

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix sets out the summary of the principal provisions of the Articles of Association. The principal objective of this appendix is to provide potential investors with an overview of the Articles of Association, hence it does not contain all information that may be important to potential investors. As stated in the section “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII to this document, the full Chinese text of the Articles of Association is available for inspection.

SHARES

Shares and Registered Capital

The Company shall have ordinary shares. The shares of the Company shall take the form of share certificates. All the shares issued by the Company are denominated in RMB, with a nominal value of RMB1 per share.

The shares of the Company shall be issued in a transparent, fair and equal manner, and shall rank *pari passu* with the shares of the same class.

The terms and price of each share of the same class in the same issue shall be the same, and every share subscribed by any entity or individual in the same issue shall have the same price.

Increase and Decrease of Shares

Increase of Capital

The Company may, upon resolution by the shareholders’ general meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of the reserve fund to additional share capital;
- (V) other means as permitted by laws, administrative regulations and approved by the securities regulatory authorities of the place where the Company’s shares are listed, HKEX and CSRC.

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Capital Reduction

The Company may decrease its registered capital in accordance with the Articles of Association. If the Company reduces its registered capital, such reduction shall be made in accordance with the procedures stipulated in the PRC Company Law, the regulatory rules of the securities regulatory authorities of the place where the Company's shares are listed and other related regulations and the Articles of Association.

When reducing its registered capital, the Company must prepare balance sheet and a list of assets.

The Company shall notify its creditors within ten days from the date of the resolution on the registered capital reduction and shall publish an announcement on the newspaper(s) within 30 days. A creditor has the right, within 30 days from the receipt of such notice; or, for creditors who do not receive the notice, within 45 days from the date of the announcement, to request the Company to pay its debts or to provide corresponding guarantee for such debts.

The registered capital of the Company after its reduction shall not be less than the statutory minimum amount. In addition, if the Company increases or reduces registered capital, it shall complete the registration for changes with the company registration authorities pursuant to the laws.

Buy-back of Share

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

- (I) cancellation of shares to reduce the registered capital of the Company;
- (II) merging with other companies holding the shares of the Company;
- (III) the shares are to be used for employee share ownership plan or equity incentives;
- (IV) any shareholder opposes a resolution on the merger or division of the Company adopted at a general meeting and requests the Company to purchase his/her shares;
- (V) the shares are to be used to convert corporate bonds issued by the Company that can be converted to shares;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests;

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- (VII) other circumstances in which the shares of the Company can be acquired pursuant to the laws, administrative regulations, departmental rules, regulatory documents, and relevant regulations of the place where the Company's shares are listed.

Except for the circumstances set out above, the Company shall not acquire the Shares of the Company.

The Company's acquisition of the shares of the Company can be made by public and centralized transaction, or other methods recognized by laws, administrative regulations and relevant regulatory authorities. Where the Company acquires its own shares due to the circumstances stipulated in item (III), (V) or (VI) above, it should be made by public and centralized transaction.

The Company's acquisition of the shares of the Company due to the circumstances stipulated in items (I) and (II) above shall be subject to a resolution of the general meeting. The Company's acquisition of the shares of the Company due to the circumstances stipulated in items (III), (V) and (VI) above may, pursuant to the Articles of Association or the authorization of the general meeting, be subject to a resolution of a Board meeting at which more than two-thirds of Directors are present.

Under the circumstance stipulated in item (I), the shares of the Company so acquired shall be canceled within ten days from the date of acquisition; under the circumstances stipulated in either item (II) or item (IV) above, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (III), (V) or (VI), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding Shares, and shall be transferred or canceled within 3 years.

If it is otherwise provided in the regulatory rules of the securities regulatory authority of the place where the Company's Shares are listed regarding the relevant matters of the repurchase of the Shares, the latter shall prevail.

Financial Assistance for the Purchase of the Shares of the Company

The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide any financial assistance, in the form of gift, advance, guarantee, compensation or loans, to any person that purchases or plans to purchase the shares of the Company.

Share Transfer

Shares of the Company are legally transferable.

The Company refuses its own stocks as the subject matter of pledge right.

