
APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company, which will take effect on the date of the [REDACTED] of the H Shares on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide [REDACTED] with an overview of the Articles of Association of the Company, and as such, it may not contain all information that is important to [REDACTED].

1 DIRECTORS AND THE BOARD OF DIRECTORS**(1) Power to Allot and Issue Shares**

There is no provision in the Articles of Association granting the Board of Directors the power to allot or issue shares. The Board of Directors shall formulate plans for the increase of registered capital, the issuance of bonds or other securities, and for listing, which shall be subject to the approval of the general meeting. Any allotment or issuance of shares shall be conducted in accordance with the procedures stipulated by applicable laws, administrative regulations, and regulatory rules.

(2) Power to Dispose of the Assets of the Company or any of Its Subsidiaries

The Board of Directors shall, within the scope of authority granted by the general meeting or in accordance with the Hong Kong Listing Rules and the requirements of the other securities regulatory rules of the place where the Company’s shares are listed, decide on matters such as the Company’s external investments, acquisitions and disposals of assets, charge of assets, external guarantees, entrusted wealth management, related (connected) transactions, and external donations.

(3) Compensation or Payments for Loss of Office

The general meeting may resolve to remove any Director, and such removal shall take effect from the date on which the resolution is passed. Where a Director is removed without justifiable cause before the expiration of his/her term of office, the Director may claim compensation from the Company.

(4) Loans to Directors

There is no provision in the Articles of Association regarding the provision of loans to Directors.

(5) Financial Assistance for the Purchase of Shares in the Company or any of its Subsidiaries

The Company or its subsidiaries (including affiliated enterprises of the Company) shall not provide financial assistance by way of gifts, advances, loans, guarantees, supplementary , or otherwise to any person for the purpose of acquiring the shares of the Company, except for the implementation of employee share ownership plans by the Company.

For the benefit of the Company, subject to compliance with securities regulatory rules of the place where the Company’s shares are listed, upon a resolution of the general meeting, or a resolution of the Board of Directors acting in accordance with the Articles of Association or the authorization of the general meeting, the Company or its subsidiaries (including affiliated enterprises of the Company) may provide financial assistance to any person for the purpose of acquiring shares of the Company, provided that the cumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. A resolution of the Board of Directors shall be passed by two-thirds or more of all Directors.

(6) Disclosure of Interests in Contracts with the Company or any of its Subsidiaries

Matters relating to a Director entering into contracts or conducting transactions with the Company, whether directly or indirectly, shall be reported to the Board of Directors and shall be subject to approval by a resolution of the Board of Directors.

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(7) Remuneration

The appointment and removal of members of the Board of Directors, as well as their remuneration and payment methods, shall be approved by the general meeting by way of an ordinary resolution.

(8) Retirement, Appointment and Removal

The Company shall have a Board of Directors, which shall be accountable to the general meeting. The Board of Directors shall consist of seven Directors and shall have one chairman, who shall be elected by the Board of Directors by a majority vote of all the Directors. The Board of Directors shall include three independent non-executive Directors.

Directors shall be elected or replaced by the shareholders’ meeting and may be removed from office by an ordinary resolution of the shareholders’ meeting before the expiry of their term of office, including in the case of executive directors; provided that such removal shall not affect any claim for damages that the Director may have under any contract. Each Director shall serve a term of three years. Upon expiry of their term, Directors may stand for re-election and serve consecutive terms. However, where an independent non-executive Director has served more than nine years, their re-appointment shall be subject to the relevant review procedures in accordance with the requirements of Hong Kong Listing Rules. Before the expiry of their term of office, a Director may not be removed by the shareholders’ meeting without cause. Where otherwise provided by applicable laws, regulations or securities regulatory rules of the places where the shares of the Company are listed, such provisions shall prevail.

The term of office of a Director shall commence from the date of on which he/she assumes his/her position until the expiration of the term of the current session of the Board of Directors. If a Director is not timely re-elected upon the expiration of his/her term, the original Director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association until a successor is elected and takes office.

A director appointed by the Board of Directors to fill a casual vacancy on the Board or as an addition to the Board shall hold office from the date of his/her appointment until the first annual shareholders’ meeting following his/her appointment.

The general manager or other senior management members may concurrently serve as Directors, provided that the number of Directors who concurrently serve as the general manager or other senior management members shall not exceed one-half of the total number of Directors of the Company.

