
APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange.

SHARES

All the shares issued by the Company are ordinary shares.

Shares issued by the Company are denominated in RMB with a nominal value of RMB0.1 per share.

The Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing for the Shares shall pay the same price for each Share.

Increase, Reduction and Repurchase of Shares

Increase of Capital

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to respective resolution of the general meeting, by any of the following methods:

- (1) a public offering of shares;
- (2) a private placement of shares;
- (3) allotment of bonus shares to existing shareholders;
- (4) conversion of reserve funds to share capital;
- (5) other methods permitted by laws and administrative regulations and approved by China Securities Regulatory Commission.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Shares of the Company are listed, as well as the Articles of Association.

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Repurchase of Shares

The Company shall not acquired the Shares of the Company with one of the following exceptions:

- (1) to reduce the registered capital of the Company;
- (2) to merge with other companies that hold shares in the Company;
- (3) to use the shares for employee shareholding schemes or as share incentives;
- (4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- (5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company; or
- (6) to safeguard corporate value and shareholders' equity as the Company deems necessary;

Transfer of Shares

Shares of the Company can be transferred legally.

The Company shall not accept Shares of the Company as the subject of pledges.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

The Company shall, on the basis of the certificates provided by the securities registration authority, establish a register of members, which is a sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations.

When the Company intends to convene a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board of Directors or the convenor of a general meeting shall determine an equity record date, and shareholders registered on the register of members after the close of market on such date shall be the shareholders entitled to the relevant rights and interests.

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Rights and Obligations of the Shareholders

Shareholders of the Company shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to apply legally for, convene, preside, attend or appoint proxies to attend general meetings and to exercise the corresponding right of speech and right to vote;
- (3) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;
- (4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;
- (5) the right to inspect the Articles of Association, the register of members, corporate bond stubs of the Company, the minutes of general meetings, resolutions of the Board of Directors and resolutions of the Board of Supervisors, and financial and accounting report
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase their shares;
- (8) such other rights conferred by laws, administrative regulations, department rules, and the Hong Kong Listing Rules or the Articles of Association.

Shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (3) not to return shares unless prescribed otherwise in laws and administrative regulations;
- (4) 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 harm the interests of the Company's creditors;

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Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law.

Any Company's shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

- (5) to assume other obligations required by laws, administrative regulations, the regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association.

General Rules for the General Meeting

The general meeting is the organ of the highest authority of the Company and shall exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace directors and supervisors who are not employee representatives; and to decide on matters relating to their remuneration;
- (3) to review and approve reports of the Board of Directors;
- (4) to review and approve reports of the Board of Supervisors;
- (5) to review and approve the annual financial budgets and final accounts of the Company;
- (6) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (7) to adopt resolutions on increasing or reducing the registered capital by the Company;
- (8) to adopt resolutions on the issuance of bonds of the Company;
- (9) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (10) to amend the Articles of Association;
- (11) to adopt resolutions on the engagement or dismissal of the engagement of accounting firms by the Company;

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- (12) to review and approve the external guarantees of the Company;
- (13) to review and approve the purchase or the sale of major assets by the Company within one year, and the amount of which exceeds 30% of the latest audited total assets of the Company;
- (14) to review and approve matters relating to the modification of use of raised fund;
- (15) to review the Company's share incentives schemes and employee shareholding schemes;
- (16) to review other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles of Association.

General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once every year and within six months after the end of the preceding fiscal year.

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

- (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of its total paid in share capital;
- (3) such is requested by a shareholder alone or shareholders jointly holding no less than 10% of the Company's voting shares;
- (4) the Board of Directors considers it necessary;
- (5) the Board of Supervisors proposes that such a meeting shall be held;
- (6) other circumstances as specified by laws, administrative regulations, department rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Proposals and Notices of General Meetings

The contents of proposals shall fall within the authority of general meetings.

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The Board of Directors, the Board of Supervisors and shareholders individually or jointly holding no less than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

A shareholder alone or shareholders jointly holding no less than 3% of the shares of the Company may submit interim proposals in writing to the convenor ten days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting within two days after receipt of the motion, with such interim proposals announced.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

The convenor shall, by way of an announcement, issue a notice 20 days prior to the convening of the annual general meeting to notify every shareholder or 15 days prior to the convening of the extraordinary general meeting to notify every shareholder.