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Shares of the Company held by the promoters shall not be transferred within one year from the Company's establishment. The Shares which have already been issued prior to the Company's public offering shall not be transferred within one year after the Company's stocks are listed at the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company the shares held by them in the Company and any alterations to the shares so held, and the shares transferred each year by them during their terms of office shall not exceed 25% of their total shares of the same type in the Company; the shares of the Company held by them shall not be transferred within one year after the Company's stocks are listed. The aforesaid persons shall not transfer the shares of the Company held by them for the period of six months after they leave the Company.

When any shareholder, holding more than 5% of the company's shares, of the Company or any director, supervisor, senior management of the company disposes of his/her/its shares or other securities with an equity nature in the company within 6 months of purchase, or purchases shares in the Company again within six months after disposal, the proceeds derived therefrom shall be retained for the benefit of the company and be revoked by the Board of Directors of the Company. However, the disposals by brokerage companies holding more than 5% of the shares in the Company due to the fact that their underwritten shares remain unsubscribed and other circumstances stipulated by the CSRC shall not be subject to the restriction.

The shares or other securities with an equity nature held by any director, supervisor, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents and children, and those held through others' accounts.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

Register of Members

The Company shall maintain a register of shareholders with the evidence provided by the securities registration institution, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The original part of the shareholders' register of overseas listed foreign shares related to the holders of shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

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Rights and Obligations of Shareholders

The shareholders of the Company shall have the following rights:

- (I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;
- (II) to lawfully require, convene, preside over or attend general meetings either in person or by proxy, speak at the general meetings and exercise the corresponding voting right;
- (III) to supervise, manage, make recommendations or make inquiries about the operations of the Company;
- (IV) to transfer, bestow or pledge shares held by them in accordance with laws, relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed and provisions of the Articles of Association;
- (V) to inspect the Articles of Association, register of members, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;
- (VII) to require the Company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the Company;
- (VIII) Check the Hong Kong branch of the Company's shareholder register, but the company may suspend shareholder registration procedures in accordance with the provisions equivalent to Article 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
- (IX) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

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If any resolution of the general meeting or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the general meetings or Board of Directors meetings violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the people's court to cancel such resolution within sixty days after passing the resolution.

Where the Company incurs losses as a result of violation by directors, supervisors and members of the senior management of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the shareholders individually or in aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the Board of Supervisors to initiate proceedings to the People's Court; where the Company incurs losses as a result of violation by the Board of Supervisors of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, such shareholders may make a request in writing to the Board of Directors to initiate proceedings to the People's Court.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to for the benefit of the Company initiate proceedings to the People's Court directly in their own names.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in the preceding paragraph may initiate proceedings to the People's Court pursuant to the provisions of the first two paragraphs.

Shareholders may initiate proceedings to the People's Court in the event that a director or a senior management officer has violated laws, administrative regulations or the Articles of Association, damaging the interests of shareholders.

The shareholders of the Company shall have the following obligations:

- (I) to observe laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;

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- (III) not to withdraw shares unless in the circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company;
- (V) to fulfil other obligations stipulated by laws, administrative regulations and the Articles of Association.

If any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.

If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

Restriction on Rights of the Controlling Shareholders

The controlling shareholder(s) or the de facto controller(s) of the Company shall not impair the interests of the Company by making use of their connected relationship. They shall be liable for damages if, as a result of violating the regulation, they cause the Company to sustain a loss.

The controlling shareholder and the de facto controllers of the Company shall bear the fiduciary duty toward the Company and retail shareholders. The controlling shareholder shall exercise his or her rights as an investor in strict compliance with relevant laws. It may not use such means as profit distribution, asset restructuring, external investment, capital occupation, loan guarantee, etc., to damage the legitimate rights and interests of the Company and retail shareholders, as well as not to make use of its controlling status to damage the interests of the Company and retail shareholders.

The General Meeting

The general meeting is the body by which the Company exercises its powers, and shall exercise the following powers in accordance with the law:

- (I) to decide on the business strategies and investment plans of the Company;

