MEMORANDUM OF ASSOCIATION

Overview

This appendix contains a summary of the principal provisions of the Articles of Association. This appendix is primarily intended to provide prospective [**REDACTED**] with a summary of the Company's Articles of Association and may not contain all information that is material to prospective [**REDACTED**]. The full Chinese text of the Articles of Association is available for inspection as described under the section headed Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display to this document.

SHARES

Share issuance

The Company's shares are issued in the form of share certificates, which are registered.

The issuance of shares of the Company shall be conducted based on principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights.

Shares of the same class issued in the same offering shall have identical terms and prices per share; subscribers shall pay the same amount per share for the shares they subscribe for.

The shares issued by the Company shall have a par value of RMB1 per share.

SHARE INCREASES, DECREASES, AND REPURCHASES

Increase in registered capital

The Company may increase its capital through the following methods according to the requirements of its operations and development, subject to the provisions of laws and administrative regulations, and upon separate resolutions adopted by the shareholders' meeting:

(1) issuing shares to unspecified parties;

(2) issuing shares to specified parties;

(3) distributing bonus shares to existing shareholders;

(4) increasing share capital through capitalization of reserves;

(5) other methods prescribed or approved by laws, administrative regulations, the CSRC, and the securities regulatory authorities where the Company's shares are listed.

Reduction of registered capital

The Company may reduce its registered capital. When reducing registered capital, the Company shall follow the procedures stipulated in the Company Law, other relevant regulations, and Articles of Association.

Share redemption

The Company shall not purchase its own shares except in any of the following circumstances:

(1) to reduce the Company's registered capital;

(2) to merge with another company that holds the Company's shares;

(3) to use the shares for employee stock ownership plans or equity incentive scheme;

(4) to purchase shares from shareholders who object to a resolution passed by the shareholders' meeting regarding a merger or division of the Company and make such request;

(5) to use shares for conversion of convertible corporate bonds issued by the Company;

(6) it is necessary for the Company to maintain its value and protect shareholders' interests;

(7) other circumstances permitted by provisions including laws, administrative regulations, or regulatory rules of the place where the Company's shares are listed.

The Company may purchase its own shares through centralized public trading or other methods approved by laws, administrative regulations, and the securities regulatory authority where the Company's shares are listed.

Where the Company purchases its own shares under the circumstances set out in (3), (5), and (6) above, such purchase shall be made through centralized public trading.

Where the Company purchases its own shares under the circumstances set out in (1) and (2) above, such purchase shall be subject to a resolution of the shareholders' meeting; where the Company purchases its own shares under the circumstances set out in (3), (5) and (6) above, such purchase may be approved a resolution of the meeting of the board of directors passed by a two-thirds majority of directors attending the meeting in accordance with the provisions of the Company's articles of association or as authorized by the shareholders' meeting.

Where the Company purchases its own shares pursuant to the foregoing provisions, and provided that it complies with the applicable securities regulatory rules of the place where the Company's shares are listed, in the case of shares purchased under circumstance (1) shall be canceled within 10 days from the date of purchase; in the case of shares purchased under circumstances (2) or (4) shall be transferred or canceled within 6 months from the date of purchase; in the case of shares purchased under circumstances (3), (5) or (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within 3 years from the date of purchase.

Share transfer

The shares of the Company shall be transferred in accordance with the laws. All transfers of H shares shall be made in the form of written instrument of transfer in the general or ordinary format or any other format accepted by the board of directors (including the standard transfer format or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and the instrument of transfer may only be signed by hand or affixed with the valid seal of a company (if the transferor or transferee is a company). If the transferor or transferee is an approved clearing house or its agent as defined in the relevant regulations in force from time to time under the laws of Hong Kong, the instrument of transfer may be signed by hand or machine printing. All instrument of transfer shall be kept at the Company's legal address or the address designated by the board of directors from time to time.

The Company shall not accept its own shares as the subject matter of the pledge rights.

Shares issued by the Company prior to its public offering of shares shall not be transferred within one year from the date of listing and trading of the Company's shares on the stock exchange.

