INCREASE, REDUCTION AND REPURCHASE OF SHARES

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

(I) issuance of shares to unspecified parties;

(II) issuance of shares to specified parties;

(III) distribution of bonus shares to existing shareholders;

(IV) conversion of reserve funds into capital;

(V) other methods prescribed by the law and administrative regulations.

The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be in accordance with the requirements of the PRC Company Law (《中國公司法》), other related regulations and the Articles of Association.

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

(I) reducing the registered capital of the Company;

(II) merging with another company that holds shares in the Company;

(III) to use the shares for employee stock ownership plans or equity incentives;

(IV) to repurchase shares from shareholders who object to the resolutions on the Company's merger or division made by the shareholders' meeting;

(V) to use the shares for converting corporate bonds issued by the Company into shares;

(VI) as necessary to safeguard the Company's value and the rights and interests of shareholders;

(VII) other circumstances as permitted by the laws, administrative regulations, departmental rules, normative documents, the Listing Rules of the Hong Kong Stock Exchange and other regulatory rules of the place where the Company's shares are listed.

The Company shall not engage in the trading of its shares save for the circumstances specified above.

Shareholders

The shareholders of the Company shall have the following rights:

(I) the right to receive dividends and other form of interest distribution in proportion to their shareholdings;

(II) the right to apply for, convene, preside, attend or appoint proxies to attend shareholders' meeting pursuant to the laws and to exercise the corresponding right to vote;

(III) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;

(IV) the right to transfer, give as a gift or pledge the shares they hold in accordance with laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association;

(V) the rights to review and copy the Articles of Association, the register of members, minutes of shareholders' meeting, resolutions of the Board meetings and financial and accounting reports, and to review the Company's accounting books and accounting documents (for shareholders who meet the requirements);

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(VII) shareholders who object to resolutions of merger or division made by the shareholders' meeting may request the Company to purchase shares held;

(VIII) other rights as required by the laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholders of the Company bear the following obligations:

(I) to comply with laws, administrative regulations and the Articles of Association;

(II) to pay subscription amount according to the shares subscribed for by them and the method of acquiring such shares;

(III) not to withdraw share capital except in circumstances specified in laws and regulations;

(IV) not to abuse their rights as the shareholders to harm the interests of the Company or those of other shareholders; not to abuse the status of the Company as an independent legal person or shareholders' limited liability to harm the interests of the Company's creditors;

If a shareholder of the Company abuses his or her rights as shareholder, thereby causing the Company or another shareholder to sustain a loss, he or she shall be held liable for damages in accordance with the law

If a shareholder of the Company abuses the status of the Company as an independent legal person or shareholders' limited liability to evade a debt, thereby materially harming the interests of the creditors of the Company, he or she shall bear joint liability for the debt of the Company;

(V) other obligations imposed by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders' Meetings

General rules

The shareholders' meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the law:

(I) to elect and replace directors and to decide on matters relating to their remuneration;

(II) to consider and approve reports of the board of directors;

(III) to consider and approve the Company's profit distribution plans and plans for making up losses;

(IV) to pass resolutions concerning the increase or reduction of the Company's registered capital;

(V) to pass resolutions on the issuance of corporate bonds;

(VI) to pass resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the appointment, dismissal or non-reappointment of the accounting firm of the Company and to fix its remuneration;

(IX) to consider and approve the guarantee matters stipulated in the Articles of Association;

(X) to consider matters relating to the purchases and sales of significant assets with a total assets value or transaction value within one year exceeding 30% of the latest audited total assets of the Company;

(XI) to consider and approve the changes in the use of **[REDACTED]**;

(XII) to consider and approve equity incentive plans and employee stock ownership plans;

(XIII) to consider the matters in respect of purchase of the Company's shares that are required to be approved by the shareholders' meeting under laws and regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(XIV) to consider and approve the Company's plan for the **[REDACTED]** of shares and **[REDACTED]**;

(XV) to consider other matters that are required to be approved by the shareholders' meeting under laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meetings include the annual shareholders' meetings and the extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year, and shall be held within six months after the end of the prior fiscal year.