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- (II) to elect and replace directors and supervisors whose posts are not taken by employee representatives, and to decide on matters regarding the remuneration of directors and supervisors;
- (III) to consider and approve reports of the board of directors;
- (IV) to consider and approve reports of the board of supervisors;
- (V) to consider and approve annual financial budget proposals and final accounts proposals for the Company;
- (VI) to consider and approve plans for the distribution of company profits and plans to cover losses;
- (VII) to adopt resolutions on any increase or reduction in the registered capital of the Company;
- (VIII) to pass resolutions on the issuance of company bonds;
- (IX) to adopt resolutions on matters such as any merger, breakup, dissolution or liquidation of the Company or any change in the legal form of the Company;
- (X) to amend the Company's Articles of Association;
- (XI) to adopt resolutions on the Company's appointment or dismissal of accounting firms;
- (XII) to consider and approve the transactions and guarantee matters prescribed in the Articles of Association and the rules of procedure for the general meeting;
- (XIII) to consider the purchase or sale in any one year of material assets valued in excess of 30% of the Company's total assets as audited in the latest period;
- (XIV) to consider and approve changes in the use of funds raised;
- (XV) to consider equity incentive plans and employees stock ownership plans; and
- (XVI) to consider other matters to be decided by the general meeting as prescribed in laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

The general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within 6 months after the end of the previous accounting year.

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The Company shall hold an interim general meeting within two months of the occurrence of any of the following circumstances:

- (I) where the number of directors falls below the number prescribed in the Company Law or below two-thirds of the number prescribed in the Articles of Association;
- (II) where the Company's unfunded losses reach one-third of total share capital paid in;
- (III) where shareholders who individually or jointly hold no less than 10% of the Company's stock request holding of such a meeting;
- (IV) where the board of directors deems it necessary;
- (V) where the board of supervisors proposes such a meeting;
- (VI) in any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Convening of General Meetings

A general meeting shall be convened by the Board of Directors unless otherwise specified in the Articles of Association.

Any independent non-executive director may propose to the board of directors that an interim general meeting be held. Where an independent non-executive director proposes that an interim general meeting be held, the board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving the proposal. Where the board of directors agrees to hold an interim general meeting, it shall send out a general meeting notice within five days of making its resolution; where the board of directors declines to hold an interim general meeting, its reasons shall be given and announced.

The board of supervisors may propose to the board of directors that an interim general meeting be held and shall make any such proposal to the board of directors in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving the proposal.

Shareholder(s) who individually or jointly hold 10% or more of the Company shares shall have the right to propose that the board of directors hold an interim general meeting; any such request to the board of directors shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an interim general meeting should be held within ten days of receiving any such request.

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Proposal and Notification of General Meeting

When the Company holds a general meeting, the board of directors, the board of supervisors and shareholders independently or jointly holding no less than 3% of the Company stock shall have the right to put proposals to the Company.

Shareholders independently or jointly holding no less than 3% of the Company shares may, ten days before the general meeting is held, put forward interim proposals and submit such proposals in writing to the conveners. The conveners shall, within two days of receiving any such proposal, send out a supplementary general meeting notice announcing the details of the interim proposal.

If the general meeting needs to be postponed due to the issuance of supplementary notice of the general meeting in accordance with the securities regulatory rules of the place where the company's shares are listed, the convening of the general meeting shall be postponed in accordance with the securities regulatory rules of the place where the company's shares are listed.

Except the circumstances prescribed in the preceding paragraph 2, the conveners shall not modify or add any new proposal to the proposals listed in the general meeting notice after sending it out.

The general meeting shall not vote or make resolutions on proposals not listed in the general meeting notice or proposals that do not satisfy the criteria prescribed in the preceding paragraph.

Notification of Shareholders' General Meeting

The convener shall inform each shareholder of the annual general meeting in form of announcement 21 days before the meeting and shall inform each shareholder of the extraordinary general meeting in form of announcement 15 days or 10 business days (based on a relatively long period of time) before the meeting. If the laws, regulations, and securities regulators in the securities regulatory authority of the place where shares of the Company are listed have regulations otherwise, such regulations shall prevail.

When calculating the starting date, the date of the meeting shall be excluded, but the date of the announcement set out in the convening notice of the meeting shall be included.

The notice of the general meeting shall be in writing and include the following contents:

- (I) the time, venue, and duration of the meeting;
- (II) matters and proposals to be considered at the meeting;

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- (III) a prominent written statement as follows: all common shareholders have the right to attend the general meeting, and may authorize in written form a proxy, who need not necessarily be a company shareholder, to attend and vote at the meeting;
- (IV) the equity registration date for determining those shareholders who have the right to attend the general meeting;
- (V) the names and telephone numbers of the permanent contact persons;
- (VI) voting time and voting procedures online or by other means.