Where shares are pledged within the restricted transfer period prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge rights within the restricted transfer period.

Where the relevant regulations of the securities regulatory authority of the place where the Company's shares are listed have other provisions on the restrictions on the transfer of the Company's shares, such provisions shall prevail.

The directors and senior management of the Company shall report to the Company the shares they hold in the Company and any changes thereto. During the term of office determined at the time of taking office, the shares they transfer each year shall not exceed 25% of the total number of shares of the same class held by them in the Company; the shares held in the Company shall not be transferred within one year from the date of listing and trading of the Company's shares. The above-mentioned personnel shall not transfer the shares they hold in the Company within half a year after their resignation.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

Register of members

The Company shall, based on the certificates issued by the securities registration and settlement authority, keep a register of members, which shall be sufficient evidence of shareholdings in the Company. The original H Share (which is listed in Hong Kong) register, shall be kept in Hong Kong for inspection by shareholders, but the Company may close the register of members in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy the rights and assume the obligations according to the class of shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Holders of H shares who have lost their share certificates may apply for replacement in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original H share register is kept.

For joint holders of any share, only the joint holder whose name stands first in the register of members shall be entitled to receive from the Company a share certificate in respect of the share or to receive notices from the Company, while any notice served on the aforesaid person shall be deemed to have been served on all joint shareholders of the relevant share. Any joint shareholder may sign a form of proxy, except that, when more than one of such joint shareholders are present in person or by proxy, the vote of the joint shareholder having a higher priority, made whether in person or by proxy, shall be accepted as the sole vote of the remaining joint shareholders. For this purpose, the priority of shareholders shall be determined by the order in which the names of the joint shareholders stand in the register of members of the Company in respect of the relevant shares.

When the Company convenes a shareholders' meeting, distributes dividends, undergoes liquidation or has other tasks involving the confirmation of shareholder's identity, the board of directors or the convener of the shareholders' meeting shall fix the date as a record date for determining the shareholdings and the shareholders of the Company shall be those registered on the register after close of market on the record date. If laws, administrative regulations, departmental rules, regulatory documents or the relevant stock exchange or regulatory authority of the place where the Company's shares are listed provide in relation to the closure of the register of members, such provisions shall prevail.

Shareholders' rights and obligations

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other forms of interest distribution in proportion to the shares they hold;

(2) to request the holding of, convene, preside over, attend or to appoint proxy to attend shareholders' meetings in accordance with the laws and exercise the corresponding voting rights (unless individual shareholders are required to abstain from voting on individual matters under the provisions of laws, administrative regulations, the CSRC and the securities regulatory authorities of the place where the Company's shares are listed, and of the Articles of Association);

(3) to supervise the business operations of the Company and put forward suggestions or raise inquiries;

(4) to transfer, assign or pledge the shares they hold in accordance with the provisions of laws, administrative regulations, the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed, and of the Articles of Association;

(5) to inspect and duplicate the Articles of Association, register of members, stubs of corporate bonds, minutes of the shareholders' meetings, resolutions of the meetings of the board of directors, and financial and accounting reports;

shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;

(6) to participate in the distribution of the remaining properties of the Company in proportion to the shares they hold in the event of termination or liquidation;

(7) to request the Company to purchase the shares they hold when they object to the merger or division resolution at the shareholders' meeting, provided that the procedures for share repurchase under the Articles of Association and the relevant laws and regulations are followed;

(8) other rights prescribed by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Where shareholders request inspection and duplication of the relevant materials of the Company, they shall do so in accordance with the provisions of the Company Law, the Securities Law of the PRC (hereinafter referred to as the "Securities Law") and other laws and administrative regulations.

If the contents of the resolutions made at the shareholders' meeting or the meeting of the board of directors of the Company violates laws or administrative regulations, shareholders shall have the right to request a people's court to hold it invalid.

