
APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix set out summaries of the main clauses of our Articles of Association and their amendments, which shall become effective as at the date on which the H Shares are [REDACTED] on the Stock Exchange. As the main purpose of this Appendix is to provide potential [REDACTED] with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the section headed “Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display” to this document, the full text of the Articles of Association in Chinese is available on display.

SHARES

Shares and registered capital

All the shares issued by the Company are ordinary shares. The Company may create other classes of shares according to its needs, upon approval by the authorities that are authorised by the State Council. The shares of the Company shall take the form of share certificates.

The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights. Shares of the same class and the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he subscribes for. The domestic shares and overseas listed foreign shares issued by the Company shall enjoy equal rights in the distribution of dividend or distribution in any other form.

The Company may offer shares to domestic investors and foreign investors subject to the approval by the securities regulatory authority of the State Council (the “CSRC”). Overseas listed foreign shares of the Company that are listed in Hong Kong are referred to as “H Shares”. H Shares are shares which have been admitted for listing on the Hong Kong Stock Exchange with a par value denominated in RMB and are subscribed for and traded in Hong Kong dollars. Domestic shares can be converted into H Shares upon approval of the State Council or the institution authorised by the State Council and the consent of the Hong Kong Stock Exchange. Upon approval by the CSRC, domestic shareholders of the Company may transfer all or part of shares held by them to overseas investors and have such shares listed and traded on overseas stock exchanges. All or part of domestic shares may be converted in to foreign shares, and such converted foreign shares are allowed to listed and traded on overseas stock exchanges. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchange. The listing and trading on such overseas stock exchange of shares so transferred do not need approval by voting at general meetings or meetings of class shareholders. The overseas listed foreign shares converted from domestic shares shall be of the same class with the existing overseas listed foreign shares.

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Increase and reduction of capital and repurchase of shares

Based on its business and development requirements and according to the requirements of the laws and regulations, the Company may increase its capital subject to respective resolutions by the general meeting, by any of the following methods:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) issue of bonus shares to existing shareholders;
- (IV) increase share capital by conversion of common reserve fund;
- (V) other methods permitted by laws and administrative regulations and approved by CSRC.

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and these Articles of Association. If the Company is to reduce its capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors within 10 days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement of the resolution in newspapers, which is recognised by relevant regulatory authorities of the places where the Company's shares are listed, within 30 days, and, according to the requirements of such places where the Company's share are listed, on the Company's website and related websites of stock exchanges. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.

The reduced registered capital of the Company shall not be less than the statutory minimum.

The Company may, in the following circumstances, repurchase its own outstanding shares by the procedures provided for in laws, administrative regulations, departments rules and these Articles of Association:

- (I) reduction of its registered capital;
- (II) merger with another company holding shares of the Company;
- (III) to grant the shares for employee shareholding scheme or as share incentives;

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- (IV) a shareholder opposes a resolution on the merger or division of the Company adopted at a general meeting and requests that the Company purchase his or her shares;
- (V) to use the shares for the purpose of conversion of bonds convertible to shares;
- (VI) where it is necessary to safeguard company's value and shareholders' interests;
- (VII) other circumstances approved in laws or administrative regulations or by the approval authority authorised by the State Council.

Except under the above circumstances, the Company shall not trade in its own shares.

Where the Company repurchases its shares, it shall perform its information disclosure obligations in accordance with the Securities Law and the Listing Rules of the Hong Kong Stock Exchange.

The Company may repurchase its own shares by any of the following methods:

- (I) issuance to all of the shareholders of a repurchase offer on a pro rata basis;
- (II) repurchase through open transactions on a stock exchange;
- (III) repurchase by agreements outside a stock exchange;
- (IV) other circumstances approved in laws, administrative regulations or by the approval authority authorised by the State Council.

If the Company is to repurchase shares by agreements outside a stock exchange, prior approval shall be obtained from the general meeting in accordance with these Articles of Association. Upon the prior approval by the general meeting obtained in the same manner, the Company may terminate or vary a contract concluded in the manner set forth above or waive any of its rights under such contract.

If the Company cancels shares, it shall carry out the registration of the change in its registered capital with the original registrar and make relevant announcement in accordance with the law. The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

Share transfer

Save as otherwise stipulated by the laws, administrative regulations and the Hong Kong Stock Exchange, shares of the Company may be transferred freely and shall be clear of any lien.

The Company shall not accept its own share certificates as the subject matter of a pledge.

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Financial assistance for the purchase of company shares

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations (the "obligor") as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders. Shareholders shall enjoy rights and bear obligations according to the class and quantity of shares held by them. Holders of shares of the same class shall enjoy equal rights and bear equal obligations.

Holders of ordinary shares of the Company are entitled:

- (I) to collect dividends and other distributions in other forms in proportion to the number of shares held by them;
- (II) to request, convene, preside over, attend or appoint a proxy to attend general meetings in accordance with the law and to exercise the corresponding voting rights based on the proportion of paid-in capital;
- (III) to oversee the business of the Company, and to make recommendations or inquiries;
- (IV) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations, relevant regulations of the securities regulator of the place where the Company's shares are listed and these Articles of Association;
- (V) to obtain relevant information in accordance with these Articles of Association, which shall include:
 - 1. obtaining a copy of these Articles of Association of the Company after payment of a charge to cover costs;

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2. being entitled, after payment of reasonable charges, to examine and copy:
 - (1) all parts of the register of shareholders;
 - (2) personal data of directors, supervisors and senior management of the Company, including:
 - (a) present and former names and aliases;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and positions;
 - (e) documents of identity and their numbers.
 - (3) the report of the state of the Company's issued share capital;
 - (4) reports containing details of the aggregate par value, quantity, and highest and lowest prices of each class of shares repurchased by the Company since the last accounting year as well as all the expenses paid by the Company therefor (separated by domestic shares and foreign shares);
 - (5) meeting minutes of the shareholders' general meeting (for inspection by shareholders only) and copies of special resolutions of the Company and resolutions at meetings of the Board and Supervisory Committee;
 - (6) the latest audited financial statements, reports of the Board, accountant's report and the Supervisory Committee's report of the Company;
 - (7) if applicable, a copy of the latest return filed with the State Market Supervision Administration or other competent authorities of the PRC;
 - (8) stubs of corporate bonds.

