

## **APPENDIX V**

## **SUMMARY OF ARTICLES OF ASSOCIATION**

### **1. DIRECTORS AND BOARD OF DIRECTORS**

#### **(1) Power to allocate and issue shares**

The Articles of Association provide that the shareholders may authorize the board of directors through a general mandate at a general meeting to allocate or issue shares of no more than 20% of all outstanding H shares. The board of directors shall prepare suggestions for share allotment or issue, which are subject to approval by the shareholders at the general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

#### **(2) Power to dispose assets of our Company or any subsidiary**

The sale of substantial assets that exceeds 30% of total assets of the latest audited financial statement are subject to approval by the shareholders at the general meeting in the form of a special resolution. The boards of directors may decide on the disposal of assets of the Company as authorized by the shareholders in a general meeting.

#### **(3) Emoluments or compensation for directors and supervisors**

The emoluments or compensation for directors and supervisors that are not representative of employees of the Company are subject to approval by the shareholders at the general meeting in the form of an ordinary resolution.

#### **(4) Appointment, Resignation and Dismissal**

The board of directors consists of ten directors, four of which are independent non-executive directors. The board of directors has one chairman. Directors are elected at the general meeting.

The chairman of the Board shall be elected and dismissed by a vote of more than one half of the directors. Provided that it is in compliance with relevant laws, regulations and rules, the shareholders' general meeting may remove any director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

The chairman of the Board and other directors all serve three-year terms. Upon expiration of the term, the director may be re-elected. Director can be the general manager or other senior management personnel at the same time. There is no provision in the Articles of Association that imposes any age limit for directors beyond which retirement of a director is mandatory.

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None of the following persons shall serve as our director, supervisor or senior management:

- i. A person who has no civil capacity or has limited civil capacity;
- ii. A person who has been imposed penalty for the offense of corruption, bribery, embezzlement, larceny, or disrupting the socialist economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- iii. A person who is a former director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated because of poor operation, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- iv. A person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- v. A person who has a relatively large sum of debt, which was not paid at maturity;
- vi. A person who is prohibited by China Securities Regulation Commission's from entering into the securities market and is still in such prohibition period; or
- vii. Any other person who is otherwise not eligible under laws, administrative regulations, regulations of the authorities, regulatory documents and other conditions set out by the relevant regulatory bodies.

The election, appointment or employment of the directors, supervisors or other senior management shall be invalid if such election, appointment or employment is against the Articles of Association.

If the directors, supervisors or senior management falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by our Company.

### **(5) Borrowing powers**

The Articles of Association do not contain any specific provisions regarding directors' exercise of lending powers. The board of directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the shareholders by a special resolution at the general meeting.

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**(6) Duties**

Directors shall comply with laws, administrative regulations, and the Articles of Association, with the following duties of loyalty to the Company:

- i. Directors shall not abuse their authority by receiving any bribe or other illegal income, and shall not embezzle any of the property of the Company;
- ii. Directors shall not misappropriate the Company's funds;
- iii. Directors shall not deposit company assets into accounts held in their own names or in the name of any other individual;
- iv. Directors shall not, in violation of the Articles of Association, lend Company funds to other people or provide guarantee for other people with Company assets without the consent of the shareholders' general meeting or the board of directors;
- v. Directors shall not enter into contracts or trade with the Company either in violation of the Articles of Association or without the consent of the shareholders' general meeting;
- vi. Without the consent of the shareholders' general meeting, any director shall not take advantage of his/her position to seek business opportunities that should belong to the Company for himself/herself or for any other person, or operate business of the same kind for himself/herself or for any other person;
- vii. Directors shall not accept commissions for transactions with the Company as their own;
- viii. Directors shall not disclose Company secrets without authorization;
- ix. Directors shall not make use of their related-party relationship to damage the Company's interests; and
- x. Directors shall have other duties of loyalty specified by laws, administrative regulations, departmental rules, Listing Rules and the Articles of Association.

Any income obtained by a director in violation of this article shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

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Directors shall comply with laws, administrative regulations, and the Articles of Association, with the following duties of diligence to the Company:

- i. Directors shall be prudent, scrupulous and diligent in exercising the authority conferred by the Company to ensure that the business activities of the Company comply with the laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the Company's business license;
- ii. Directors shall treat all shareholders equally;
- iii. Directors shall keep abreast of the Company's business management status;
- iv. Directors shall sign written statements confirming periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate, and complete;
- v. Directors shall provide accurate information and materials to the board of supervisors, and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; and
- vi. Directors shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the Articles of Association.