If the convening procedure or voting method of a shareholders' meeting or meeting of the board of directors violates laws, administrative regulations or the Articles of Association, or the contents of a resolution violates the Articles of Association, Shareholders shall have the right to request the people's court to revoke the relevant resolution within 60 days from the date of the resolution, except where the convening procedure or voting method of the shareholders' meeting or the meeting of the board of directors are only slightly defective and have no material effect on the resolution.

Any shareholder who is not notified to attend the shareholders' meeting may, within 60 days from the date when they know or should have known that the resolution of the shareholders' meeting had been made, file a petition with a people's court to revoke it, in which case, the right of revocation shall be extinguished if it is not exercised within one year from the date when the resolution was made.

If a director or senior management other than the members of the audit committee violates provisions of laws, administrative regulations or the Articles of Association in performing duties and incurs losses to the Company, shareholders who individually or jointly hold more than 1% of shares in the Company for over 180 consecutive days shall have the right to request the audit committee in writing to institute proceedings before a people's court; if a member of the audit committee violates any provisions of laws, administrative regulations or the Articles of Association in performing duties and incurs losses to the Company, the aforementioned shareholders may request the board of directors in writing to institute proceedings before a people's court. Upon receipt of the aforesaid written request from the shareholders, if the audit committee or the board of directors refuses to institute such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, fails to initiate immediate proceeding would cause irrecoverable damages to the interests of the Company, the shareholder specified in the preceding paragraph shall, for the benefit of the Company, have the right to initiate proceedings directly before the people's court in their own name.

If a director, supervisor, or senior management member of a wholly-owned subsidiary of the Company violates the provisions of laws, administrative regulations or the Articles of Association in performing duties and incurs losses to the Company, or if any other person infringes upon the lawful rights and interests of the wholly-owned subsidiary and incurs losses to the Company, shareholders who individually or jointly hold more than 1% of shares in the Company for over 180 consecutive days may, in accordance with the preceding three paragraphs of this Article, request the board of supervisors and the board of directors of the wholly-owned subsidiary in writing to institute proceedings before a people's court or institute proceedings directly under their own name. If a wholly-owned subsidiary of the

Company does not have a board of supervisors or any supervisors, but an audit committee, the provisions of paragraphs 1 and 2 of this Article shall apply.

If a director or senior management member violates the provisions of laws, administrative regulations or the Articles of Association to the detriment of the interests of shareholders, shareholders may institute proceedings before a people's court.

Shareholders of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay capital contribution according to the number of shares subscribed for and the prescribed subscription method;

(3) not to divest unless otherwise stipulated by laws and administrative regulations;

(4) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal person and shareholders' limited liabilities to prejudice the interests of the Company's creditors;

(5) other obligations imposed by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where shareholders of a company abuse their shareholders' rights and thereby causing losses to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with the laws. Where shareholders of a company abuse the independent status of the Company as a legal person and shareholders' limited liabilities to avoid debts, thereby seriously harming the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Restrictions on rights of the controlling shareholders

The controlling shareholders and actual controller of a company shall not abuse their control or take advantage of their connected relationships to impair the legitimate interests of the Company or other shareholders, otherwise they shall be liable for compensation for any losses so incurred to the Company.

The controlling shareholders or actual controllers of a company who are not directors but actually execute the affairs of the Company shall comply with the provisions of the Articles of Association relating to the obligations of loyalty and diligence of a director. Controlling shareholders, as capital contributors, shall exercise their rights in strict accordance with the laws. Controlling shareholders shall not, by way of such as unfair connected transactions, profit distribution, asset restructuring, external investment, impair the legitimate rights and interests of the Company and those of the public shareholders, and shall not impair the interests of the Company and the public shareholders by taking advantage of their controlling position.

Where the controlling shareholders or actual controllers pledge the shares of the Company they hold or at their actual disposal, they shall maintain the control of the Company and the stability of its production and operation.