The specific details of all proposals shall be adequately and fully disclosed in all general meeting notices and supplementary notices. Where matters to be discussed require independent directors’ opinions, the opinions and reasons given by the independent directors shall be disclosed when the general meeting notice or supplementary notice is issued.

Convening of Shareholders’ General Meetings

All shareholders registered in the list on the equity registration date and their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with laws, regulations and the Articles of Association, unless individual shareholders are required by the Hong Kong Listing Rules to waive their voting rights on certain matters.

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

Individual shareholders who attend the meeting in person shall present their identity cards or other valid certificates that prove their identities, in addition to their stock account cards; proxies who attend the meeting on behalf of others shall present their valid identity certificates and shareholder proxy statements.

For legal person shareholders, their legal representatives or authorized proxies shall attend the meeting on their behalf. Legal representatives who attend the meeting shall present their identity cards and valid certificates proving their qualifications as legal representatives; proxies who attend the meeting on behalf of shareholders shall present their proxy identity cards and written proxy statements lawfully issued by the legal representatives of the legal person shareholders in question.

Shareholders are organized by non-legal person, the person in charge of the organization or a proxy authorized by the person in charge shall attend the meeting. Such person in charge of the organization attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the person in charge. Proxies authorized to attend the meeting shall present their personal identity cards or the authorization letter legally issued by the person in charge of the organization.

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The general meeting shall be presided over by the chairman of the board of directors. Where the chairman of the board is unable or fails to fulfill his duties, the meeting shall be presided over by a director jointly elected by an absolute majority of directors.

Any general meeting convened by the board of supervisors shall be presided over by the chairman of the board of supervisors. Where the chairman of the board of supervisors is unable or fails to fulfill his duties, the meeting shall be presided over by a director jointly elected by an absolute majority of directors.

Any general meeting convened by shareholders shall be presided over by a representative elected by the conveners.

When the general meeting is being held, if the meeting cannot continue due to the meeting chair's violation of any procedural rule, the general meeting may, subject to the consent of shareholders who hold an absolute majority of the voting rights represented at the live general meeting, elect someone to act as meeting chair, following which the meeting may continue.

Voting and Resolutions at Shareholders' General Meeting

Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by an absolute majority of the voting rights represented by shareholders (including shareholder proxies) in attendance at the general meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights represented by shareholders (including shareholder proxies) in attendance at the general meeting.

The following matters shall be passed by an ordinary resolution of the general meeting:

- (I) work reports of the board of directors and the board of supervisors;
- (II) plans for the distribution of company profits and plans to cover losses as drafted by the board of directors;
- (III) the appointment and dismissal of members of the board of directors and the board of supervisors, along with the remuneration of and payments to such members;
- (IV) the annual financial budget and final accounts for the Company;
- (V) the Company's annual report;

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- (VI) appointment and dismissal of accounting firms, determining the remuneration of accounting firms;
- (VII) the Company intends to engage in connected transactions with related parties with an amount of over RMB30 million and accounting for more than 5% of the absolute value of the Company’s latest audited net assets;
- (VIII) change the investment project with raised funds;
- (IX) any other matter other than those required by laws, regulations or the Articles of Association to be passed by special resolution.

The following matters shall be passed by a special resolution of the general meeting:

- (I) any increase or reduction in the registered capital of the Company;
- (II) any proposed split, breakup, merger, dissolution or liquidation of the Company (including voluntary liquidation);
- (III) amendments to the Company’s Articles of Association;
- (IV) any purchase or sale of major assets or the provision of guarantees within any one year in an amount in excess of 30% of the Company’s total assets as audited in the latest period;
- (V) any equity incentive plan;
- (VI) other matters that are required by laws, regulations or the Articles of Association or that are determined by an ordinary resolution of the general meeting to have a substantial impact on the Company shall be considered and decided by special resolutions;
- (VII) other matters that are required by HKEX.

Shareholders (including shareholder proxies) shall exercise their voting rights according to the number of voting shares they represent. Each shareholder should have one vote for each share.

Shares held by the Company itself shall have no voting rights and shall not be included in the total number of voting shares held by shareholders in attendance at the general meeting.