The Company shall make the foregoing documents of (1), (3), (4), (5), (6) and (7) available at its domicile and at its place of business in Hong Kong for review by the public and shareholders for free (provided that the minutes of the general meeting is available for shareholders only) pursuant to the requirements of the Listing Rules of the Hong Kong Stock Exchange. The Company may refuse to provide any of the aforementioned documents if the documents to be inspected or photocopied contain the Company's trade secrets and inside information.

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- (VI) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the actual number of shares held;
- (VII) shareholders having objection to resolutions of the general meeting concerning merger or division of the Company may require the Company to buy the shares held by them;
- (VIII) other rights conferred by laws, administrative regulations, department rules and these Articles of Association.

The Company may not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person who is interested directly or indirectly therein has failed to disclose his interests to the Company.

If a resolution of the general meeting or Board of the Company violates a law or administrative regulation, shareholders have the right to petition a court to invalidate the resolution.

If the procedure of convening or the method of voting at a general meeting or a Board meeting of the Company violates the laws, administrative regulations or these Articles of Association, or if the content of a resolution is in breach of these Articles of Association, shareholders shall have the right to petition court to revoke such resolution within 60 days from the date on which the resolution is adopted.

In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or these Articles of Association by the directors or senior management when performing their duties, any of the shareholders who holds 1% or more of the shares individually or jointly for no less than 180 consecutive days shall have the right to request the Supervisory Committee in writing to initiate litigation before the People's Court. In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or these Articles of Association by the supervisors when performing their duties, any of the above shareholders may request the Board in writing to initiate litigation before the People's Court.

In the event that the Supervisory Committee or the Board dismisses the written request of any of the shareholders as specified in the preceding paragraph, or withholds from instituting litigation within 30 days of the receipt of the request, or that the failure to institute litigation immediately may otherwise cause irreparable damage to the interest of the Company in an urgent circumstance, such shareholder(s) as mentioned in the preceding paragraph shall have the right to directly initiate litigation before the People's Court in the name(s) of such shareholder(s) in the interest of the Company.

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If a third party infringes on the lawful rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders mentioned in the first paragraph of this Article may initiate litigation before the People's Court pursuant to the preceding two paragraphs.

The holders of ordinary shares of the Company shall be subject to the following obligations:

- (I) to comply with the laws, administrative regulations and these Articles of Association;
- (II) to pay their subscription moneys according to the shares subscribed for by them and the method of capital contribution;
- (III) to be liable to the Company to the extent of the shares they held;
- (IV) save as circumstances stipulated by laws or regulations, no share refund is allowed;
- (V) not to abuse their rights as shareholders to jeopardise the Company's or other shareholder's rights; not to abuse of the Company's status as an independent legal person or any abuse of the limited liability of a shareholder to jeopardise the interests of the Company's creditors;
- (VI) in the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's right, such shareholder shall be liable for compensation in accordance with laws;
- (VII) in the event of any material damage caused to the interest of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts;
- (VIII) other obligations imposed by laws, administrative regulations and these Articles of Association.

If a holder of at least 5% of the voting shares of the Company wishes to create a pledge over his or her shares, he or she shall report the same in writing to the Company on the date such pledge is created.

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General provisions of general meeting

The general meeting shall be the organ of authority of the Company and shall exercise the following functions in accordance with the law:

- (I) to determine the operating policies and investment plans of the Company;
- (II) to elect or remove non-employee representatives directors and supervisors, and to determine the remuneration of such directors and supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VII) to decide on any increase or reduction of registered capital of the Company;
- (VIII) to decide on the issue of corporate shares and bonds;
- (IX) to decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (X) to amend these Articles of Association;
- (XI) to decide on the engagement and dismissal of accounting firms by the Company;
- (XII) to consider material matters relating to the provision of security for third parties;
- (XIII) to consider matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company's audited total assets as at the most recent period;
- (XIV) to consider matters relating to the newly added amount in total of single short-term and medium to long-term debt financing at more than 50% of the Company's audited net assets (on the consolidated basis) as at the most recent period or within an accounting year, that exceeded 50% of the Company's audited net assets as at the most recent period (excluding the wholly-owned subsidiaries and controlling subsidiaries);

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(XV) to consider stock incentive plan;

(XVI) to consider other matters which require approval by the general meeting as stipulated by the laws, administrative regulations, departmental rules and these Articles of Association.

Among which, the following circumstances included in the material external guarantees as set out in (XII) item shall be reviewed by the general meeting:

- (1) any guarantee provided after the total amount of the external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the audited net assets as at the most recent period;
- (2) the total external guarantee by the Company and its subsidiaries, which reaches or exceeds 30% of the audited total assets as at the most recent period as calculated by the accumulation of guarantee for 12 consecutive months;
- (3) the guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;
- (4) any single guarantee whose amount exceeds 10% of the audited net assets as at the most recent period;
- (5) any guarantee provided to the shareholder, actual controller and its related party;
- (6) other matters which require approval by the general meeting as stipulated by "the Articles of Association (Draft)", "the Rules of Procedure for General Meetings (Draft)" and other relevant laws and regulations.

In addition, in the circumstances where the Company provides guarantees for its wholly-owned subsidiaries, or provides guarantees for its controlling subsidiaries and other shareholders of the controlling subsidiaries provide guarantees in equal proportion to the interests they enjoyed, in the above material external guarantees, which fail to jeopardise the interests of the Company, such matters can be considered by the Board.

Subject to the laws, regulations and mandatory provisions of the listing rules of the listing place, a shareholders' general meeting may authorise or entrust the Board to handle the matters authorised or entrusted by it.

Unless in a crisis or under other special circumstances, the Company shall not, without prior approval from a general meeting by special resolution, enter into a contract with a person other than a director, supervisor or senior management members whereby the management of all or a material part of the business of the Company is delegated to such person.