Shareholders' meetings

The shareholders' meeting shall comprise all shareholders. The shareholders' meeting shall be an empowered authority of the Company and perform the following functions and powers in accordance with the laws:

(1) to elect and replace directors and to decide on the remunerations of relevant directors;

(2) to consider and approve report of the board of directors;

(3) to consider and approve the profit distribution plan and the loss recovery plan of the Company;

(4) to resolve on any increase or reduction of the Company's registered capital;

(5) to resolve on the issuance of corporate bonds;

(6) to resolve on the merger, division, dissolution, liquidation or changes in the form of the Company;

(7) to amend the Articles of Association;

(8) to resolve on the appointment and dismissal of the accounting firm that undertakes the audit work of the Company;

(9) to consider and approve the guarantees specified under Article 47 of the Articles of Association;

(10) to consider any major assets purchased or sold within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(11) to consider and approve transactions between the Company and its related parties (as defined in the Hong Kong Listing Rules) that are required to be considered and approved at the shareholders' meetings in accordance with the provisions of laws, administrative regulations, and the requirements of the securities regulatory authorities of the place where the Company's shares are listed;

(12) to consider and approve the changes in use of proceeds;

(13) to consider any equity incentive scheme and employee stock ownership plan;

(14) to consider other matters that shall be resolved at the shareholders' meeting as required by the provisions of laws, administrative regulations, departmental rules or the Articles of Association;

(15) other matters as required by the listing rules of the stock exchange of the place where the Company's shares are listed.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of corporate bonds.

Unless otherwise provided by laws, administrative regulations, the requirements of the CSRC and the rules of the stock exchanges, the aforesaid functions and powers of the shareholders' meeting shall not be exercised by the board of directors or other institutions and individuals by means of authorization.

Shareholders' meeting shall be classified as annual shareholders' meeting and extraordinary shareholders' meeting. Annual shareholders' meetings shall be held once a year within 6 months of the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within 2 months after the date on which any of the following events occur:

(1) the number of directors is less than the number prescribed in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(2) the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(3) if so requested by Shareholders who individually or jointly hold more than 10% of the shares in the Company;

(4) the Board considers it necessary;

(5) the audit committee proposes the holding of such meeting;

(6) other circumstances as provided by the laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of shareholders' meetings

The board of directors shall convene the shareholders' meeting on time within the time limit prescribed. The independent non-executive directors are entitled to propose to the board of directors to convene an extraordinary shareholders' meeting with the consent of more than half of all independent non-executive directors. The board of directors shall, in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether it agrees or not to convene the extraordinary shareholders' meeting within 10 days after receiving the proposal from the independent non-executive directors.

If the board of directors agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the board of directors is passed. If the board of directors does not agree to convene the extraordinary shareholders' meeting, it shall explain and make an announcement.

If the board of directors does not agree to convene the extraordinary shareholders' meeting or fails to give a reply within 10 days after receiving the proposal, it shall be deemed to be unable or fail to perform the duty of convening the shareholders' meeting, and the audit committee may summon and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the shares in the Company shall have the right to request the board of directors in writing to convene an extraordinary shareholders' meeting. The board of directors shall, in accordance with the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether it agrees or not to convene the extraordinary shareholders' meeting within 10 days after receiving the request.

If the board of directors agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary shareholders' meeting or does not give a reply within 10 days after receiving the proposal, shareholders who individually or jointly hold more than 10% of the shares in the Company shall have the right to propose to the audit committee to convene an extraordinary shareholders' meeting, and such request shall be made in writing.

If the audit committee agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the audit committee fails to issue the notice of the shareholders' meeting within the prescribed period, it shall be deemed that the audit committee will not convene and preside over the shareholders' meeting, and shareholders who individually or jointly hold more than 10% of the Company's shares for over 90 consecutive days may summon and preside over the meeting by themselves.