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The connected/related shareholders shall not participate in voting, with its number of shares with voting rights represented by them not to be counted in the total number of valid votes, when the Shareholders' general meeting is reviewing the relevant connected/related transaction if required by applicable laws, regulations, normative documents or the Hong Kong Listing Rules; the announcement of the resolution of the Shareholders' general meeting shall fully disclose the votes of the non-connected/non-related Shareholders.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected, replaced by the general meeting. The directors serve a term of office of 3 years and may be reelected and reappointed after the expiration of the term of office. But the independent non-executive directors shall not serve a term of office for more than 9 years. The general meeting may, on the premise of complying with relevant laws, administrative regulations, departmental rules, normative documents, and the listing rules of the stock exchange where the company's shares are listed, remove any director whose term of office has not expired by ordinary resolution (but any claims that may be made under any contract shall not be affected by this).

The term of office of a director shall start from the date on which he takes office and end on the expiration of the current term for the board of directors. Where reelection procedures are not carried out in a timely manner on the expiration of the directors' term of office, before the newly elected directors take office, the original directors shall perform their directors' duties in accordance with laws, regulations, departmental rules, the listing rules of the stock exchange where the company's shares are listed, and the Articles of Association.

The manager and other senior officers may concurrently serve as directors to the extent that the total number of directors concurrently serving as managers or other senior officers and the directors that are acted by staff representative shall not exceed 50% of the total number of the Company's directors.

Directors shall abide by laws, administrative regulations and the Articles of Association, and shall have fiduciary duties and due diligence duties to the Company.

Board of Directors

The board of directors shall consist of 7 directors, at least one-third of which are Independent Non-executive Directors and no less than 3. The board of directors shall have a chairman.

The board of directors shall exercise the following powers:

- (I) to convene the general meeting and present reports thereto;

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- (II) to implement resolutions adopted by the general meeting;
- (III) to determine the Company's operating plans and investment programs;
- (IV) to draft the Company's annual financial budget and final accounts plan;
- (V) to draft plans for the distribution of company profits and plans to cover losses;
- (VI) to draft plans relating to any increase or reduction in registered capital, the issuance of bonds or other securities, or listing;
- (VII) to draft plans for the Company's major purchases, the purchase of company stock, or any merger, breakup, change of corporate form or dissolution of the Company;
- (VIII) to determine, within the scope of the powers granted by the general meeting, matters including the Company's external investments, the sale and purchase of assets, asset mortgages, external guarantees, third party financial management, related-party transactions, donation to other organizations, among other matters;
- (IX) to determine the establishment of the Company's internal management structure;
- (X) to decide on matters such as appointment or dismissal of the Company's general manager, secretary to the board of directors and other senior officers and on their compensation and incentives/disincentives; to decide on appointment or dismissal of the Company's deputy managers, finance manager and other senior officers as nominated by the general manager and on their remuneration and incentives/disincentives;
- (XI) to formulate the Company's basic management systems;
- (XII) to formulate plans to amend the Articles of Association;
- (XIII) to manage the disclosure of information by the Company;
- (XIV) to make proposals to the general meeting on the appointment or replacement of the accounting firm that audits The Company;
- (XV) to hear work reports given by the general manager of the Company and oversee the general manager's work;
- (XVI) any other power granted by laws, regulations, departmental rules, the listing rules of the stock exchange where the company's shares are listed, or the Articles of Association.

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The Board of Directors of the Company shall establish special committees, including the audit committee, the nomination committee, and the remuneration and evaluation committee, and the strategy development committee as necessary. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. The proposals of the committees shall be submitted to the Board of Directors for approval. All members of the special committees shall be directors, among which audit committee shall only be non-executive directors and consist of at least three members. The majority of its members shall be independent non-executive directors, at least one of whom shall be an independent non-executive director with the appropriate qualifications as provided for in the Hong Kong Listing Rules or the appropriate accounting or relevant financial expertise, and its convener, or chairman, shall be an independent non-executive director. The majority of the members of the remuneration and evaluation committee must be independent non-executive directors and its convener, or chairman, must be an independent non-executive director. The convener, or chairman, of the nomination committee must be the chairman of the Board or an independent non-executive director, and the majority of the members also must be independent non-executive directors. In accordance with its requirements, the Board may set up other committees and reshuffle existing committees. The Board of Directors is responsible for formulating the rules of the special committees to regulate their operation.

No meeting of the board of directors shall be held unless attended by an absolute majority of directors. Any resolution adopted by the board of directors shall require affirmative votes by an absolute majority of directors.

When voting on board of directors' resolutions, one director shall have one vote.