### **2. MODIFICATION OF THE ARTICLE OF ASSOCIATION**

Our Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

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

### **3. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE**

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

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

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

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### **4. VOTING RIGHTS**

The ordinary shareholders have the right to attend or appoint a proxy to attend and vote at the general meeting. When voting at the general meeting, the shareholder (including proxy) may exercise his or her voting rights in accordance with the number of shares with voting power held with each share representing one vote.

Any shareholder who is required by laws, regulations, regulatory documents and Listing Rules to abstain from voting on a matter or is limited to an affirmative or negative vote shall abstain from voting or be required to so vote; any vote cast by or on behalf of relevant shareholder which is cast in violation of such requirement or restriction shall not be counted in the voting result.

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

### **5. RULES ON GENERAL SHAREHOLDERS’ MEETINGS**

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

### **6. ACCOUNTING AND AUDITS**

#### **(1) Financial and accounting policies**

Our Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department.

The interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with the PRC accounting standards, rules and regulations as well as international accounting standards or the accounting standards of the overseas area in which the shares are listed.

Our Company shall publish the financial reports twice in each accounting year. Interim financial reports shall be published within 3 months of the end of the first six months of a fiscal year, while the annual financial report shall be published within 4 months of the end of each accounting year.

#### **(2) Appointment and Dismissal of Accountants**

Our Company shall appoint a reputable accounting firm that meets appropriate requirements of the relevant regulations of the PRC to be responsible for providing services such as the audit of financial statements, the verification of net assets and other relevant consultancy services. The term of the accounting firm shall be one year.

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If the position of an appointed accounting firm is vacant, the board of directors may appoint an accounting firm before the start of general meeting. However, if during the vacant period, our Company has other incumbent accounting firm, such accounting firm may take the vacant.

Except the circumstances as above said, our Company shall appoint an accounting firm by the decision of the general meeting. The shareholders may replace the accounting firm through an ordinary resolution at the general meeting.

### 7. NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS

The general meeting is the authorized organ of our Company that performs duties and exercises powers in accordance with the law.

Under any of the following circumstances, our Company shall convene an extraordinary general meeting within two months:

- i. The number of directors is less than the number specified in the PRC Company Law or less than two thirds of the number required in the Articles of Association;
- ii. The uncovered losses of our Company reach one-third of its total paid-in registered capital;
- iii. The shareholders with 10% or more shares of the Company separately or jointly request to convene an extraordinary general meeting in writing;
- iv. The board of directors considers it necessary;
- v. The board of supervisors makes such proposal;
- vi. Any other circumstances stipulated in laws, administrative regulations, departmental regulations, the Listing Rules, the Articles of Association.

In the event that the general meeting is convened, the board of directors, the board of supervisors and shareholders who separately or jointly hold more than 3% of the shares of our Company may submit a proposal to the company.

Shareholders who separately or jointly hold more than 3% of the shares of our Company may submit an extraordinary proposal 10 days before the general meeting is convened.

When convening a general meeting, our Company shall send a written notice 20 days before it is convened. When convening an extraordinary general meeting, our Company shall send a written notice 15 days before it is convened.

The shareholder's meeting shall not decide on issues which are not listed in the notice.

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The notice of the general meeting shall be made in writing, including the following contents:

- i. The place, the date and the hour of the meeting;
- ii. The matters and proposals to be discussed at the meeting;
- iii. Conspicuous statement that all shareholders are entitled to attend the meeting and appoint proxy to attend and vote and that proxy need not be a shareholder;
- iv. The date of record for the shareholders who are entitled to attend the meeting;
- v. The name and telephone number of the contact person for the meeting;
- vi. The time and procedure of voting online or by any other means;
- vii. Other requirements stipulated by laws, administrative regulations, department rules, Listing Rules and Articles of Association.

The resolution of the general meeting includes ordinary resolution and special resolution. The following matters shall be approved by the general meeting through ordinary resolutions:

- i. Work report of the board of directors and the board of supervisors;
- ii. Plans of earnings distribution and loss make-up schemes drafted by the board of directors;
- iii. Appointment or dismissal of the members of the board of directors and the board of supervisors, and their enumeration and payment methods;
- iv. Annual budget plan and final account plan;
- v. Annual reports of the Company;
- vi. Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, Listing Rules or the Articles of Association.