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The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months upon the occurrence of any of the following events:

- (I) the number of directors is less than the minimum quorum stipulated in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (II) the uncovered loss of the Company reaches one-third of the total paid-in share capital;
- (III) upon request in writing by shareholders individually or jointly holding more than 10% of the Company's shares;
- (IV) the Board may deem necessary;
- (V) upon request by the Supervisory Committee;
- (VI) at least one-half of all of the independent non-executive directors agree to propose that such a meeting be held;
- (VII) other circumstance as specified by laws, administrative regulations, department rules, the listing rules, or these Articles of Association.

Convening of general meeting

The Supervisory Committee shall have the right to propose in writing to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the provisions of laws, administrative regulations and these Articles of Association, give a written response on whether it agrees or disagrees to the convening of such meeting within 10 days after receipt of the proposal.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice on convening such shareholders' general meeting within five days after passing the board resolutions. Changes to the original proposal as stated in the notice shall obtain the consent of the Supervisory Committee.

If the Board does not agree to convene such meeting, or fails to give a response within 10 days after receipt of the proposal, it shall be deemed that the Board cannot perform or has failed to perform the duties to convene the general meeting, and the Supervisory Committee may itself convene and preside over such meeting.

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Shareholders who request an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (I) two or more shareholders individually or jointly holding more than 10% of the voting shares at the proposed meeting can request the Board to convene a class meeting by signing one or several same written request(s), and stating the subjects to be considered at the meeting. The Board shall convene the class meeting as specified in the request as soon as possible. The shareholdings referred to above shall be calculated as at the date of request made.

- (II) if no notice of convening a general meeting was issued within 30 days after the Board receiving the above-mentioned written request(s), the shareholders making the request(s) can request the Supervisory Committee to convene an extraordinary general meeting or a class meeting;

- (III) if the Supervisory Committee fails to issue a notice on the convening of meeting within 30 days after receiving the aforesaid written request, the shareholders individually or collectively holding more than 10% of the Company's voting shares at the proposed meeting for at least consecutive 90 days may convene the meeting on their own within four months after the Board receives the request. The convening procedures shall be the same as the procedures for the convening of general meeting by the Board.

The reasonable expenses arising from the convening and holding of meeting by shareholders due to the failure of the Board and the Supervisory Committee in response of the aforesaid request shall be assumed by the Company, and deducted from the amount payable to the directors or supervisors committing dereliction of duty.

Proposal for general meeting

The Board, Supervisory Committee and shareholders individually or jointly holding more than 3% of shares in the Company are entitled to make proposals at the general meeting.

Shareholders individually or jointly holding at least 3% of the shares of the Company may submit extempore proposals in writing to the convener in 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore proposal within two days after receipt of the proposal.

Except as circumstances provided in the preceding paragraph, the convener shall not make any changes to the proposals set forth in the notice of the general meeting or add any new proposals once the notice of the general meeting has been issued.

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Any proposals which are not stated in the notice of shareholders' general meeting or not in compliance with these Articles of Association shall not be voted and passed as resolutions at the shareholders' general meeting.

The Company shall, on the basis of the written replies received from shareholders prior to general meeting, calculate the number of shares carrying rights to vote held by shareholders proposing to attend the meeting. If the number of shares carrying rights to vote represented by shareholders proposing to attend the meeting is more than half of the total number of shares in the Company which carry rights to vote, the Company may proceed to hold the shareholders' general meeting; if such requirement is not satisfied, the Company shall within 5 days notify shareholders again of the matters to be considered at the meeting, as well as date and place of the meeting, by way of public announcement, and after such public announcement has been made, the Company may proceed to hold the shareholders' general meeting.

No extraordinary general meeting shall resolve matters not stipulated in its notice.

Resolutions of a general meeting

Resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of a general meeting shall be passed by shareholders in attendance (including proxies) holding more than half of the voting rights.

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

The following matters shall be passed as ordinary resolutions at a general meeting:

- (I) to determine the operating policies and investment plans of the Company;
- (II) to elect or remove non-employee representatives directors and supervisors, and to determine the remuneration of such directors and supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;

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(VII) matters other than those which laws, administrative regulations or these Articles of Association require to be adopted by special resolution.

The following matters shall be passed as special resolutions at a general meeting:

- (I) to decide on any increase or reduction of registered capital of the Company;
- (II) to decide on the issue of corporate shares and bonds;
- (III) to decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (IV) to amend these Articles of Association;
- (V) to decide on the engagement and dismissal of accounting firms by the Company;
- (VI) to consider material matters relating to the provision of security for third parties;
- (VII) to consider matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company's audited total assets as at the most recent period;
- (VIII) to consider matters relating to the newly added amount in total of single short-term and medium to long-term debt financing at more than 50% of the Company's audited net assets (on the consolidated basis) as at the most recent period or within an accounting year, that exceeded 50% of the Company's audited net assets as at the most recent period (excluding the wholly-owned subsidiaries and controlling subsidiaries);
- (IX) to consider stock incentive plan;
- (X) to consider other matters decided by the general meeting as required by laws, administrative regulations departmental rules, the listing rules or these Articles of Association, or resolved by the shareholders at a shareholders' general meeting, by an ordinary resolution, to be of a nature that may have a material impact on the Company and should be adopted by special resolution.

When the general meeting considers matters relating to a connected transaction, the connected shareholders shall not participate in the vote, and the number of voting shares represented by them shall not be counted toward the total number of valid voting shares. When the general meeting considers matters relating to a connected transaction, the connected shareholders shall abstain from voting. If required to attend the meeting for explanation, the connected shareholders shall have the responsibility and obligation to attend the meeting and make truthful statement.

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Special voting procedures for class shareholders

Shareholders that hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and bear obligations in accordance with laws and these Articles of Association.

In addition to the holders of other classes of shares, holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

If the Company intends to vary or abrogate rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution of the general meeting and by a separate class meeting convened by the affected class shareholders in accordance with these Articles of Association.

Neither the approval of the general meeting nor a class meeting shall be required if a variation or abrogation of the rights of class shareholders arises due to a change in domestic or foreign laws or the listing rules of the place of listing, or due to a decision made in accordance with the law by the domestic or foreign regulator.

The transfer by the Company's holders of all or part of domestic shares held thereby to foreign investors for listing and trading overseas, or the conversion of all or part of domestic shares into overseas listed foreign shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to vary or abrogate the rights of any class of shareholders.