The Directors of the Company may include executive Directors, non-executive Directors and independent non-executive Directors, among which non-executive Directors refer to the Directors who do not hold management positions in the Company. An independent non-executive Director means a person who satisfies the criteria set out in Article 108 of the Company’s Articles of Association.

Directors of the Company shall be natural persons. A person may not serve as a Director of the Company in any of the following circumstances:

- i having no capacity or limited capacity for civil conduct;
- ii having been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or having been deprived of political rights due to a crime, where less than five years have elapsed since the completion of the execution of the sentence; or having been granted a suspended sentence, where less than two years have elapsed since the expiry of the probation period;

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- iii having served as a director, factory director, or manager of a company or enterprise which has been bankrupted and liquidated, and being 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 such company or enterprise;
- iv having served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of law, and being personally liable for such revocation or closure, where less than three years have elapsed since the date of the revocation of the business license or the closure of such company or enterprise;
- v having a large amount of outstanding debts due and being listed as a dishonest judgment debtor by the People’s Court;
- vi being barred from the securities market by the CSRC (China Securities Regulatory Commission), and the period of such bar has not yet expired;

A person who has been publicly determined by the stock exchange as unfit to serve as a director of a company
- vii other circumstances as prescribed by laws, administrative regulations, departmental rules, or the regulatory rules of the place where the Company’s shares are listed.

Any election or appointment of a Director in violation of the preceding provisions shall be invalid. Where any of the circumstances mentioned in the preceding paragraph occurs during the term of office of a Director, the Company shall remove such Director from office.

(9) Borrowing Powers

Except for the provisions that (a) the Board of Directors has the power to formulate plans for the issuance of bonds by the Company; and (b) the general meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds, there is no provision in the Articles of Association regarding the power of Directors to exercise borrowing powers.

2 AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

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

- (1) after the PRC Company Law or relevant laws, administrative regulations, or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and other securities regulatory rules of the places where the shares of the Company are listed have been amended, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations and securities regulatory rules of the places where the shares of the Company are listed, or the Listing Rules;
- (2) there is a change in the circumstances of the Company which is inconsistent with the matters recorded in the Articles of Association;
- (3) the general meeting decides to amend the Articles of Association.

Any amendment to the Articles of Association passed by a resolution of the general meeting that is subject to the review and approval by the competent authorities shall be submitted to the competent authorities for approval. Where an amendment involves registration matters of the Company, change of registration shall be effected in accordance with the law.

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3 VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

There are no provisions in the Articles of Association regarding the variation of rights of existing shares or classes of shares.

4 SPECIAL RESOLUTIONS REQUIRING A MAJORITY VOTE

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

An ordinary resolution shall be passed by more than half of the voting rights held by the shareholders (including their proxies) attending the general meeting.

A special resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including their proxies) attending the general meeting.

The following matters shall be passed by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board of Directors;
- (2) profit distribution plans and plans for making up losses formulated by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and their remuneration and payment methods;
- (4) matters other than those required by laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed, or the Articles of Association to be passed by way of special resolutions.

The following matters shall be passed by way of special resolutions at a general meeting:

- (1) increase or reduction of the registered capital of the Company and issue any class of shares, warrants or other similar securities;
issue corporate bonds
- (2) division, spin-off, merger, dissolution, liquidation, and change of corporate form of the Company;
- (3) amendments to the Articles of Association;
- (4) where the amount of major assets purchased or sold by the Company, or the amount of guarantees provided to others by the Company within one year exceeds 30% of the latest audited total assets of the Company; the aforementioned provision shall not apply to guarantees provided by the Company for its subsidiaries, by the subsidiaries for the Company, and among the subsidiaries;
- (5) equity incentive schemes and employee share ownership plans;
- (6) other matters required by laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association, and determined by the general meeting by way of an ordinary resolution to have a significant impact on the Company and thus requiring approval by way of a special resolution.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

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5 VOTING RIGHTS (GENERALLY AND BY POLL)

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, and each share shall have one vote. When voting, shareholders (including their proxies) holding two or more votes are not required to cast all of their votes in favor or against.

Shares of the Company held by the Company itself shall carry no voting rights, and such shares shall not be counted in the total number of voting shares present at the general meeting.

Pursuant to applicable laws and regulations, the Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed, if any shareholder is required to abstain from voting on a resolution, or is restricted to casting only a vote in favour of (or against) a resolution, such shareholder shall abstain or vote in accordance with such provisions. Any vote cast by such shareholder, or by a representative on their behalf, in contravention of the relevant provisions or restrictions shall not be counted in the poll result.