Notice of the general meeting shall include the following:

- (1) the time, venue and duration of the meeting;
- (2) subject matters and proposals submitted for consideration and approval on the meeting;
- (3) particulars shall be in clear text that all shareholders are entitled to attend general meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;
- (4) shareholders are entitled to present on the equity determination date of general meetings;
- (5) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;
- (6) online or other means of voting time and voting procedures;

Holding of General Meetings

All shareholders or their proxies of the Company registered on the register of members on the equity record date shall have the right to attend general meetings and exercise their voting rights in accordance with the relevant laws, regulations, the Hong Kong Listing Rules and the Articles of Association. The Company and the convenor shall not refuse for any reason.

Shareholders may attend a general meeting in person and may appoint a proxy to attend and vote on their behalf.

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General meetings shall be presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the meeting shall be presided over by the vice-chairman. If the vice-chairman of the Board of Directors is unable or fails to perform his/her duties, the meeting shall be presided over by a director elected by a majority of the directors.

Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

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

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

- (1) the increase or reduction of the registered capital by the Company;
- (2) the merger, spin-off, division, dissolution, liquidation or change in the form of the Company;
- (3) the amendment to the Articles of Association;
- (4) the purchase and the sale of major assets by the Company within one year, or the guarantee amount of which exceeds 30% of the latest audited total assets of the Company;
- (5) the share incentives schemes;
- (6) other matters which the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association require to be adopted by special resolutions and which the general meeting, by an ordinary resolution, considers to have a material impact on the Company and therefore require to be adopted by a special resolution.

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DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting and may be removed from office before the expiration of the term of office by a general meeting. Each director shall serve a term of three years and upon expiry of which, a director shall be eligible for re-election and re-appointment. The term of office of a director shall commence on the date of taking office and end on the expiration of the term of the current session of the Board. If a director is not re-elected in a timely manner upon the expiration of his term of office, the former director shall perform his duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association before the re-elected director takes office.

The directors may be held concurrently by the general manager or other senior management members, but the total number of directors who concurrently hold the positions of general manager or other senior management and the directors who are serving as employee representatives shall not exceed one-half of the total number of directors of the Company.

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his/her term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his/her removal.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to the Company:

- (1) shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of the Company;
- (2) shall not misappropriate the Company's funds;
- (3) shall not open an account for depositing the Company's assets or funds in its own name or in the name of another individual;
- (4) shall not violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees for others with the Company's property without the consent of a general meeting or the Board of Directors;
- (5) shall not enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of a general meeting;

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- (6) without the consent of a general meeting, he/she shall not take advantage of his position to seek business opportunities for himself or others that should belong to the Company, or to operate the same kind of business as that of the Company for himself or for others;
- (7) shall not accept commissions as theirs' from transactions conducted by the others and the Company;
- (8) shall not disclose the Company's secrets without authorization;
- (9) shall not make use the affiliated relationship to prejudice the interests of the Company;
- (10) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

Any income derived by a director from violation of the provisions of the preceding paragraph shall belong to the Company; for any resulting loss to the Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to the Company:

- (1) the Company shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business license;
- (2) all shareholders shall be treated fairly;
- (3) keep abreast of the Company's business operation and management;
- (4) a written confirmation of the Company's periodic reports shall be signed to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) the Board of Supervisors shall truthfully provide relevant information and materials to the Board of Supervisors, and shall not hinder the Board of Supervisors or the Supervisors from exercising their powers;
- (6) other diligence obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

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Board of Directors

The Company shall set up a board of directors. The Board of Directors shall consist of nine directors, including six independent non-executive directors and three independent directors. The Board of Directors shall consist of one chairman and 1 to 2 vice-chairmen. The chairman and vice-chairman shall be elected and removed by more than one-half of all directors of the Board of Directors.