The Company shall hold an extraordinary shareholders' meeting within two months upon the occurrence of any of the following events:

(I) the number of the Directors is less than the number stipulated in the PRC Company Law (《中國公司法》) or less than two-thirds of the number specified in the Articles of Association;

(II) when the uncovered losses of the Company amount to one-third of the total amount of its share capital;

(III) when shareholders individually or jointly holding 10% or more of the Company's shares so request in writing;

(IV) when deemed necessary by the Board of Directors;

(V) when proposed by the audit Committee;

(VI) other circumstances as stipulated by the laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of Shareholders' Meeting

The shareholders' meeting shall be convened by the Board of Directors in accordance with law and presided over by the chairperson of the Board of Directors.

With the approval of a majority of all the independent non-executive directors, the independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. For the proposal of independent non-executive directors of convening an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association, give a written feedback on whether to agree or disagree with the meeting within 10 days upon receipt of the proposal.

The audit committee shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within ten days after receiving the proposal.

Shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary shareholders' meeting and shall submit their request in writing to the Board of Directors. The Board of Directors shall give written response as to whether or not it agrees to convene such an extraordinary shareholders' meeting within 10 days upon receipt of the request in accordance with the provisions of laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association.

If the audit committee or shareholders decide to convene the extraordinary shareholders' meeting on their own, they shall notify the Board of Directors in writing.

Proposals and Notices of Shareholders' Meeting

The Board of Directors, the audit committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to submit to the Company proposals at the shareholders' meeting of the Company.

The shareholder(s) individually or jointly holding more than 1% of the Company's shares may propose extra proposals in writing to the convener 10 days prior to the meeting. The ad hoc proposals shall have clear subject and specific matters for resolution. The convener shall, within 2 days upon receipt of the proposal, issue a supplementary notice of the shareholders' meeting by way of announcement which shall contain the contents of the provisional proposal and the name and shareholding percentage of the shareholders who put forward the provisional proposal, and submit the hoc proposal to the shareholders' meeting for deliberation, unless the hoc proposal is in violation of any law, administrative regulation, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association or fails to fall into the scope of functions of the shareholders' meeting.

Except as provided by the preceding paragraph, the convener of the shareholders' meeting shall not amend the proposals set out in the notice of the shareholders' meeting or add any new proposals subsequent to the issue of the notice of convening the shareholders' meeting.

Convening of Shareholders' Meeting

All shareholders registered on the share registration date or their proxies have the right to attend shareholders' meetings and may exercise rights to vote in accordance with relevant laws, regulations, the Listing Rules of the Hong Kong Stock Exchange and the articles of association.

Shareholders may attend the shareholders' meeting in person or by appointing a proxy to attend and vote on their behalf. The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its attorney or officer duly authorized.

Individual shareholders who attend the meeting in person shall show their own identification cards, or other valid documents or certificates to show their identity. The proxy appointed by a shareholder to attend the meeting shall present his own identification card and the form of proxy of the shareholder.

Corporate shareholders shall attend the meeting by its legal representative or the proxy appointed by its legal representative. Where the legal representative attends the meeting, he shall present his identification card and valid proof that can prove his qualification as legal representative; and where he appoints a proxy to attend the meeting, the proxy shall present his own identification card, and the written power of attorney legally issued by the legal representative of the corporate shareholder.

Shareholders who are not separate legal entity shall attend the meeting by the person-in-charge (in the case of a partnership, the executive partner or the general partner, same interpretation hereinafter) or the proxy appointed by the person-in-charge. If the person-in-charge attends the meeting, he/she shall produce his/her identity card or a valid proof of the qualification as a person-in-charge. If he/she appoints a proxy to attend the meeting, the proxy shall produce his/her identity card and a written power of attorney issued by the person-in-charge of the shareholder unit according to law.

Where the shareholder is a recognised clearing house (or its proxy) defined by the relevant ordinances enacted from time to time in Hong Kong, the shareholder may authorize one or more persons he/she considers appropriate as his/her representative(s) or proxy at any shareholders' meeting and creditors' meeting; however, if more than one person are so authorized, the proxy form or power of attorney shall specify the number and class of shares in respect of which each such person is authorized. The person(s) so authorized may represent the recognised clearing house (or his/her proxy) to attend the meeting and exercise the rights equivalent to those of other shareholders as prescribed by the law, including the right to speak and the right to vote, without the need to show the shareholding certificate, notarized power of attorney and/or further evidence to prove that they have been duly authorized, as if such person(s) were individual shareholder(s) of the Company.