Proposals at Shareholders' meetings

The content of the proposal shall fall within the scope of authority of the shareholders' meeting and have clear agenda items and specific resolution matters in accordance with the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders who individually or jointly hold more than 1% of the shares in the Company may submit interim proposals in writing to the convener 10 days before a shareholders' meeting is convened. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal to announce the contents of the interim proposal and submit it to the shareholders' meeting for consideration except for any proposal that violates provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of

Association, or any proposal that falls outside the scope of authority of the shareholders' meeting. Where the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed otherwise provide, such provisions shall prevail. If the shareholders' meeting is postponed due to the issuance of supplementary notice of the shareholders' meeting pursuant to the securities regulatory rules of the place where the Company's shares are listed, the convening of the shareholders' meeting shall be postponed pursuant to the securities regulatory rules of the place where the shares of the Company are listed.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders' meeting or add any new proposals after issuing the notice of the shareholders' meeting.

No vote shall be taken and no resolution shall be made at the shareholders' meeting on any proposal which is not set forth in the notice of the shareholders' meeting or which does not comply with the Articles of Association.

Notice of shareholders' meetings

The convener shall notify all shareholders 21 days prior to the annual shareholders' meeting, and shall notify all shareholders 15 days prior to the extraordinary shareholders' meeting. When calculating the advance notice period, the Company shall not include the day the meeting notice is issued and the day the meeting is held. Where the laws, administrative regulations, listing rules of the place where the shares of the Company are listed and the securities regulatory authorities otherwise provides, such provisions shall prevail.

Notice of the shareholders' meeting shall include the following:

(1) the time, venue and duration of the meeting;

(2) matters and proposals submitted for consideration at the meeting;

(3) stating in clear text: all shareholders are entitled to attend the shareholders' meeting and may appoint their proxies in writing to attend and vote at the meeting. Such proxies need not be shareholders of the Company;

(4) the record date for determining shareholding of the shareholders who are entitled to attend the shareholders' meeting;

(5) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(6) time and procedures for online or other means of voting;

(7) other requirements prescribed by the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice of shareholders' meeting and the supplementary notice shall contain the contents required by the Hong Kong Listing Rules and the Articles of Association, and shall fully and completely disclose the full details of all proposals.

Convening of shareholders' meetings

All shareholders or their proxies recorded in the register on the record date for determining shareholding shall have the right to attend shareholders' meetings, and they are entitled to vote at the meetings in accordance with the relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association. Shareholders are entitled to speak at the shareholders' meetings.

Shareholders may attend shareholders' meetings in person or by proxies to attend and vote on their behalf.

Where the shareholders' meeting requires directors and senior management to attend the meeting, the directors and senior management shall attend the meeting and answer shareholder inquiries.

The shareholders' meeting shall be presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

The shareholders' meeting convened by the audit committee shall be presided over by the convenor of the audit committee. Where the convenor of the audit committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit committee elected by more than half of the members of the audit committee.

The shareholders' meeting convened by shareholders themselves shall be presided over by the convenor or a representative elected by him/her.

If the chairman of the meeting is, at a shareholders' meeting, in violation of the Articles of Association or Rules of Procedures of shareholders' meeting causing the shareholders' meeting unable to continue, the shareholders' meeting may, with the consent of a majority of the shareholders present at the shareholders' meeting with voting rights, select a person to act as the presiding officer and continue with the meeting.

Voting and resolution at the shareholders' meeting

Resolutions at shareholders' meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution at the shareholders' meeting shall be passed by majority votes cast by the shareholders present at the shareholders' meeting (including proxies).

A special resolution at the shareholders' meeting shall be passed by at least two-thirds of the votes cast by the shareholders present at the shareholders' meeting (including proxies).

The following matters shall be adopted by an ordinary resolution of the shareholders' meeting:

(1) working reports of the board of directors;

(2) the profit distribution plan and loss recovery plan prepared by the board of directors;

(3) the appointment and removal of members of the board of directors and their remuneration and payment method thereof;

(4) matters other than those prescribed by provisions of laws, administrative regulations, the listing rules of the place where the Company's shares are listed or the Articles of Association that shall be adopted by special resolution.