Shareholders attending the general meeting shall indicate one of the following opinions on the proposals submitted for voting: “for”, “against”, or “abstain”. The securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder’s intent. Any voting ballot which is left blank, incorrectly filled out, illegible, or not cast shall be deemed as a waiver of the voting rights of the voter, and the voting result of the shares held by such voter shall be counted as “abstain”.

According to the Hong Kong Listing Rules, if any shareholder is required to waive their voting rights on a resolution or is restricted to only voting for (or against) a resolution, the votes cast by such shareholders or their representatives in violation of the relevant provisions or restrictions shall not be counted in the total number of voting shares.

6 REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

General meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year and within six (6) months after the end of the preceding financial year.

7 ACCOUNTS AND AUDIT

(1) Financial and Accounting Policies

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, and the requirements of relevant national authorities. Where the Hong Kong Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed provide otherwise, such provisions shall prevail.

The Company shall not establish any accounting books other than the statutory accounting books. No funds of the Company shall be deposited in an account opened in the name of any individual.

(2) Appointment and Removal of Auditors

The Company shall appoint an accounting firm that complies with the requirements of laws, regulations, and the Hong Kong Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed to carry out the annual audit of financial statements, verification of net assets, and other advisory services in Hong Kong and other such business. The term of appointment shall be one year and is eligible for re-appointment.

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The appointment and removal of an accounting firm by the Company shall be decided by the general meeting. The Board of Directors shall not appoint an accounting firm before a decision is made by the general meeting.

The Company guarantees that it will provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting information, and shall not refuse, conceal, or make false reports.

When the Company removes or does not re-appoint an accounting firm, it shall give 30 days’ prior notice to the accounting firm. When the general meeting of the Company votes on the removal of the accounting firm, the accounting firm shall be allowed to state its opinions. Where an accounting firm resigns, it shall explain to the general meeting whether there are any irregularities in the Company.

8 NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (1) the number of Directors is less than the number required by the PRC Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (2) the unrecovered losses of the Company reach one-third of the total amount of its paid-in share capital;
- (3) when requested in writing by shareholder(s) holding, individually or in aggregate, 10% or more of the Company’s shares;
- (4) when the Board of Directors deems it necessary;
- (5) when the Audit Committee proposes to convene such a meeting;
- (6) other circumstances as prescribed by laws, administrative regulations, departmental rules, the the Hong Kong Listing Rules, or the Articles of Association of the place of incorporation and/or the place where the Company’s shares are listed.

If the extraordinary shareholders’ meeting is convened in accordance with the provisions of the securities regulatory rules of the place where the Company is listed, the actual convening date of the extraordinary shareholders’ meeting can be adjusted according to the approval progress (if applicable) of the stock exchange where the Company is listed.

General meetings shall be convened by the Board of Directors in accordance with the law.

With the consent of more than half of all independent non-executive Directors, the independent non-executive Directors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting. In response to such a proposal from the independent non-executive 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 to convene the extraordinary general meeting within 10 days after receiving the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five days after the resolution of the Board of Directors is made. If the Board of Directors disagrees to convene the extraordinary general meeting, it shall explain the reasons and make an announcement. Where the Hong Kong securities regulatory authorities have additional provisions, such provisions shall prevail.

The Audit Committee shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting, and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative

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regulations, the regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the extraordinary general meeting within 10 days after receiving the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene the extraordinary general meeting, or fails to provide feedback within 10 days after receiving the proposal, it shall be deemed that the Board of Directors is unable to or fails to perform its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or in aggregate holding 10% or more of the Company’s shares shall have the right to request the Board of Directors to convene an extraordinary general meeting and to add proposals to the meeting agenda, and such request shall be made to the Board of Directors in writing. 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 to convene the extraordinary general meeting within 10 days after receiving the request.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five days after the resolution of the Board of Directors is made. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders. Where laws, administrative regulations, departmental rules, or the regulatory rules of the place where the Company’s shares are listed provide otherwise, such provisions shall prevail.

If the Board of Directors disagrees to convene the extraordinary general meeting, or fails to provide feedback within 10 days after receiving the request, shareholder(s) individually or in aggregate holding 10% or more of the Company’s shares shall have the right to propose to the Audit Committee the convening of an extraordinary general meeting, and such request shall be made to the Audit Committee in writing.