Voting and Resolutions at Shareholders' Meetings

Resolutions of shareholders' meeting are classified as ordinary resolutions and special resolutions. Ordinary resolutions of the shareholders' meeting shall be passed by a majority of the voting rights represented by the shareholders (including proxies) present at the meeting. Special resolutions of the shareholders' meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolutions at a shareholders' meeting:

(I) work reports of the Board of Directors;

(II) plans for profit distribution and recovery of losses drafted by the Board of Directors;

(III) appointment or removal of members of the Board of Directors, and their remuneration and method of payment thereof;

(IV) any matters other than those required by the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association to be approved by special resolution.

The following matters shall be resolved by way of special resolutions at a shareholders' meeting:

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

(II) demerger, merger, spin-off, dissolution and liquidation of the Company or change of corporate form of the Company;

(III) the amendment to the Articles of Association and its attachments;

(IV) matters where the total amount of assets involved in the Company's purchase or sale of assets within a consecutive twelve-month period, or the accumulated transaction amount exceeds 30% of the Company's latest audited total assets;

(V) guarantees where the accumulated guarantee amount within a consecutive twelve-month period exceeds 30% of the Company's latest audited total assets;

(VI) equity incentive plans;

(VII) other matters required by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association, as well as other matters that are determined by ordinary resolution at the shareholders' meeting to have a substantial influence on the Company and which need to be resolved by special resolutions.

Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder to one voting right at the shareholders' meeting.

Shares held by the Company that carry no voting rights shall not be counted toward the total number of shares with voting rights held by shareholders attending the shareholders' meeting.

Directors

Directors shall be elected or replaced by the shareholders' meeting, and their positions may be removed by the shareholders' meeting before the expiration of their term of office. The term of office of a director shall be three years, and upon expiry of the term, a director may be re-elected and re-appointed. However, the term of office for independent non-executive Directors shall be not more than six years.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current Board of Directors. Where a new elect is not yet available upon expiration of a director's term, such director, before the new elect takes his office, shall continue the performance of his duties in accordance with the requirements under the laws, administrative regulations, departmental rules and the Articles or Association.

Directors may hold concurrent positions as general manager, deputy general manager or other senior management personnel; directors may also be represented by employee representatives. However, the total number of directors who concurrently serve as general manager, deputy general manager or other senior management personnel, together with directors who are employee representatives, shall not exceed half of the total number of the Company's directors.

A director may resign before the expiration of his/her term and shall submit a written report of his/her resignation to the Board of Directors.

If any director resigns so that the membership of the Board of Directors falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Except for the circumstances set out in the preceding paragraph, the resignation of a director shall take effect when the resignation report is delivered to the Board of Directors.

Board of Director

The Company shall establish a Board of Directors, which shall be accountable to the shareholders' meeting.

The Board of Directors shall consist of 7 directors, with one chairman of the Board of Directors. Members of the Board of Directors shall be elected by the shareholders' meeting in accordance with the law. Directors are divided into executive directors, non-executive directors and independent non-executive directors. Among them, the number of independent non-executive directors shall not be less than 3, accounting for one-third or more of the total number of the Board of Directors. At least one independent non-executive director must possess appropriate professional qualifications that meet the requirements of regulatory rules such as the Listing Rules of the Hong Kong Stock Exchange, or have appropriate accounting or relevant financial management expertise. In addition, at least one independent non-executive director shall ordinarily reside in Hong Kong.

The Board of Directors exercise the following functions and powers:

(I) to convene the shareholders' meetings and report to the shareholders' meetings;

(II) to implement the resolutions of the shareholders' meeting;

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

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

(V) to formulate Company's plans for the increase or decrease of registered capital, bonds issued or other securities and **[REDACTED]**;

(VI) to formulate plans for the Company's major acquisitions, repurchase of the Company's shares or merger, division, dissolution and change of the Company's form on the premise of complying with the provisions of securities regulatory rules of the place where the Shares of the Company are listed;

(VII) to decide on matters such as the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted wealth management and connected transactions on the premise of complying with the provisions of securities regulatory rules of the place where the Shares of the Company are listed and within the scope of authorization by the shareholders' meeting;

(VIII) to decide on the establishment of the Company's internal management structure;

(IX) to elect the chairman of the Board of Directors; appoint or dismiss the Company's general manager and secretary of the Board of Directors; according to the nomination of the general manager, appoint or dismiss the Company's deputy general manager, financial director and other senior management personnel, and determine matters related to their remuneration, rewards and penalties;