The rights of a certain class of shareholders shall be deemed to have been changed or nullified in the following circumstances:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (II) to convert part or whole of the shares of that class into another class, convert part or whole of the shares of another class into that class, or grant such conversion rights;
- (III) to nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;
- (IV) to reduce or nullify the privileged rights of that class of shares to acquire dividends or to obtain distribution of assets during liquidation of the Company;

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- (V) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of that class of shares or the rights of such class of shares to obtain securities issued by the Company;
- (VI) to nullify or reduce the rights of that class of shares to receive amounts payable by the Company in a particular currency;
- (VII) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (VIII) to restrict the transfer and ownership of that class of shares, or increase the restrictions;
- (IX) to grant the share subscription options or share conversion options of that class or another class of shares;
- (X) to increase the rights or privileges of another class of shares;
- (XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring;
- (XII) to revise or nullify the provisions in these Article of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at shareholders' class meetings in respect of matters referred to in items (II) to (VIII) and (XI) to (XII) of Article 131, but interested shareholders shall not be entitled to vote at such shareholders' class meetings.

Resolutions of a class meeting may be passed only by shareholders present at the meeting representing two-thirds or more of the voting rights.

The special voting procedures for class shareholders shall not apply to the following circumstances:

- (I) the Company independently or simultaneously, upon the approval by way of special resolution by general meeting, issues domestic shares and overseas listed foreign shares every 12 months, provided that the amount of each of the domestic shares and overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;

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- (II) the Company's plan on issuing domestic shares and overseas listed foreign shares at time of its incorporation, which is completed within 15 months upon the date of approval from the CSRC;
- (III) subject to the approval from the CSRC, shareholders of domestic shares of the Company may transfer their shares to foreign investors and have the shares listed and traded on overseas stock exchanges.

DIRECTOR AND BOARD

Director

The non-employee representative directors shall be elected or replaced at general meeting, while employee representative directors shall be elected or replaced at the general meeting of employees' representatives of the Company, for a term of office of three years. Upon the expiry of the term of office, a director shall be eligible to offer himself for re-election. Prior to the expiry of the term of office of the director, he/she shall not be removed by the shareholders' general meeting without appropriate reasons.

The Company shall establish an independent non-executive director system. The term "independent non-executive director of the Company" means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its substantial shareholder(s) (only provided under this Article that substantial shareholders are those shareholders individually or jointly holding more than 5% of total number of the Company's shares with voting rights) that could hinder his or her independent and objective judgments, and who is in compliance with independence provisions of the listing rules in the place where the Company's shares are listed. Independent non-executive directors shall account for more than one third of the members of the Board of the Company and shall not be less than three, at least one of whom shall be a financial or accounting professional. Moreover, at least one of the independent non-executive directors of the Company must be ordinarily resident in Hong Kong. Independent non-executive directors shall faithfully fulfill their duties and protect the Company's interests, and in particular prevent the legal interests of public shareholders from being harmed, so as to ensure that the interests of all shareholders are fully represented.

The term of office for independent non-executive directors shall be three years, and eligible to offer himself for re-election, but shall not exceed six years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed.

If an independent non-executive director fails to meet the conditions of independence or other circumstance arises which makes it inappropriate for him or her to perform his or her duties and responsibilities as an independent non-executive director, thereby causing the failure of the Company to meet the requirements of these Articles of Association concerning the number of independent non-executive directors, the Company shall make up the number of independent non-executive directors in accordance with regulations.

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Board

The Company has established the Board, which shall be accountable to the general meeting.

The senior management may serve concurrently as directors, provided that the total number of such directors who concurrently serve as the senior management shall not exceed 1/2 of the total number of the directors of the Company.

The Board shall perform the following duties and powers:

- (I) to convene the general meeting and report its performance at the general meetings;
- (II) to implement resolutions adopted at the general meetings;
- (III) to make decisions on the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and annual final accounting plans;
- (V) to formulate the Company's profit distribution plans and loss recovery plans;
- (VI) to formulate the proposals on the increase or reduction of the Company's registered capital, the issuance of bonds or other securities, and listing plans;
- (VII) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company;
- (VIII) to decide on the matters of the Company other than external investment, acquisition and disposal of assets, assets pledge, external guarantee, entrustment of financial services, debt financing and connected transactions that must be considered and approved by the general meeting;
- (IX) to determine on the establishment of the Company's internal management bodies
- (X) to engage or dismiss the Company's general manager and secretary to the Board; to engage or dismiss deputy general manager and financial officer as proposed by the general manager, and deciding on matters relating to their remuneration, rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate proposals for amendments to these Articles of Association;

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- (XIII) to manage the information disclosure of the Company;
- (XIV) to propose to the general meeting the appointment or replacement of an accounting firm that provides audit service to the Company;
- (XV) to listen to the work reports of the Company's general manager and inspect his or her work;
- (XVI) to exercise other functions and powers conferred by the laws, administrative regulations, departmental rules or these Articles of Association.

Resolutions relating to the preceding paragraph adopted by the Board, with the exception of items (VI), (VII), (VIII) and (XII) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

The Board shall formulate the rules of procedures of meetings of the Board to ensure the implementation of the resolutions of the general meeting, its work efficiently and decision making in proper manner. The rules of procedures provide for the convening and voting procedures for the meeting of the Board, which shall be formulated by the Board and approved at the general meetings.

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds one third of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval at the general meetings.

The Board shall decide the authority of foreign investment, acquisition and disposal of assets, asset mortgages, the provision of security for third parties, entrustment of financial services and connected transactions, and set up strict review and decision-making procedures; for important investment projects, the Board shall organise the relevant experts and professionals for review and report at general meeting for approval; important matters and material connected transactions shall report at general meeting for approval after being considered and approved by the Board.

The Board formulates a detailed investment decision system for the Company's investment decision power division, decision-making procedures and decision contents, to the extent authorised by the general meeting.

The chairman of the Board shall be elected by a majority of votes casted by all directors at the meeting of the Board for a term of three years, and eligible to offer himself for re-election.