The Audit Committee shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the extraordinary general meeting within 10 days after receiving the request. If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five days after receiving the request. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue the notice of the general meeting within the stipulated period, it shall be deemed that the Audit Committee does not convene or preside over the general meeting, and shareholder(s) individually or in aggregate holding 10% or more of the Company’s shares for at least 90 consecutive days may convene and preside over the meeting on their own.

Where the Audit Committee or the shareholders decide to convene a general meeting on their own, they shall notify the Board of Directors in writing. Simultaneously, make the requisite filings or announcements in compliance with the securities regulatory rules of the places where the shares of the Company are listed and the requirements of the stock exchange. Prior to the passing of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

The Audit Committee or the convening shareholder shall take the requisite actions in accordance with the securities regulatory rules of the places where the shares of the Company are listed and requirements and provisions of the stock exchange, prior to the despatch of the notice of the shareholders’ meeting and the publication of the announcement of the resolutions passed at the shareholders’ meeting.

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When the Company convenes a general meeting, the Board of Directors, the Audit Committee, and shareholder(s) individually or in aggregate holding 1% or more of the Company’s shares shall have the right to submit proposals to the Company. Shareholder(s) individually or in aggregate holding 1% or more of the Company’s shares may submit interim proposals in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days after receiving the proposals, announce the contents of the interim proposals, and submit such interim proposals to the general meeting for consideration. However, this shall not apply where the interim proposals violate the provisions of laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association, or do not fall within the scope of authority of the general meeting. If, according to the securities regulatory rules of the place where the Shares of the Company are listed, the Shareholders’ meeting must be postponed due to the issuance of a supplementary notice, the convening of the Shareholders’ meeting shall be delayed in accordance with the said rules.

Except for the circumstances provided in the preceding paragraph and by laws and administrative regulations, the convener shall not amend the proposals listed in the notice of the general meeting or add new proposals after the notice is issued.

The general meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice or do not comply with the Articles of Association.

The convener shall notify all shareholders in writing (including by way of announcement) at least 21 days prior to the convening of the annual general meeting, and in writing (including by way of announcement) at least 15 days prior to the convening of an extraordinary general meeting. Where laws, administrative regulations, or the regulatory rules of the place where the Company’s shares are listed provide otherwise, such provisions shall prevail. If the general meeting is required to be postponed due to the publication of a supplemental notice of the general meeting in accordance with the securities regulatory rules of the place where the Company’s shares are listed, the convening of the general meeting shall be postponed in accordance with such rules.

In calculating the notice period, the date of the meeting shall not be included.

9 TRANSFER OF SHARES

Unless otherwise provided for by laws, administrative regulations and the Hong Kong Listing Rules, fully paid-up shares of the company may be transferred freely and shall not be subject to any lien. Shares of the Company may be donated, inherited and pledged in accordance with applicable laws, administrative regulations and these Articles of Association. All transfers of H shares shall be effected by an instrument of transfer in writing in any usual or common form or in any other form acceptable to the Board of Directors (including the standard transfer form or transfer form prescribed by The Stock Exchange of Hong Kong Limited from time to time). Where the transferor or transferee of the Company’s shares is a recognised clearing house (hereinafter referred to as the “Recognised Clearing House”) within the meaning of the relevant ordinances as from time to time in force in Hong Kong, or its agent, the instrument of transfer may be executed by hand or by mechanical printing. All instruments of transfer shall be kept at the Company’s statutory address or at such other place as the Board of Directors may from time to time determine. Transfer documents and other documents relating to or affecting the ownership of H shares shall be registered with the share registrar appointed by the Company in Hong Kong. The H shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited, and matters relating to the delisting of the H shares shall be handled in accordance with the Hong Kong Listing Rules and other relevant provisions.

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

Shares issued prior to the public offering of the Company’s shares shall not be transferred within one year from the date on which the Company’s shares are listed and traded on a stock exchange. Where a shareholder of the Company voluntarily undertakes to lock up the shares held by

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him or her, such shares shall not be transferred during the lock-up period. Where laws, administrative regulations, or the securities regulatory authority under the State Council provide otherwise regarding the transfer of shares of the Company held by the shareholders or the actual controllers of a listed company, such provisions shall prevail. Directors and senior management of the Company shall report to the Company their shareholdings in the Company and the changes thereof; the shares transferred by them each year during their term of office as determined upon their appointment shall not exceed 25% of the total number of shares of the Company held by them; and the shares of the Company held by them shall not be transferred within one year from the date on which the Company’s shares are listed and traded. The aforementioned personnel shall not transfer the shares of the Company held by them within half a year after leaving office.

