolution.

The liquidation committee shall consist of Directors, unless otherwise provided in the Articles of Association or other persons are elected by the Shareholders' meeting.

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

The liquidation committee shall exercise the following functions and power during the period of liquidation:

- (i) liquidating the properties of the Company, and preparing the balance sheets and inventory of assets separately;
- (ii) informing creditors by a notice or public announcement;
- (iii) disposing of and liquidating the outstanding transactions of the Company;
- (iv) clearing off the overdue taxes and the taxes incurred from the process of liquidation;
- (v) clearing off credits and debts;
- (vi) distributing the residual properties after settling such debt;
- (vii) participating in the civil litigation on behalf of the Company.

The liquidation committee shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make an announcement on Securities Times or the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days of the receipt of the notice, or where no notification has been received, within 45 days from the date of the announcement, file a claim with the liquidation committee.

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Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidentiary materials. The liquidation committee shall register the creditors' rights.

The liquidation committee shall not clear off any of the debts of any creditors during the period of filing creditors' rights.

After the liquidation committee has liquidated the assets of the Company and prepared the balance sheets and inventory of assets, it shall formulate a plan of liquidation, and report it to the Shareholders' meeting or the people's court for confirmation.

The remaining assets after paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed in proportion to the shareholding of Shareholders.

During the period of liquidation, the Company continues to exist but shall not carry out any business operation that is not related to liquidation.

No portion of the Company's properties shall be distributed to Shareholders prior to the completion of liquidation in accordance with the provisions set out in the preceding paragraph.

Should the liquidation committee find that the properties of the Company are insufficient for clearing off the debts after liquidating the properties of the Company and preparing the balance sheets and inventory of assets, it shall apply to the people's court for bankruptcy liquidation.

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

Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the Shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the Company.

The members of the liquidation committee perform the liquidation duties and have obligations of fiduciary and diligence.

Where a member of the liquidation committee is negligent in performing his liquidation obligations, thereby causing losses to the Company, he shall be liable for compensation; where he causes losses to creditors due to intent or gross negligence, he shall also be liable for compensation.

Where the Company is declared bankruptcy in accordance with the law, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

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Amendment to Articles of Association

Under any one of the following circumstances, the Company will amend its Articles of Association:

- (i) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association are in conflict with the amended laws or administrative regulations;
- (ii) the changes that the Company has undergone are inconsistent with the records made in the Articles of Association;
- (iii) the Shareholders' meeting decides that the Articles of Association shall be amended.

Where the amendments to the Articles of Association adopted by resolution of the Shareholders' meeting are subject to approval by the competent authority, such amendments shall be submitted to the competent authority for approval. Where such amendments relate to the particulars of the Company's registration, the formalities for registration of changes shall be completed in accordance with the law.

The Board of Directors shall amend the Articles of Association according to the resolutions of the Shareholders' meeting and the approval opinions from relevant competent authorities.