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

- i. The increase or decrease of the registered capital;
- ii. Division, split, merger, dissolution and liquidation of our Company;
- iii. Amendment of the Articles of Association;

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- iv. The purchase or sale by the Company within one year of material assets exceeding 30% of the audited total assets of the Company at latest audited financial statement;
- v. Share incentive scheme;
- vi. Other matters recognized by ordinary resolution of the general meeting that could materially affect our Company and need to be approved by special resolution or as required by the laws, administrative regulations, Listing Rules or the Articles of Association;

In the event that any resolution of the general meeting or resolution of the board of directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting formula of the shareholders meeting or meeting of the board of directors violates any of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn within 60 days after the resolution was adopted.

### 8. SHARES TRANSFERS

The shares of our Company holding by the funders thereof shall not be transferred within one year of the date of establishment of our Company. The shares issued before the public issuance of shares by our Company shall not be transferred within one year of the date on which the stocks of our Company are offering and listing on a securities exchange.

The directors, supervisors, and senior management of our Company shall declare, to our Company, information on their holdings of the shares of our Company and the changes thereto. The shares transferable by them during each year of their term of office shall not exceed 25 percent of their total holdings of the shares of our Company. The shares that they held in our Company shall not be transferred within one year of the date on which the stocks of our Company are offering and listing on a securities exchange. The aforesaid persons shall not transfer their shares of our Company within six months from the date of their resignation.

With regard to the H Shares that capital of which has been full-paid could be transferred without limitation in accordance with the Articles of Association. However, unless meeting the following conditions, the board of directors may refuse to recognize any transfer document without giving any reason:

- i. Document that related to any share ownership or transfer documents that may affect the ownership of the shares shall be registered and a fee for registration shall be paid to our Company according to the payment standard specified by the listing rules of the stock exchange, and such payment shall not exceed the maximum fee provided by the listing rules of the stock exchange from time to time;



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- ii. The transfer documents only involve H Shares listed in Hong Kong;
- iii. The stamp duty chargeable on the transfer documents specified by Hong Kong Laws has been paid;
- iv. The relevant share certificate, and upon the reasonable request of the board of directors, any evidence in relation to the right of the transferor to transfer the shares has been submitted;
- v. If the shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;
- vi. Our Company does not have any lien on the relevant shares; and
- vii. The shares shall not be transferred to minors or the person who is insane or is found to be of unsound mind.

**9. RIGHTS OF OUR COMPANY TO PURCHASE OUR OUTSTANDING ISSUED SHARES**

Our Company shall not buy back its shares. However, under any of the following circumstances, our Company may buy back our outstanding issued shares without against any laws, regulations, Listing Rules and the Articles of Association:

- i. Reduce our Company's registered capital;
- ii. Merger with other companies which hold our shares;
- iii. Granting shares to the staff of our Company for employee stock ownership plan or equity incentive plan;
- iv. Requesting the Company to buy back its shares from shareholders who vote against any resolutions adopted at the general meeting concerning the merger and division of the Company;
- v. To convert shares into bond issued by our Company which is convertible to stock of our Company;
- vi. Necessary for our Company to maintain our Company's value and shareholders' equity; or
- vii. Other circumstances as permitted by the laws, administrative regulations, regulations of the authorities and Listing Rules.

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**10. POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT**

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

**11. DIVIDEND AND OTHER DISTRIBUTION METHODS**

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

**12. SHAREHOLDER PROXIES**

Shareholders may attend the shareholders' general meeting in person or authorize proxies to attend and vote on their behalf (A proxy need not be a shareholder of the Company). A legal person shareholder should attend the meeting by its legal representatives or persons authorized proxies to attend and vote on their behalf.

Shareholders shall, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda.

**13. REVIEW THE REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS**

Our Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities.

Pursuant to the understanding and agreement entered into between the competent agency in charge of securities of the PRC and the overseas securities regulatory authorities, our Company may keep the original register of the shareholders of the overseas listed foreign shares overseas and entrust an overseas entity to manage it. The original register of the shareholders of the overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

Our Company shall keep a copy of the register of the holders of the overseas [REDACTED] foreign shares at our residential address. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the register of the holders of the overseas [REDACTED] foreign shares.

In case of inconsistency between the original and copy of the register of the holders of the overseas [REDACTED] foreign shares, the original shall prevail.

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

### **14. RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDER**

The controlling shareholder and de facto controller of the Company shall not take advantage of their associated relationship to damage the Company's interests. Any loss caused to the Company as a result of such violation shall be compensated.