The Board of Directors is accountable to the general meetings and exercise the following functions and powers:

- (1) to convene general meetings and report to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;
- (7) to formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;
- (8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorization by the general meeting;
- (9) to decide on establishment of internal management organs of the Company;
- (10) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and to decide on matters over the remunerations and rewards and punishments thereof; and to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management as well as their remunerations and rewards and punishments according to the nomination of the general manager;
- (11) to formulate the basic management system of the Company;

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- (12) to formulate proposals to amend the Articles of Association;
- (13) to manage the disclosure of the Company's information;
- (14) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (15) To listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company;
- (16) other functions and powers provided for in laws, administrative regulations, department regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Meetings of the board of directors may be held only if more than one half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all directors. Vote on Board of Directors resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he/she shall not exercise his/her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager and several deputy general managers, all of whom shall be appointed or dismissed by the Board of Directors. The general manager, deputy general manager, financial officer, secretary to the Board of Directors and other senior management personnel recognized by the Board of Directors are senior management members of the Company.

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

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

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- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plans for the establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board of Directors appointment or dismissal of deputy general manager and chief financial officer of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall be present at the meetings of the Board of Directors.

The Company shall have a secretary to the Board of Directors, whose primary responsibilities include preparing general meetings and board meetings of the Company, maintaining documents and managing shareholder information of the Company, and handling the information disclosure of the Company.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior management members of the Company shall be liable for compensation in accordance with relevant laws if they fail to faithfully perform their duties or breach their fiduciary duty and cause damage to the interests of the Company and the shareholders of public shares.

BOARD OF SUPERVISORS

The Company shall establish a Board of Supervisors. The Board of Supervisors shall consist of three supervisors. The Board of Supervisors shall appoint a chairman, who shall be elected by more than half of the supervisors. The term of office of each supervisor shall be a period of three years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors. The Board of Supervisors consists of shareholder representatives and an appropriate proportion of employee representatives of the Company, which proportion shall not be lower than 1/3.

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The Board of Supervisors shall be accountable to the general meeting and exercise the following functions and powers:

- (1) to review and give written opinions on the Company's periodic reports prepared by the Board of Directors;
- (2) to examine the Company's financial matters;
- (3) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;
- (4) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;
- (5) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings;
- (6) to submit proposals to the general meetings;
- (7) to file lawsuits against directors and senior management on behalf of the Company in accordance with the Company Law;
- (8) in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;
- (9) other functions and powers provided by laws, administrative regulations and the Articles of Association.

Supervisors may attend as a nonvoting delegate at the meeting of the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council.

The Company shall submit and disclose its annual reports within four months from the ending date of each financial year, and its interim reports within two months from the ending date of the first half of each financial year, respectively. The above-mentioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations and the provisions of CSRC and the stock exchange(s).

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Profit Distribution

The profit distribution policy of the Company is as follows:

- (1) Decision-making procedures and mechanisms for profit distribution policy
 - (i) Decision-making mechanism and procedures for the implementation of profit distribution policy

- A. When the Board of Directors of the Company proposes a cash dividend distribution, the Board of Directors shall carefully study and demonstrate, among other things, the timing, conditions and minimum proportion, adjustment conditions and decision-making procedure requirements for the cash dividend distribution of the Company, and the independent directors shall express clear opinions.

- B. The profit distribution policy of the Company shall be proposed by the Board of Directors to the shareholders' general meeting of the Company. The profit distribution policy proposed by the Board of Directors shall be approved by a majority vote of the Board of Directors, and the independent directors shall express their independent opinions on the profit distribution policy.

In the event of misappropriation of the Company's funds by a shareholder, the Company shall deduct the funds misappropriated from the cash dividends to be distributed to that shareholder as compensation.

- (ii) Decision-making mechanism and procedures for adjustment of profit distribution policy

- A. In the event of force majeure such as wars and natural disasters, changes in the external operating environment of the Company that have a significant impact on the Company's production and operation, or material changes in the Company's operating conditions, the Company may adjust the profit distribution policy.

- B. For the adjustment of the Company's profit distribution policy, the Board of Directors shall make a specific discussion, demonstrate the reasons for the adjustment and prepare a written demonstration report, which shall be submitted to the shareholders' general meeting for consideration when the independent directors have expressed their independent opinions thereon, and the relevant resolutions shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting.