(X) to formulate the Company's basic management system;

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

(XII) to manage the Company's disclosure matters;

(XIII) to propose to the shareholders' meeting for the appointment or replacement of the accounting firm that audits the Company;

(XIV) to receive work reports from the Company's general manager and to inspect the general manager's work;

(XV) formulate and implement the Company's equity incentive plan;

(XVI) other duties and powers conferred by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Matters falls outside the scope of the authorization of the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

General Manager and Other Senior Management Members

The Company shall have one general manager of whom shall be appointed or dismissed by the Board. Each term of office of the general manager is 3 years and is renewable upon re-election of the Board.

The Company shall have several deputy general managers of whom shall be appointed or dismissed by the Board.

The general manager is accountable to the Board and exercises the following functions and powers:

(I) to be in charge of the production and operational management of the Company, organize the enforcement of resolutions of the Board and report to the Board on work;

(II) to organize the implementation of the annual operation plans and investment schemes of the Company;

(III) to formulate the structure scheme of the internal management department of the Company;

(IV) to formulate the basic management system of the Company;

(V) to formulate the specific rules and regulations of the Company;

(VI) to propose to the Board the appointment or dismissal of the deputy general manager and chief financial officer of the Company and other senior management;

(VII) to decide on the appointment or dismissal of management personnel and employees of the Company except those whose appointment or dismissal shall be determined by the Board;

(VIII) to formulate the wages, benefits, rewards and punishments for the Company's employees;

(IX) other functions and powers authorized by the Articles of Association or the Board.

The general manager shall attend the meeting of the Board, and the general manager who is not a director shall attend the meeting of the Board but has no voting rights at the meeting.

In accordance with laws, regulations and the provisions of the Articles of Association, the general manager shall be responsible for decision-making on matters not considered and resolved by the shareholders' meeting and the Board of the Company. The Company's daily business matters are decided by the general manager.

Financial and Accounting System

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

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

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

After making up for 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 shareholders' meeting has, in violation of the provisions of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provisions.

The Company's shares held by the Company are not entitled to any profit distribution.

The Company shall appoint one or more receiving agents in Hong Kong for the holders of the H Shares. A receiving agent shall, on behalf of the relevant H Shares shareholders, receive and hold the dividends and other amounts payable distributed by the Company in respect of the H Shares for further payment to those H shareholders. The receiving agents appointed by the Company shall comply with the laws, regulations and the provisions of the securities regulatory rules in the place where the Company's shares are listed.

Reserve funds of the Company shall be used for making up for the losses, business expansion for operation or conversion into an increase in the Company's registered capital.

When using the reserve funds to make up for the losses of the Company, the discretionary reserve funds and the statutory reserve funds shall be used first; if the losses still cannot be made up, the capital reserve funds can be used in accordance with the requirements.

When the statutory reserve funds are converted into the registered capital, the remaining amount of such reserve funds shall not be less than 25% of the registered capital of the Company before the conversion.

After the resolution on the profit distribution plan is approved at the shareholders' meeting of the Company, the Board of the Company shall complete the distribution of dividends (or shares) within two months after conclusion of the shareholders' meeting.

The Company implements a proactive profit distribution policy, attaches importance to reasonable investment returns to investors, takes into account the long-term interests and sustainable development of the Company, fully listens to and considers the opinions and demands of shareholders (especially minority shareholders), independent non-executive directors and supervisors of the Company, and maintains the continuity and stability of the profit distribution policy.

The Company can distribute dividends in cash or stocks, and actively promote the distribution of dividends in cash.

Provided that the Company is profitable and possesses sufficient cash reserves to support its ongoing operations and long-term development, the Company may distribute dividends appropriately. The specific dividend ratio for each year shall be proposed by the Board based on the Company's annual profitability and future capital utilization plans. If the Company achieves annual profits but the Board fails to propose a cash dividend distribution plan, the Board shall provide a detailed explanation in the annual report for that year regarding the reasons for not distributing dividends and the purpose for retaining the undistributed funds within the Company. Independent non-executive directors shall review the profit distribution plan and issue an independent opinion.

The Company may distribute interim cash dividends.

In the event that a shareholder occupies the Company's funds in violation of regulations, the Company shall deduct the cash dividends distributed to such shareholder to repay the funds occupied by such shareholder.