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The chairman of the Board shall perform the following duties and powers:

- (I) to preside over the general meetings, and to convene and preside over Board meetings;
- (II) to supervise and inspect the execution of the resolutions of the Board;
- (III) to sign the important documents of the Board and other documents required to be signed by the legal representative of the Company;
- (IV) to approve, or authorise the general manager to approve transactions other than those considered and approved by the general meeting and the Board;
- (V) to approve, or authorise the general manager to approve the Company's ordinary production and operation activities according to the authorisation stipulated by its internal control system;
- (VI) in case of emergency arising from force majeure such as catastrophic natural disasters, he/she shall exercise special right of disposal of the Company's affairs that conform to laws as well as the Company's interests and report to the Board timely afterwards;
- (VII) to sign share certificates, debentures and other quoted securities of the Company;
- (VIII) to exercise the authority and powers of a legal representative and other authority and powers conferred by the Board;

The Board meetings shall be held at least twice every year and shall be convened by the Chairman. The written notice for such meeting shall be given to all directors and supervisors ten days in advance. An interim board meeting may be convened upon the proposal of shareholders holding more than one tenth of the total number of shares carrying voting rights of the Company, and more than one third of the Board or the Supervisory Committee. Chairman of the Board shall convene and chair the board meeting within ten days after receiving such proposal.

The notice of interim board meeting held by the Board shall be served by hand, email or facsimile 5 days before the date of the meeting. If an interim meeting of the Board needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting and the same is entered into the meeting minutes.

Meetings of the Board may be held only if more than half of the directors are present. Except as otherwise provided under these Articles of Association as well as laws and regulations, resolutions adopted by the Board must be passed by more than half of all directors. When voting on board resolutions, each director shall have one vote.

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If a director has a connected relationship with an enterprise involved in a matter on which a resolution is to be made at a meeting of the Board, he or she shall not exercise his or her right to vote regarding such resolution, nor shall he or she the voting right of another director as such director's proxy thereon. Such a Board meeting may be held only if more than half of the directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than half of the directors without a connected relationship. If the Board meeting is attended by less than three directors without a connected relationship, the matter shall be submitted to the general meeting for consideration.

Votes on the resolutions at meetings of the Board shall be cast by disclosed ballot. If a director attends a meeting held in person by telephone conference or by way of other such communication equipment, so long as the directors attending the meeting in person can clearly hear what he or she says and communicate with him or her, all the directors in attendance shall be deemed to have attended the meeting in person. Subject to ensuring the full expression by the directors of their opinions at a meeting of the Board, votes may be held and resolutions may be adopted by means of correspondence, and such resolutions shall be signed by the directors in attendance, but a regular meeting of the Board, a meeting at which a major shareholder (for the purpose of this section only, substantial shareholders refer to shareholders who individually or jointly hold more than 10% of total voting shares of the Company) or a director has a conflict of interest in a matter to be considered which the Board has determined to be material and a meeting held to discuss the appointment and dismissal of the company secretary shall not be held by means of correspondence. A deadline shall be set for votes held by means of correspondence, and if a director fails to express his or her opinion by the specified deadline, he or she shall be deemed to abstain.

For a proposal deliberated on at a meeting of the Board to be carried and constituted the corresponding resolution, more than half of all of the Company's directors must cast an affirmative vote therefore. When the numbers of votes for and against are equal, the chairman of the meeting is entitled to cast an additional vote. If laws and these Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.

In the event of a conflict between the content and import of different resolutions, the resolution adopted the later in time shall prevail.

The Board may hold an extraordinary general meeting and make resolutions by means of facsimile or other correspondence means signed by the directors in presence and attending the meeting, provided that the directors have fully expressed his or her opinions.

Directors shall attend meetings of the Board in person. In the event of a director is unable to attend a meeting in person for any reason, he may appoint in writing another director to attend the meeting on his behalf. The power of attorney shall contain the name of proxy, subject matters of representation, the scope of the authorisation and validity, and signed or sealed by the appointer. The proxy shall exercise the rights of a director within the scope of the authorisation. A director failing to attend the board meeting in person or by proxy shall be deemed as having waived his voting rights at such meeting.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Supervisors may attend meetings of the Board. The general manager and the secretary to the Board, if they do not concurrently serve as directors, shall attend meetings of the Board. When he or she deems it necessary, the meeting convener may notify other relevant persons to attend a meeting of the Board.

For any important matter subject to decision by the Board, all directors must be given advance notice by the time as stipulated in the Articles and Association and provided with sufficient information, which shall be conducted in strict compliance with the prescribed procedures. The directors are entitled to request supplementary information. If at least one-quarter of the directors in attendance or at least two independent non-executive directors believe that they are unable to reach a determination on a relevant matter because the proposal before the Board is unclear or unspecific, the meeting materials are insufficient or other such reason, they may jointly propose that discussion of the proposal in question be postponed to a later time. In such circumstances the Board shall accept the proposal. The directors who proposed postponement of the discussion shall put forth clear requirements in respect of the conditions that are to be satisfied for the proposal to be submitted again for consideration.

Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings.

The Board may accept the Board meetings in the form of written resolutions in lieu of meetings on site. However, draft proposals of the meeting must be delivered to each director by hand, post, fax or e-mail. If the proposal has been sent to all the directors by the Board, and the number of the directors who have signed the proposal sent to the secretary to the Board by the aforesaid means satisfies the statutory quorum, the said proposal shall be deemed to be a resolution of the Board and have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures specified in relevant provisions of these Articles of Association. The Board shall keep minutes of its decisions on the matters considered at its meetings. The directors and recorder attending a meeting shall sign the minutes of the meeting. The directors shall be liable for the resolutions of the Board. If a resolution of the Board is in violation of laws, administrative regulations or these Articles of Association, thereby causing the Company to sustain a material loss, the directors who took part in the resolution shall be liable to the Company for damages. However, if a director is proved to have expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be released from such liability.

The minutes of Board meetings shall be kept in corporate archives for a period of no less than ten years.

Where necessary, the Board establishes three special committees, including the nomination committee, audit committee and remuneration committee, to provide advice and suggestions for the material decisions of the Board and the exercise of duties by the chairman of the Board within the scope of authorisation of the Board. The Board may establish other special committees as required. The Board shall formulate separate terms of reference for each of the special committees of the Board to determine the composition, duties and procedures of meetings of such special committees. These special committees shall not make any decision in the name of the Board. However, the committees may exercise the right to make decision according to the special authorisation of the Board.