The following matters shall be adopted by special resolution of the shareholders' meeting:

(1) increase or reduction of the registered capital of the Company;

(2) division, merger, dissolution and liquidation (including voluntary winding up) of the Company and change of corporate form of the Company;

(3) amendments to the Articles of Association;

(4) major assets purchased or sold by the Company or the amount of guarantee within one year exceeds 30% of the latest audited total assets of the Company;

(5) the equity incentive schemes and employee stock ownership plans;

(6) other matters required by the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed or the Articles of Association to be approved by special resolutions, and which have been determined by ordinary resolutions at the shareholders' meeting to have significant impact on the Company.

A shareholder shall exercise voting rights in proportion to the number of shares carrying voting rights represented by him/her, with each share having one vote (except for classified shareholders). The Company shall have no voting rights for the shares that it holds, and such shares shall not be counted towards the total number of voting shares present at the shareholders' meeting.

Resolutions of the shareholders' meeting shall be announced in a timely manner. The announcement shall set out the details required by the Hong Kong Listing Rules.

Board of Directors

The Company shall establish a board of directors, which shall be accountable to the shareholders' meetings. The board of Directors consists of 9 directors, including 1 chairman, 3 independent non-executive directors and 1 employee representative director.

The board of directors shall exercise the following functions and powers:

(1) to convene the shareholders' meetings and report its work to the shareholders' meetings;

(2) to implement the resolutions passed at the shareholders' meetings;

(3) to decide on the Company's business plans and investment proposal;

(4) to formulate the Company's profit distribution plans and loss recovery plans;

(5) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities and listing plan;

(6) to formulate proposals for major acquisitions of the Company, acquisition of the Company's shares or mergers, division, dissolutions and changes in the form of the Company;

(7) to decide on matters of the Company such as external investment, acquisition and disposal of assets, asset-based mortgages, external guarantee, entrusted wealth management, connected transactions and donations to others within the scope of authority of the shareholders' meeting;

(8) to decide on the establishment of the internal management structure of the Company;

(9) to appoint or dismiss the manager, co-manager, the secretary to the board of directors and other senior management of the Company; to appoint or dismiss senior management (such as deputy general manager and chief financial officer) as nominated by manager and co-manager, and to determine their remuneration, incentives and penalties;

(10) to formulate and amend the Company's basic management system;

(11) to formulate the proposals for any amendment to the Articles of Association;

(12) to manage information disclosure of the Company;

(13) to propose to the shareholders' meeting on appointment or change of the accounting firm that provides audit services to the Company;

(14) to listen to work reports of the manager and co-manager of the Company and inspect their work;

(15) any other functions and powers as conferred by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, the Articles of Association or the shareholders' meeting.

Matters beyond the scope of authority of the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

Board meetings shall be held at least four times a year, generally once a quarter, and shall be convened by the chairman. Written notices of a regular board meeting shall be given to all directors at least 14 days in advance. An extraordinary board meeting may be held by request of shareholders representing more than one-tenth of the voting rights or by request of more than one-third directors or the audit committee. The chairman shall convene and preside over a board meeting within 10 days after receiving the proposal.

To the extent that meetings of the board of directors are held onsite and directors' rights to express opinions are fully protected, with the consent of the convener (chairman of the meeting) and proposer, the meetings may also be held and votes on resolutions may be cast by means of video, telephone, written transmission of signatures, email, etc., and shall be signed by the directors participating in the meeting.

The quorum of a meetings of the board of directors shall consist of more than half of the directors. A resolution of the board must be passed by more than half of all directors. Votes on any resolution of the board of directors shall be cast on a one-person-one-vote basis by filling out ballot papers or by show of hands.

Special Committees of the board of directors

The board of directors of the Company shall establish the audit committee, the nomination committee, the remuneration and appraisal committee and other special committees, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. The proposals of the special committees shall be submitted to the board of directors for consideration and decision. The working procedures of the special committees shall be formulated by the board of directors. In particular, the audit committee shall consist of 3 members, who shall be directors that do not hold senior management positions in the Company, the majority of whom shall be independent non-executive directors, with an independent director who has appropriate professional qualifications serves as the head member (convener).