Directors, senior management members, and shareholders holding more than 5% of the Company’s shares shall not sell the Company’s shares or other equity securities they hold within six months after purchase, or purchase the Company’s shares or other equity securities within six months after sale. Any profits obtained from such transactions shall belong to the Company, and the Company’s Board of Directors shall recover such profits. However, this provision does not apply to securities companies that hold more than 5% of the Company’s shares due to the purchase of remaining shares after underwriting, or to other circumstances stipulated by relevant laws and regulations, the CSRC, or the securities regulatory authorities of the Company’s stock listing place.

The shares or other equity securities held by Directors, senior management members, and natural person shareholders as mentioned in the preceding paragraph include those held by their spouses, parents, children, and those held in other people’s accounts.

If the Company’s Board of Directors fails to execute the provisions of the first paragraph of this Article, shareholders shall have the right to request the Board of Directors to execute within 30 days. If the Board of Directors fails to execute within such period, shareholders shall have the right to directly file a lawsuit with the People’s Court in their own name for the benefit of the Company.

If the Company’s Board of Directors fails to execute the provisions of the first paragraph of this Article, the Directors responsible shall bear joint and several liability in accordance with law.

If the transfer restrictions under this Article involve H shares, the relevant provisions of the Hong Kong securities regulatory authority shall be complied with.

In the event that the Hong Kong Listing Rules and the relevant provisions of the Hong Kong securities regulatory authority provide otherwise with respect to the transfer restrictions on overseas listed shares, such provisions shall prevail.

10 POWER OF THE COMPANY TO REPURCHASE ITS SHARES

Subject to compliance with the laws and regulations of the place of incorporation and/or the place where the Company’s shares are listed, the Hong Kong Listing Rules and the provisions of these Articles of Association, the Company may, under the following circumstances, purchase its own shares in accordance with laws, administrative regulations, departmental rules and these Articles of Association:

- (1) reduction of the registered capital of the Company;
- (2) merger with another company that holds shares in the Company;
- (3) use of shares for employee share ownership plans or equity incentives;
- (4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to purchase their shares;
- (5) use of shares for conversion of convertible corporate bonds issued by the Company;

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- (6) where it is necessary for the Company to safeguard its value and shareholders’ rights and interests;
- (7) Circumstances permitted by the laws, administrative regulations and departmental rules of the place of incorporation and/or the place where the Company’s shares are listed, the Hong Kong Listing Rules and other relevant provisions.

Except for the above circumstances, the Company shall not engage in any activities of buying or selling its own shares.

Where the Company acquires its own shares under the circumstances set out in items (1) or (2) above, it shall be subject to a resolution of the general meeting. Where the Company acquires its own shares under the circumstances set out in items (3), (5), or (6) above, it shall be subject to a resolution of a Board meeting attended by two-thirds or more of the Directors. Upon adoption, it shall be implemented without the need to convene a shareholders’ meeting.

After the Company has acquired its own shares, such shares shall be cancelled within 10 days from the date of acquisition under the circumstance set out in item (1) above; shall be transferred or cancelled within six months under the circumstances set out in items (2) or (4); and in the case of circumstances set out in items (3), (5), or (6), the total number of shares of the Company held by the Company itself shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

The Company may acquire its own H Shares in accordance with the requirements of these Articles of the Company, and may choose to immediately cancel them or hold them as treasury shares in accordance with the Hong Kong Listing Rules. For treasury shares, the Company shall hold the treasury shares in a clearly identifiable separate account for treasury shares within the Central Clearing and Settlement System. The Company shall not exercise any right in respect of the treasury shares, and no dividend may be declared or paid in respect of a treasury share.

When the Company acquires its own shares, it may do so by one of the following methods:

- (1) through centralised bidding transactions on a stock exchange;
- (2) by way of a general offer;
- (3) by such other methods as are recognised under the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other provisions of the place of incorporation and/or the place where the Company’s shares are listed.

Where the Company acquires its own shares under the circumstances set out in items (3), (5) and (6) above, such acquisition shall be carried out by way of public centralised trading, and shall be conducted in compliance with laws and regulations, the relevant provisions of the CSRC and the Hong Kong Listing Rules and other securities regulatory rules of the places where the shares of the Company are listed, and the Company shall perform its information disclosure obligations accordingly.