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Secretary to the board

Where necessary, the Company shall have one secretary to the Board nominated by the chairman of the Board, who shall be engaged and dismissed by the Board. The secretary to the Board shall be a member of the senior management of the Company and be accountable to the Company and the Board.

The secretary to the Board shall be a natural person with the necessary professional knowledge and experience. He or she shall be appointed by the Board. His or her main duties shall be as set forth below:

- (I) to prepare and deliver reports and documents issued by the Board and general meetings as required by competent authorities;
- (II) to prepare and deliver reports and documents of the Board and general meetings;
- (III) to prepare the Board and general meetings according to legal procedures, attend the Board meeting and take minutes, and sign on the minutes of meeting to ensure its accuracy;
- (IV) to be responsible for the confidentiality of information and draw up security measures. Take timely remedial measures to explain and clarify it upon divulging of insider information;
- (V) to be responsible for coordination and organisation of company information disclosure matters, establish and improve the information disclosure system, to participate in all relevant disclosure of information meeting, aware of the company's major business decisions and relevant information in a timely manner;
- (VI) to be responsible for keeping the register of the shareholders, the register of directors, the materials on the holding of shares by substantial shareholders and directors, and the seals of the Board, and keeping documents and minutes of the Board of the Company and general meetings;
- (VII) to help directors, supervisors, senior management members of the Company to understand their responsibilities conferred by laws, regulations, these Articles of Association and regulations;
- (VIII) to assist the Board in exercising its powers legally, and where the resolution of the Board violates the laws and regulations, these Articles of Association and relevant stipulations, raise a timely objection, and if the Board insists on making such resolution, take minutes about such situation and submit it immediately to all the directors and supervisors of the Company;
- (IX) to provide advices and suggestion for making significant decisions;

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- (X) to perform other duties as stipulated in laws, regulations and these Articles of Association, and as required by security regulator of locality on which the Company's shares are listed.

A director or senior management member of the Company other than the general manager may also act as the secretary to the Board of the Company. Any accountant from accountancy firm or lawyer from law firm which has been appointed by the Company shall not act as the secretary to the Board.

Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary shall not perform the act in a dual capacity.

General manager and other senior management members

The Company has one general manager, who will be appointed or dismissed by the Board. The Company has several deputy general managers and one chief financial officer, who will be appointed or dismissed by the Board.

Staff of the controlling shareholder and actual controller of the Company and other related parties who serve administrative positions other than directors and supervisors, shall not serve as senior management of the Company.

The general manager shall serve terms of three years and may serve consecutive terms if reappointed.

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

- (I) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board, and to report on his or her work to the Board;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to draft the plan for establishment of the Company's internal management organisation;
- (IV) to draft the Company's basic management system;
- (V) to formulate the detailed rules and regulations of the Company;
- (VI) to request the Board to engage or dismiss deputy general manager and chief financial officer;

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(VII) to decide on the appointment or dismissal of management personnel other than those to be engaged or dismissed by the Board;

(VIII) other functions and powers granted by these Articles of Association or the Board.

The general manager shall attend meetings of the Board. If the general manager is not also a director, he shall not have the right to vote at Board meetings.

SUPERVISORS AND SUPERVISORY COMMITTEE

Supervisors

Directors and senior management members may not concurrently serve as supervisors.

Shareholder representative supervisors shall be elected or replaced at general meetings, and employee representative supervisors shall be elected or replaced through democratic election by the employees of the Company. Supervisors shall serve terms of three years. Upon expiration of their term, supervisors may serve consecutive terms if re-elected.

Supervisory Committee

The Company shall have a Supervisory Committee, which shall consist of three supervisors. The Supervisory Committee shall have one chairman, whose appointment and dismissal shall be subject to the affirmative vote of more than two-thirds of the members of the Supervisory Committee. The chairman of the Supervisory Committee shall convene and chair the meetings of Supervisory Committee; where the chairman of Supervisory Committee cannot or does not fulfill the duty thereof, more than half of the supervisors may elect a supervisor to convene and chair the meetings of Supervisory Committee.

The Supervisory Committee shall comprise the shareholder representative and an appropriate ratio of the employee representative of the Company, including two shareholder representative supervisors and one employee representative supervisor. The employee representative of Supervisory Committee shall be elected by staff of the Company at its employee representative meeting of the Company or through democratic election.

The Supervisory Committee shall exercise the following functions and powers:

(I) to review the regular reports of the Company prepared by the Board and to submit written review opinions thereon;

(II) to check the finance of the Company;

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- (III) to supervise the directors and senior management members in the performance of their duties and to propose the removal of directors or senior management members who violate laws, administrative regulations or these Articles of Association or resolutions of the general meeting;
- (IV) if an act of a director and senior management is detrimental to the Company's interests, to require him or her to correct such act;
- (V) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting in accordance with the Company Law;
- (VI) to submit proposals to the general meeting;
- (VII) to sue directors or senior management members in accordance with Article 151 of the Company Law;
- (VIII) to conduct an investigation and, if necessary, engage professional organisations, such as accounting firms and law firms, to assist it in its work at the cost of the Company, in the event that
- (IX) other functions and powers as stipulated by laws, administrative regulations, the listing rules and these Articles of Associations.

Regular meetings of the Supervisory Committee shall be held at least once every six months. Supervisors may propose the calling of interim meetings of the Supervisory Committee.

The resolutions of the Supervisory Committee shall be approved by more than half of the members of the Supervisory Committee.

In convening the regular or interim meetings of the Supervisory Committee, the staff member of the Supervisory Committee shall give a written notice of the meeting a reasonable period before the meeting date. The notice of meeting shall be given to all supervisors by hand, facsimile, email or other means. If a notice is not given by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

The Supervisory Committee shall formulate the Rules of Procedure for the Supervisory Committee, which shall specify the procedures for the discussion of matters and voting of the Supervisory Committee so as to ensure the efficiency of work and rationality of the decisions of the Supervisory Committee. The Rules of Procedure for the Supervisory Committee shall be formulated by the Supervisory Committee and approved by the general meeting.