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C. The Company encourages small and medium-sized investors and institutional investors to actively participate in the decision-making of the Company for profit distribution. Before considering the specific profit distribution plan, the shareholders' general meeting of the Company shall fully listen to the opinions and demands of the minority shareholders and respond to the concerns of the minority shareholders in a timely manner.

(2) Details of the profit distribution policy

(i) Form of profit distribution

The Company may distribute dividends in cash, stocks or a combination of cash and stocks, and give priority to profit distribution in cash.

(ii) Specific conditions and proportion of cash dividends

A. Provided that the Company has reserved statutory reserve fund and surplus reserve fund in full and the conditions for cash dividends are satisfied, the Company may distribute dividends in cash. The specific proportion of dividends for each year shall be resolved by the Board of Directors in view of the annual profits and the future fund use plan of the Company.

The "conditions for cash dividend distribution" referred to in the preceding paragraph are as follows:

- (a) the Company is profitable for the accounting year, and the auditor has issued an audit report with unqualified opinions on the annual financial statements for the corresponding year;
- (b) The capital requirements to ensure the normal operation and long-term development of the Company;
- (c) There are no other circumstances that the Board of Directors deems inappropriate to distribute cash dividends.

B. When distributing profits, the Board of Directors of the Company shall make cash dividend policies in accordance with the procedures stipulated in the Articles of Association after considering its industry-specific characteristics, development stage, business model, profitability, future major capital expenditure arrangement and other factors.

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(iii) Conditions required for distributing stock dividend

If the Company is in a good operating status, and the Board of Directors considers that the Company's share price is not proportional to the scale of its share capital, and distributing stock dividend is beneficial to all shareholders' interests, then the Board of Directors may propose to a plan for distributing stock dividend subject to the satisfaction of the abovementioned conditions for cash dividend distribution.

(iv) Interval of profit distribution

Subject to the satisfaction of the abovementioned conditions for cash dividend distribution, the Company, in principle, adopts an annual profit distribution policy. The Board of Directors of the Company may propose an interim profit distribution plan according to profitability, cash flow and capital demand plan, which shall be implemented upon consideration and approval by the extraordinary general meeting.

Internal Auditing

The Company implements an internal audit system and is equipped with full-time auditors to conduct internal audit supervision on the Company's financial revenue and expenditures and economic activities.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger and Division of the Company

In a merger of companies, the Company shall execute a merger agreement and prepare the balance sheet and property list. The Company shall notify their creditors within ten days of adopting merger resolutions, and shall publish announcements in newspaper within 30 days. Creditors shall be entitled to claim full repayment of all debts owed by the Company or require that appropriate assurances to be provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor does not receive the notice.

If the company is to be divided, its assets shall be divided accordingly.

In a division of the company, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within ten days of the date on which the division resolution is adopted, and shall publish announcements in newspaper within 30 days.

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Dissolution and Liquidation of the Company

The Company shall be dissolved in accordance with the law under any of the following circumstances:

- (1) the term of business operation expires as specified by the Articles of Association or other matters leading to dissolution occur as specified by the Articles of Association;
- (2) the general meeting resolves to dissolve the Company;
- (3) dissolution is necessary as a result of the merger or division of the Company;
- (4) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws; or
- (5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is dissolved according to the provisions of sub-paragraphs (1), (2), (4) and (5) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be determined by Directors or the general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

The liquidation committee shall notify creditors within ten days of its establishment, and make announcements on newspaper within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay the debts to creditors.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts, shall be distributed by the Company to the shareholders in proportion to the shares they hold.

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During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

- (1) after Company Law or relevant laws and administrative regulations have been amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws and administrative regulations;
- (2) the circumstances of the Company have changed, which are inconsistent with the matters recorded in the Articles of Association;
- (3) a general meeting decides to amend the Articles of Association.

Amendments to the Articles of Association shall perform relevant procedures and finish necessary formalities in accordance with relevant laws, administrative regulations and the provisions of the Articles of Association. If an amendment to the Articles of Association involves a registered item of the Company, registration of the change shall be carried out in accordance with the law.