The controlling shareholder and de facto controller of the Company are obliged to act in good faith to the Company and the general public company shareholders. The controlling shareholder shall exercise their rights as capital contributors in strict accordance with the law and shall not impair the lawful rights and interests of the Company or of the general public company shareholders by means of the distribution of profits, reorganization of assets, external investment, misappropriation of assets, loan, or guaranty, nor shall he make use of his controlling position to impair the interests of the Company or of the general public company shareholders.

### **15. PROCEDURES FOR LIQUIDATION**

Under any of the following circumstances, our Company shall be lawfully dissolved:

- i. The term of business of our Company has expired or other events of dissolution occur under the Article of Association;
- ii. The general meeting adopts a resolution to dissolve our Company;
- iii. Our Company needs to be dissolved for the purpose of merger or division;
- iv. The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law; or
- v. Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the People's Court to dissolve the Company.

Where our Company is dissolved due to the provisions set forth in i, ii, iv and v above, the liquidation team shall be established within 15 days from the date of the event leading to liquidation to commence dissolution and the personnel of the liquidation team shall consist of

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the persons determined by the directors or the general meeting. In the event the liquidation team is not established to conduct liquidation during such period, the creditors can request the people's court to appoint relevant personnel to establish the liquidation team for liquidation.

Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims.

During the period for declaration of claims, the liquidation group shall not make any repayment to the creditors.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall immediately apply to the people's court to declare bankruptcy. After our Company is declared bankrupt by ruling of the people's court, the liquidation team shall turn over matters regarding the liquidation to the people's court.

Upon closure of liquidation of our Company, the liquidation team shall prepare a liquidation report, and shall be submitted to our general meeting or the people's court for recognition. The liquidation team shall submit the above-mentioned documents to our Company registration authority and apply for cancelation of our registration and publish an announcement on our termination.

### **16. OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR SHAREHOLDERS**

#### **(1) General Provisions**

Our Company is a permanently existing joint stock limited company.

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

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### (2) Share and Transfer

Our Company may increase stock capital by the following means:

- i. Issuing shares in a public offering;
- ii. Issuing shares via a private placement;
- iii. Giving bonus shares to existing shareholders;
- iv. Converting reserve funds into shares; and
- v. Other means approved by the laws, administrative regulations and relevant regulatory authorities.

Our Company may decrease our registered capital and shall comply with the procedures stipulated in Company Law of the PRC, other related regulations and the Articles of Association.

### (3) Shareholders

The rights of our ordinary shareholders are as follows:

- i. To receive distribution of dividends and other forms of benefits according to the number of shares held;
- ii. To participate in or appoint a shareholder proxy to participate in and exercise corresponding speaking and voting rights at the general meeting;
- iii. To supervise and manage business and operational activities of our Company, provide suggestions or submit queries;
- iv. To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- v. To obtain relevant information according to the provisions of the Articles of Association, including:
  - (i) Obtaining a copy of Articles of Association after the cost is paid;
  - (ii) Right to inspect and copy information as follows after the reasonable fee is paid:
    - (1) All parts of the register of shareholders;

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- (2) Personal information of the director, supervisor, or senior management, including:
    - (a) Current and former name and alias;
    - (b) Principle address (domicile);
    - (c) Nationality;
    - (d) Full-time and other part-time occupation/position;
    - (e) Identity documents and ID number;
  - (3) Share capital status of our Company;
  - (4) A report of the total book value, the number, the highest buying price and the lowest buying price for shares repurchased by our Company since then last financial year, and of all expenses incurred thereon;
  - (5) Special resolutions of the general meeting;
  - (6) Latest audited financial statement of the Company and the reports of the board of directors, the board of supervisors, and auditors;
  - (7) Copy of latest annual report as filed with market regulation administration and other authorities;
  - (8) Receipt of corporate bond, decisions of meeting of board of directors and decisions of meeting of board of supervisors; and
  - (9) Minutes of shareholder's general meeting.
- vi. To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
  - vii. To request the Company to buy back their shares as dissenting shareholders in decision of merger or division of the Company;
  - viii. Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

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### (4) The board of directors

The board of directors is responsible to the general meeting and exercises the following powers:

- i. To convene the general meeting and report on work to the general meeting;
- ii. Implement the resolutions of the general meeting;
- iii. Determine the business and investment plans of our Company;
- iv. Devise the annual financial budget and closing account plans of our Company;
- v. Devise the earnings distribution and loss offset plans of our Company;
- vi. Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds;
- vii. Formulate plans for major acquisition, share buy-back, corporate merger, separation and dissolution of our Company;
- viii. Determine, within the scope authorized by the general meeting or the Article of Association, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted management of finance, related-party transactions and external donations;
- ix. Decide on the setup of our Company's internal management organization;
- x. Appoint or dismiss the general manager, secretary of the board, and other senior managers of our Company and determine their remuneration, rewards and punishments; based on the nomination of the general manager, appoint or dismiss senior management of our Company such as deputy general manager, Chief financial officer (CFO) and other senior managers and determine their remuneration, rewards and punishments;
- xi. Set the basic management systems of our Company;
- xii. Formulate a modification plan for the Articles of Association;
- xiii. Manage the information disclosure of the Company;
- xiv. Make proposals to the shareholders' general meeting on the appointment or replacement of the accounting firm that provides auditing services to the Company;
- xv. Hear work report of senior managers and to inspect the manager's work;

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- xvi. Formulate and implement share incentive plans of the Company; and
- xvii. Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, listing rules of the place where the shares of our Company are listed and the Articles of Association.

Meetings of the board of directors shall be attended by more than one-half of the directors before the board of directors meeting can be convened.

**(5) Independent Non-executive director**

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

**(6) Secretary of the Board of Directors**

Our Company shall have one secretary of the board of directors.

**(7) Board of Supervisors**

Our Company shall set up a board of supervisors. The board of supervisors consists of three supervisors and includes one chairman. The chairman of the board of supervisors shall be elected and dismissed by more than 2/3 of the votes of the members of the board of supervisors.

The board of supervisors shall consist of shareholder's representatives and employee's representatives. The supervisors shall account for no less than one-third of the board of supervisors of our Company.

Resolutions of the board of supervisors shall require approval from two-third of all the supervisors. The supervisors serve three-year terms. The supervisors may, after the expiration of the term of office, be re-elected and re-appointed.

The directors and senior management shall not also serve as supervisors.

The board of supervisors is responsible to the general meeting and lawfully exercises the following powers:

- i. Review the periodic reports of the Company prepared by the Board of Directors and provide a written review opinion;
- ii. Examine the financial standing of our Company;



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- iii. Supervise the Company's duties performing of directors and senior management, and put forward suggestions for dismissing any directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
- iv. Require the directors and senior management to take corrective measures when their actions are detrimental to the Company's interests;
- v. Propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meeting when the board of directors fails to perform its duty to convene and preside over a general meeting prescribed in the Company Law;
- vi. Submit proposals to the general meetings;
- vii. Bring a lawsuit against any director or senior manager in accordance with the Company Law;
- viii. Conduct investigation if any abnormality in the operation of the Company is found, and, where necessary, engage an accounting firm, law firm or any other specialized agency to assist in its work at the expense of the Company;
- ix. Other powers and duties stipulated in laws, regulations, regulatory documents, supervision rules of shares listed region and the Articles of Association.

The supervisors may attend the meetings of the board of directors, query or provide suggestions on the resolution matters of the Board meeting.

### **(8) General manager**

Our Company has one general manager, appointed or dismissed by the board of directors.

The general manager of our Company is responsible to the board of directors and exercises the following powers:

- i. Be in charge of the producing and operational management of our Company, organize the enforcement of resolutions of the board of directors and report to the board of directors on work;
- ii. Organize the implementation of the annual operation plans and investment schemes decided by the board of directors;
- iii. Formulate the structure scheme of the internal management department of our Company;

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- iv. Formulate the fundamental management policies of our Company;
- v. Formulate the specific management rules of our Company;
- vi. Propose the appointment or dismissal of the Company's deputy general manager, Chief financial officer and other senior management;
- vii. Appoint or dismiss other management personnel except those who shall be appointed or dismissed by the board of directors;
- viii. Other responsibilities authorized by the Articles of Association and the board of directors.

**(9) Reserves**

When the annual after-tax earnings of our Company are distributed, our Company must allocate 10% of the earnings to the statutory reserve of the Company. When the total amount of the statutory reserve exceeds 50% of our Company's registered capital, no more allocations need to be drawn.

If the Company's statutory reserve is insufficient to offset our losses during the previous year, the earnings generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth above.

After allocation to the statutory reserve from the after-tax earnings of our Company, we may also allocate to the reserves at will from after-tax earnings in line with the resolution(s) adopted at the general meeting.

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

If the general meeting or directors violates the above provisions and profits are distributed to the shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such shareholders to the Company.

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

The Company's reserves may be used only for offsetting losses of the Company, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset losses of the Company. Where the statutory reserve converses into capital, the remaining statutory reserve shall not be less than 25% of the registered capital of our Company before such conversion.