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The Supervisory Committee shall record the decisions of all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation. A supervisor is entitled to request for some descriptive record to be made with regard to his speech in the meeting.

The minutes of Supervisory Committee meetings shall be kept in corporate archives for a period of no less than ten years.

Qualifications and obligations of the directors, supervisors and other senior management members of the Company

In the conditions as set out below, the following persons shall not serve as directors, supervisors or senior management members of the Company:

- (I) persons without civil capacity or with limited civil capacity;
- (II) persons who have committed corruption, bribery, embezzlement, misappropriation of property or disruption of the order of socialist market economy and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- (III) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and had been ordered to shut down due to violation of the laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (V) persons who have a substantial amount of debts due and outstanding;
- (VI) persons who were investigated by judicial offices and the lawsuit is not settled yet;
- (VII) persons who cannot serve as corporate leaders according to laws;
- (VIII) non-natural person;
- (IX) persons who have been convicted by the competent authority for violation of securities regulations and acting fraudulently or dishonestly, where less than five years have elapsed since the date of conviction;

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- (X) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed; or

- (XI) circumstances as required by the relevant laws and regulations of a place where the Company's shares are listed.

If a director, supervisor or senior management member is elected or appointed in violation of this Article, such election, appointment or engagement shall be invalid.

Besides the obligations as stipulated in the laws, administrative regulations or the listing rules of the stock exchanges where the stocks of the Company are listed, the Directors, Supervisors and senior management of the Company shall perform the following obligations on each shareholder when exercising the powers conferred on them by the Company:

- (I) not to allow the Company to operate beyond the scope stated in the business license;

- (II) to act, bona fide, in the best interests of the Company;

- (III) not to deprive in any way the properties of the Company, including but not limited to opportunities advantageous to the Company;

- (IV) not to deprive the personal interests of shareholders, including but not limited to the right to distributions and the right to vote; however, company restructuring proposed to the general meeting for approval in accordance with these Articles of Association is excluded.

The directors, supervisors and senior management of the Company shall perform their duties in accordance with the principle of honesty and shall not put themselves in a position where their duties and their interests may conflict. These principles include but not limited to the following:

- (I) to act, bona fide, in the best interests of the Company;

- (II) to exercise powers within the scope of their powers;

- (III) to exercise their discretion vested in them and not to allow themselves to act under the control of another and, unless and to the extent permitted by the laws or with the informed consent of shareholders' general meeting, not to delegate others to exercise their discretion;

- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (V) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by these Articles of Association or with the informed consent of shareholders' general meeting;
- (VI) not to use the Company's property for their own benefit without the informed consent of shareholders' general meeting;
- (VII) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (VIII) not to accept commissions in connection with the transactions of the Company without the informed consent of shareholders' general meeting;
- (IX) to abide by these Articles of Association, perform their official duties faithfully and protect the interests of the Company, and not to exploit their positions and powers in the Company for their own interests;
- (X) not to use the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which rightly belong to the Company, operate a business for his own account or on behalf of others which is of the same type as the Company's business or compete with the Company in any way without the informed consent of the general meeting;
- (XI) not to misappropriate the Company's funds, not to open accounts in their own names or other names for the deposit of the assets or funds of the Company; not to provide guarantees to the Company's shareholders' or other individual(s)' debts with the assets of the Company;
- (XII) unless otherwise permitted by shareholders' general meeting, to keep confidential the information acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:
 - 1. by order of the laws;
 - 2. in the interests of the public;
 - 3. in the interest of the relevant Director, Supervisor or senior management.

Proceeds from persons violating the above shall belong to the Company; losses caused to the Company by such persons shall be indemnified by the same.

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Directors, supervisors or senior management of the Company shall not direct the following persons or bodies (hereinafter referred to as "Relevant Person") to do anything to which the directors, supervisors or senior management are not permitted:

- (I) the spouse or a minor child of such director, supervisor or senior management of the Company;
- (II) a trustee of such director, supervisor or senior management of the Company or of any person referred to in item (I) of this Article;
- (III) a partner of such director, supervisor or senior management of the Company or of any person referred to in items (I) and (II) of this Article;
- (IV) a company over which such director, supervisor or senior management of the Company, alone or jointly with any person referred to in items (I), (II) and (III) of this Article or any other director, supervisor or senior management of the Company, has de facto control;
- (V) a director, a supervisor or senior management of a company being controlled as referred to in item (IV) of this Article.

FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS AND AUDIT

Financial and accounting systems

The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and the standards formulated by relevant state authorities.

The Company shall prepare its interim financial report within 60 days after the end of the first six months of the fiscal year and its annual financial report within 120 days after the end of each fiscal year.

The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.

The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas.

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The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Distribution of profits

During the distribution of its after-tax profit for the current year, the Company shall withdraw 10% after-tax profit as statutory common reserve fund. The Company may not withdraw statutory common reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory common reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory common reserve fund in accordance with the above provisions.

After withdrawing the statutory common reserve fund from the after-tax profit by the Company, the discretionary reserve may be withdrawn from the after-tax profit with the approval from the general meeting.

After the Company has made up its losses and made allocations to its common reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally. If the general meeting violates the preceding paragraph and distributes profits to shareholders before the Company recovers losses and withdraws statutory common reserve fund, the shareholders shall return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not be subject to profit distribution.

The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's capital. However, the capital common reserve will not be used to make up the Company's losses.

When funds in the statutory common reserve are converted into capital, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

The Company may distribute dividends in either of the following manners (or both of them):

- (I) cash; and
- (II) share certificates.

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The Company shall appoint one or more receiving agents for holders of overseas listed foreign shares in Hong Kong to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable in respect of overseas listed foreign shares, and hold the same until they can be paid to the relevant shareholders.

After the Company's general meeting has passed a resolution on the profit distribution plan, the Company's Board must complete the dividend (or share) distribution within three months after the general meeting.

Cash dividends and other payments by the Company to holders of domestic shares shall be distributed and paid in Renminbi, whereas those to holders of overseas listed foreign shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency for the cash dividends and other payments by the Company to holders of overseas listed foreign shares and other holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.

Engagement of accounting firms

The Company shall engage an independent accounting firm that complies with relevant provisions of PRC laws to audit the annual financial reports and review other financial reports of the Company.