Managers and Other Senior Management

The Company shall have 1 manager and 1 co-manager who shall be appointed or dismissed by the board of directors. The manager and co-manager shall be appointed for a term of 3 years and shall be eligible for reappointment upon expiry of the term.

The manager and co-manager shall be accountable to the board of directors and exercise the following duties and powers:

(1) The manager is responsible for the management of R&D activities of innovative technologies;

(2) The co-manager is responsible for the marketing, sales, production, procurement, finance, administration, personnel, non-innovative technology R&D, and comprehensive budget management of the Company and its subsidiaries, including:

   1. to be in charge of the production, operation and management of the Company, organise the implementation of the resolutions of the board of directors and report to the board of directors;
   2. to organise the implementation of the Company's annual business plan and investment proposal;
   3. to formulate the proposal for the establishment of the Company's internal management body;
   4. to formulate the Company's basic management system;
   5. to formulate the details of the rules and regulations of the Company;
   6. to propose to the board of directors to appoint or dismiss the deputy general manager, chief financial officer and other senior management personnel of the Company;
   7. to decide to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors.

(3) Other functions and power conferred by Articles of Association or the board of directors

The manager and co-manager shall attend meetings of the board of directors.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish a financial and accounting system in accordance with the provisions of laws, administrative regulations, provisions of relevant departments of the State, and regulatory rules of the place where the Company's shares are listed.

Profit Distribution

In distributing the after-tax profit for the year, the Company shall allocate 10% of the profit to its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profit for the year shall be used to make up such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After withdrawing statutory reserve fund from after-tax profit, the Company may, subject to resolution of the shareholders general meeting, withdraw discretionary reserve fund from after-tax profit.

After making up the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings, unless otherwise specified in the Articles of Association.

If the profit distribution to the shareholders by the shareholders' meeting is in violation of the Company Law, Shareholders shall return the profits so distributed to the Company. In case of losses caused to the Company, Shareholders along with responsible directors and senior management shall be liable for compensation.

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

The Company's reserve fund shall be used to make up for the Company's losses, expand the Company's production and operation or converted to increase the registered capital of the Company. Where the reserve fund is used to make up for the Company's losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be covered, the capital reserve funds can be used according to the relevant provisions. Where the statutory common reserve funds are converted into registered capital, the remaining amount of such reserve funds shall not be less than 25% of the Company's registered capital prior to such conversion.

Audit

The Company shall implement internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

Notice and Announcement

A notice of the Company shall be served by:

(1) by hand;

(2) by post;

(3) by way of announcement (including on the designated website and the Company's website in the manner prescribed by the stock exchange of the place where the Company's shares are listed);

(4) by means of facsimile, e-mail, text messages, electronic data exchange and other forms of data message that can represent the contents contained therein;

(5) other means agreed by the Company and the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice;

(6) by other means as prescribed by laws, administrative regulations, rules, the regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Where the announcements referred to in the Articles of Association are addressed to shareholders or are required to be published in Hong Kong pursuant to the relevant requirements and the Articles of Association, such announcements must, unless the context otherwise requires, be published on the Company's website, the HKEXnews website (www.hkexnews.hk) and such other websites as may be prescribed from time to time under the Hong Kong Listing Rules, in accordance with the requirements of the relevant Hong Kong Listing Rules.

If the notice of the Company is served by hand, the recipient shall sign (or affix with seal) the acknowledge of receipt and the signing date shall be the date of service. If the notice of the Company is served by post, the fifth day after handover to the post office shall be the date of service. If the notice of the Company is served by fax, electronic data exchange, email, text message and other forms that can show the described content visibly, the sending date shall be the date of service, but a reasonable manner should be taken to confirm whether the recipient has received the notice. If the notice of the Company is served by announcement, notice shall be deemed served on relevant personnel once the announcement is published.