Where a director has a connected relationship with any enterprise involved in a resolution to be voted on at a meeting of the board of directors, the director concerned shall not exercise his voting rights for that resolution, nor shall he exercise voting rights on behalf of any other director. The relevant meeting of the board of directors shall not be held unless attended by an absolute majority of directors without a connected relationship with any such enterprise, and any resolution made at the meeting must be voted for by a majority of directors without any such relationship to be passed. Where the number of directors without any such connected relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration.

The Secretary of the Board of Directors

Listed companies shall appoint a secretary to the board of directors, who shall be responsible for preparing for general meetings and meetings of the board of directors, the retention of documents, the management of shareholder materials, the disclosure of information, etc. The secretary to the board of directors shall be deemed to be the senior officers of the Company, and shall abide by laws, administrative regulations, departmental rules and the Articles of Association.

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General Manager and Other Senior Management Personnel

The Company shall appoint one manager, who shall be appointed or dismissed by the board of directors.

The Company shall appoint several deputy managers, one chief financial officer, one secretary of the board of directors, who shall be appointed or dismissed by the board of directors.

The general manager, the deputy managers, the chief financial officer and the secretary of the board of directors shall be deemed to be the senior officers of the Company.

The general manager shall report to the board of directors and shall exercise the following powers:

- (I) to manage the Company's production and operations, and organize the implementation of board resolutions;
- (II) to organize the implementation of the Company's annual operating plans and investment programs;
- (III) to draft the plan for the Company's internal management structure;
- (IV) to formulate the Company's basic management systems;
- (V) to formulate detailed company rules;
- (VI) to make recommendations to the board of directors on the appointment or removal of any deputy manager or the finance manager;
- (VII) to appoint or remove officers of the Company other than those to be appointed or removed by the board of directors; and
- (VIII) any other power granted by the Articles of Association and the board of directors.

The manager shall be present at board meetings without voting rights.

SUPERVISORS COMMITTEE

Supervisors

The term of office of a supervisor shall be three years. On the expiration of his term of office, the same supervisor may be reelected and serve another term of office.

No director, manager or other senior officer shall concurrently act as a supervisor.

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SUMMARY OF ARTICLES OF ASSOCIATION

Supervisors Committee

The Company shall establish a board of supervisors. The board of supervisors shall consist of 3 supervisors, shall have a chairman. The chairman and the vice-chairman shall be elected by no less than two-thirds supervisors. The chairman shall convene and preside over meetings of the board of supervisors. Where the chairman is unable to exercise his powers or fails to do so, a director jointly nominated by an absolute majority of directors shall convene and preside over meetings of the board of supervisors.

The board of supervisors shall be composed of shareholder representatives, external supervisors, and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one-third of all supervisors. The external supervisor in the supervisory board refers to a supervisor who does not hold any position other than a company supervisor, except for shareholder representative supervisors and internal supervisors. Shareholder representative supervisors are nominated by shareholders who individually or jointly hold more than 3% of the company's shares, while external supervisors are nominated by the supervisory board and elected or replaced by the general meeting. Employee representatives on the board of supervisors shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

The board of supervisors shall exercise the following powers:

- (I) to examine and give written examination opinions on the Company's regular reports prepared by the board of directors;
- (II) to review the financial affairs of the Company;
- (III) to monitor the conduct of the directors or senior officers in the course of performing their duties and to propose the recall of any director or senior officer who violates any law or administrative regulations, or the Articles of Association;
- (IV) to require any director or senior officer who damages the Company's interests to take remedial action;
- (V) to propose interim general meetings, and to convene and preside over a general meeting when the board of directors fails to perform its duty to convene and preside over a general meeting as prescribed in the Company Law;
- (VI) to submit proposals to the general meeting;
- (VII) to file a suit against any director or senior officer of the Company in accordance with the provisions of Article 151 of the Company Law; and
- (VIII) to undertake an investigation on discovering any irregularities in the operation of the Company and, where necessary, engage an accounting firm to assist in any such investigation at the expense of the Company.

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The board of supervisors shall hold meetings no less than once every six months. An interim meeting may be convened at the request of the supervisors.

Resolutions of the board of supervisors shall be adopted by no less than two-thirds supervisors.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System and Profit Distribution

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

The Company shall submit and disclose its annual report to the CSRC and the relevant stock exchange(s), within four months from the end of each accounting year, and submit and disclose its interim report to the dispatched office of the CSRC and the stock exchange(s) where the Company's shares are listed, within two months from the end of the first half of each accounting year. The aforesaid annual and interim reports shall be formulated in accordance with applicable laws, administrative regulations and relevant rule.