The Company's appointment of an accounting firm shall be decided by the shareholders' general meeting. The Board shall not appoint any accounting firm prior to a decision made by the shareholders' general meeting. The term of engagement of an accounting firm engaged by the Company shall commence upon the conclusion of the annual general meeting of the Company and end upon the conclusion of the next annual general meeting.

An accounting firm engaged by the Company shall have the following rights:

- (I) the right of accessing to the account books, records or vouchers of the Company and the right to require directors or senior management of the Company to provide relevant information and explanations;
- (II) the right to require the Company to take reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
- (III) the right to attend shareholders' meetings in a non-voting capacity, to receive notice of or other information concerning any meetings of or concerning which shareholders have a right to receive notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

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The Company must provide true and complete accounting vouchers, books and accounts, financial and accounting reports and other accounting data to the certified public accountants' firm engaged without any refusal, withholding and misrepresentation.

If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy persists, such accounting firms may continue to act.

Notwithstanding the terms set out in the contract between the Company and the accounting firm, Shareholders at a shareholders' general meeting may, by way of ordinary resolution, remove the accounting firm before the expiration of its term of office, but without prejudice to the right of the firm to claim for damages in respect of such removal.

The audit fee of the accounting firm shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon by the general meeting and be reported to the State Council's securities authority for the record.

The accounting firm that is leaving its post is entitled to receive all notices of, and other information relating to, any such meeting, and to be heard at any such meeting on matters which concern it as former accounting firm of the Company.

Where the Company dismisses or does not continue engaging the accounting firm, 30 days of prior notice shall be issued to the accounting firm, and the accounting firm has the right to state its opinions when the shareholders' general meeting is voting on the dismissal of the accounting firm.

If an accounting firm resigns from its position, it shall make representations to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

- (I) an accounting firm may resign its office by depositing a written resignation notice at the registered address of the Company. Resignation of the accounting firm shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements: (1) a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or (2) a statement of any other circumstances requiring an explanation.

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- (II) where a notice is deposited under the paragraph (I) of this Article, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a representation referred to in item (2) of paragraph (I) of this Article, a copy of such representation shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such representation to every shareholder entitled to the Company's report of financial position by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

- (III) where the notice of resignation of an accounting firm contains a statement referred in item (2) of paragraph (I) of this Article, the accounting firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Merger, division, capital increase, capital decrease, dissolution and liquidation of the Company

The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in these Articles of Association, relevant approval procedures shall be carried out in accordance with the law. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

The Company shall be dissolved in accordance with the law if:

- (I) the term of operation for the Company as specified in this Articles of Association expires;

- (II) the general meeting resolves to dissolve the Company;

- (III) merger or division of the Company entails dissolution;

- (IV) the Company is legally declared insolvent due to its failure to repay due debts;

- (V) the business license is revoked or it is ordered to close down or be dissolved in accordance with the law;

- (VI) when serious difficulties occur to our Company's operation and management and significant losses will be incurred to the shareholders by its continuance, and such difficulties cannot be solved by other means, the shareholders holding more than 10% of the total voting rights of all the shareholders may request the people's court to dissolve our Company;

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(VII) other circumstances in which the Company is required to dissolve according to laws and regulations.

If the Company is dissolved pursuant to item (I), (II), (V) or (VI) above, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of directors or persons determined by the general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (IV) above, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) to liquidate the Company's property, and to prepare a balance sheet and property list;
- (II) to notify creditors by notice and public announcement;
- (III) to dispose of unfinished business of the Company relating to the liquidation;
- (IV) to make full payment of taxes owed and of taxes incurred during the liquidation process;
- (V) to liquidate claims and debts;
- (VI) to dispose of the Company's property remaining after the debts are paid in full;
- (VII) to represent the Company in civil proceedings.

The liquidation committee shall notify all creditors within ten days after its establishment and shall make a public announcement in a newspaper within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice.

The creditors shall explain matters relating to their rights and provide relevant supporting documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

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After the Company has examined and taken possession of its assets and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for approval of the shareholders' general meetings or the People's Court.

The Company shall, in proportion to the shares held by the shareholders, distribute the properties of the Company remaining after successive payment of the liquidation expenses, employees' wages, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

During liquidation, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until it has been applied to the making of the payments mentioned in the preceding paragraph.

If the liquidation committee, having inventoried the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, as well as a revenue and expenditure statement and financial account books in respect of the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the same to the general meeting or the People's Court for confirmation. Within 30 days from the date of confirmation of the aforementioned documents by the general meeting or the People's Court, the liquidation committee shall submit the same to the company registrar, apply for cancelation of the Company's registration and publicly announce the Company's termination.

Amendment to these Articles of Association

The Company shall amend these Articles of Association if:

- (I) provisions of these Articles of Association conflict with the Company Law or related laws and administrative regulations after such laws and administrative regulations are amended;
- (II) a change occurs in the Company's situation and such change is inconsistent with the matters stated herein;
- (III) the general meeting decides to amend these Articles of Association.

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Settlement of disputes

Unless otherwise provided in these Articles of Association, the Company shall comply with the following rules for dispute resolution:

- (I) all disputes and claims arose between the Company and directors, supervisors or senior management of the Company, between holders of overseas-listed foreign shares and the Company, between holders of overseas-listed foreign shares and the Company's directors, supervisors, or senior management, or between holders of overseas-listed foreign shares and holders of domestic shares arising from any rights or obligations conferred or imposed by these Articles of Association, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the claim or dispute must be referred to arbitration as a whole, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is our Company or our Company's shareholders, directors, supervisors or senior management, comply with the decisions made in the arbitration.

Disputes in relation to the definition of shareholders and register of shareholders need not be resolved by arbitration.

- (II) a claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral institution elected by the claimant.

If a claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) if any disputes or claims of rights as set out in (I) are referred to arbitration, the laws of the PRC shall apply, unless otherwise provided in the laws and administrative regulations.
- (IV) the arbitration award of an arbitral institution shall be final and conclusive and binding on parties thereto.

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- (V) the arbitration agreement was entered into between directors, supervisors and senior management on one hand and the Company, on behalf of both itself and each shareholder, on the other.

- (VI) any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award.