The announcements required to be issued by the Articles of Association to the holders of H shares shall be published according to the methods prescribed by the Hong Kong Listing Rules. The information disclosed by the Company in other public media shall not precede the disclosure in the designated newspapers and websites, and the announcement of the Company shall not be replaced by press release, press conference or other forms. The board of directors may change the designated media for the disclosure of information about the Company, but shall ensure that such designated media satisfy the qualifications and conditions as required by the relevant laws and regulations of mainland China and Hong Kong, administrative regulations, securities regulatory authorities under the State Council, overseas regulatory authorities and the stock exchange of the place where the Company's shares are listed.

Subject to the provisions set out in rule 2.07A(4) of the Hong Kong Listing Rules, the listed issuer must, to the extent permitted under all applicable laws and regulations, (i) send or otherwise make available the corporate communication to the relevant holders of its securities using electronic means or (ii) make the corporate communication available on its website and the Hong Kong Stock Exchange's website. The issuer must set out on its website the manner in which (i) and/or (ii) above is adopted for the dissemination of its corporate communications.

The corporate communications referred to in the preceding paragraph means any document issued or to be issued by the Company for the information or action of any holders of H Shares or other persons required by the Hong Kong Listing Rules.

When any notice, in the exercise of any powers/rights set forth herein, is served by announcement, it shall be published in such manner as required by the Hong Kong Listing Rules.

In the event that the listing rules of the stock exchange of the place where the Company's shares are listed provide that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the intent stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by the applicable laws and regulations.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

Merger and Division

The Company may merge by absorption or through the establishment of a new company. If it merges by absorption, the Company which is absorbed shall be dissolved. If it merges by establishment of a new company from two or more companies, all original companies shall be dissolved.

Dissolution and Liquidation

The Company shall be dissolved due to the followings:

(1) the term of operation expires as stipulated in the Articles of Association or other events for dissolution as stipulated in the Articles of Association occur;

(2) the shareholders' meeting resolves on dissolution;

(3) dissolution is required for the purpose of merger or division of the Company;

(4) the Company is revoked off its business license, ordered to close or canceled in accordance with the laws;

(5) the Company runs into difficulties in operation and management, its continuous existence would cause significant losses to the shareholders' interests, and such difficulties cannot be dealt with in other ways, shareholders holding shares that represent more than 10% of the voting rights of the Company may file a petition with a people's court to dissolve the Company.

If any event leading to the dissolution of the Company as stipulated in the preceding paragraph occurs, such dissolution event shall be published on the National Enterprise Credit Information Publicity System within 10 days upon its occurrence.

Where the Company is under the circumstance set forth in (1) and (2) above and has not yet distributed its property to its shareholders, the Company may continue its operation by means of amending the Articles or by resolution of the shareholders' meeting. Any amendment to the Articles according to the preceding paragraph and resolution of the shareholders' meeting shall be approved by more than two thirds of the votes cast by the shareholders present at the shareholders meeting.

Where the Company is dissolved in the circumstances described in sub-paragraphs (1), (2), (4), and (5) above, it should be liquidated. The directors shall act as the liquidation obligors of the Company, and a liquidation team shall, within 15 days from the occurrence of dissolution event, be set up to proceed liquidation. The liquidation team shall comprise its directors, unless the Articles of Association other requires or another personnel is appointed by resolution of the shareholders' meeting. If a liquidating team is not formed within the stipulated time or is formed but does not conduct liquidation, interested parties may apply to a people's court for designating relevant persons to form a liquidation team for liquidation.

Amendments to the Articles of Association

Amendments shall be made to the Articles of Association by the Company in any of the following circumstances:

(1) Where, after any amendment to the Company Law or any other relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association are in contrary to the amended laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;

(2) Where the Company's circumstances change to such an extent that they are inconsistent with those set forth in the Articles of Association;

(3) Where the Shareholders' meeting decides to amend the Articles of Association.

Amendments to the Articles of Association adopted by a resolution of the shareholders' meeting which are subject to approvals from relevant competent authority shall be submitted to the competent authority for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with laws.

The Board shall amend the Articles of Association pursuant to the resolution of shareholders' meeting regarding amendment of the Articles and the vetting opinions from relevant competent authorities.