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the general meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the general meeting or the board of directors, in violation of the preceding paragraph, distributes profits to the shareholders before covering company losses and making an allocation to the Company statutory reserve fund, the profits so distributed must be returned to the Company.

Profits shall not be distributed to company shares held by the Company itself.

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Audit

The Company shall implement an internal audit system and arrange for full-time auditors to supervise the internal auditing of the Company's financial revenue and expenditure, as well as its economic activities.

The Company shall appoint an accounting firm that complies with the Securities Law and the rules of the place where the Company's shares are listed to provide services such as the audit of financial statements, the verification of net assets and other relevant consultancy services. The term of appointment shall be one year, starting from the end of the current annual general meeting of the company and ending at the end of the next annual general meeting, and may be renewed.

The appointment of the accounting firm of the Company shall be determined by the Shareholders' general meeting, and the Board shall not appoint an accounting firm before the decision of the Shareholders' general meeting.

Notices and Announcements

Company notices shall be served by any of the following means:

- (I) by announcement;
- (II) by personal delivery;
- (III) by express delivery;
- (IV) by e-mail;
- (V) by fax;
- (VI) by posting on the websites designated by the Company and the Hong Kong Stock Exchange, subject to laws, administrative regulations and listing rules of the stock exchange where the Company's shares are listed;
- (VII) other forms stipulated by laws, administrative regulations or other normative documents, the approval of the relevant regulatory authority of the place where the shares of the Company are listed, or the Articles of Association of the Company.

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DISSOLUTION AND LIQUIDATION OF THE COMPANY

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

- (I) the operating term prescribed in the Articles of Association has expired, or any other grounds for dissolution prescribed in the Articles of Association have arisen;
- (II) the general meeting has adopted a resolution to dissolve the Company;
- (III) dissolution is required due to a merger involving the Company or the breakup of the Company;
- (IV) the Company's business license has been lawfully revoked, or the Company has been ordered to close down or wound up; or
- (V) where serious difficulties have arisen in the operation of the Company and the continuation of the Company would certainly damage the shareholders' interests to a significant extent; however, where any such scenario cannot be resolved through other channels, shareholders representing more than 10% of all voting rights may petition the people's court to dissolve the Company.

Where the circumstances described in Item (I) of Article 189 apply to the Company, it may amend its Articles of Association to continue its existence.

Any amendment made to the Articles of Association pursuant to the preceding paragraph shall be adopted by no less than two-thirds of all voting shareholders in attendance at the relevant general meeting.

Where the Company is to be dissolved pursuant to Items (I), (II), (IV) or (V) of the preceding paragraph, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of directors or members determined by the general meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time, its creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee and liquidate the Company.

The liquidation committee shall notify creditors within ten days of its establishment, and shall make a public announcement on newspaper within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims.

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The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the general meeting or the people's court for ratification.

After paying all liquidation expenses, staff wages and labor insurance expenses, outstanding taxes, and company debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company shall continue in existence, but shall not carry on any business unconnected to the liquidation. The assets of the Company shall not be distributed to its shareholders before payments have been made in accordance with the preceding provisions.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy petition with the people's court in accordance with the law.

Once the people's court has ruled that the Company be adjudicated bankrupt, the liquidation committee shall transfer the liquidation of the Company to the people's court.

On completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the people's court for ratification, and upon ratification, the liquidation committee shall submit the report to the Company registration authority to apply for company deregistration, and make a public announcement on the winding-up of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

- (I) where, following any amendment to the Company Law or other applicable laws and administrative regulations, the regulatory rules of the securities regulatory authorities of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the revised laws, administrative regulations and/or the regulatory rules of the securities regulatory authorities of the place where the Company's shares are listed;

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(II) where the Company's circumstances change to such an extent that they are inconsistent with what is recorded in the Articles of Association; or

(III) where the general meeting decides to amend the Articles of Association.

Where it is necessary to have any amendment to the Articles of Association that has been adopted by a resolution of the general meeting approved by the competent authorities, the relevant amendment shall be submitted to the competent authorities for approval; where the amendment involves a company registration item, the Company's registration shall be amended in accordance with the law.