If the relevant laws, regulations, regulatory documents and the Hong Kong Listing Rules and other relevant securities regulatory provisions of the place of incorporation and/or the place where the Company’s shares are listed provide otherwise with respect to the circumstances, methods or other related matters involved in the aforementioned share repurchase, such provisions shall prevail, provided that they do not contravene the Company Law and the Securities Law.

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11 POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

The Company’s subsidiaries (including the Company’s affiliated enterprises) shall not provide financial assistance by way of gifts, advances, loans, guarantees, loans, or supplementary to any person for the purpose of acquiring the shares of their parent company, except for the implementation of employee share ownership plans by the Company.

12 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company distributes profits in the form of cash, shares, a combination of cash and shares, or other methods permitted by laws, regulations, and the securities regulatory rules of the place where the Company’s shares are listed.

The profit distribution plans of the Company shall be formulated by the Board of Directors, and shall be submitted to the general meeting for consideration and passed by way of an ordinary resolution after being approved by the Board of Directors.

After a resolution on the profit distribution plan is passed at the general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within six months after the date of the general meeting.

Where the general meeting distributes profits to shareholders in violation of the PRC Company Law, the shareholders shall refund the profits distributed in violation of the provisions to the Company. Where losses are caused to the Company, the shareholders and the responsible Directors, the Audit Committee, and members of senior management shall be liable for compensation.

Shares of the Company held by the Company shall not participate in profit distribution.

13 PROXIES

All shareholders registered on the record date or their proxies are entitled to attend the general meeting, speak at the general meeting, and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association, unless an individual shareholder is required to abstain from voting on a particular matter under the securities regulatory rules of the place where the Company’s shares are listed (for example, where a shareholder has a material interest in a particular transaction or arrangement being voted upon). A shareholder may attend the general meeting in person or appoint one or more proxies to attend and vote on his/her behalf.

An individual shareholder attending the meeting in person shall produce his/her identification card or other valid certificates or proof capable of establishing his/her identity, and share certificates. When a proxy is appointed to attend the meeting, the proxy shall also produce his/her own valid identification document and the instrument of proxy from the shareholder. A corporate shareholder shall be represented by its legal representative (or responsible person)/managing partner or a proxy appointed by its legal representative (or responsible person)/managing partner. When the legal representative (or responsible person)/managing partner attends the meeting, he/she shall produce his/her identification card and valid proof of his/her capacity as a legal representative (or responsible person)/managing partner. When a proxy is appointed to attend the meeting, the proxy shall produce his/her identification card and the written instrument of proxy issued by the legal representative (or responsible person)/managing partner of the corporate shareholder in accordance with the law (except where the shareholder is a recognised clearing house (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (hereinafter referred to as the “Hong Kong Securities and Futures Ordinance”) or other relevant ordinances in force from time to time under the laws of Hong Kong) or its nominee).

If a shareholder is a recognised clearing house (or its proxy(ies)) as defined in the Hong Kong Securities and Futures Ordinance or other relevant ordinances enacted under the laws of Hong Kong from time to time, such shareholder may authorize one or more persons as it thinks fit to act as its

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representative(s) or its nominee at any general meeting and any creditors’ meeting; however, if more than one person is authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. The authorization shall be signed by the authorized personnel of the recognised clearing house. A person so authorized may attend the meeting and exercise the rights on behalf of the recognised clearing house (or its proxy(ies)) (without producing share certificates, notarized authorization and/or further evidence to substantiate that he/she is so authorized), including the right to speak and vote, as if such person were an individual shareholder of the Company.

Any shareholder entitled to attend and vote at a shareholders’ meeting shall have the right to appoint one or more persons (who need not be shareholders of the Company) as his proxy or proxies to attend and vote on his behalf. Such proxy or proxies may, in accordance with the appointment by the shareholder, exercise the following rights:

- (1) The voting rights of this shareholder at the shareholders’ meeting;
- (2) To request a vote by themselves or jointly with others;
- (3) To exercise voting rights by way of a show of hands or by way of a poll, except where otherwise required by relevant laws, regulations and regulatory documents, the Hong Kong securities regulatory authorities and the Hong Kong Listing Rules; provided that where more than one proxy is appointed, such proxies may exercise voting rights only by way of a poll.

The instrument of proxy issued by a shareholder to appoint another person to attend the general meeting shall specify the following:

- (1) the name of the proxy and the number of shares represented by the proxy;
- (2) whether the proxy has voting rights;
- (3) specific instructions of the shareholder, including instructions to vote “or”, “against”, or “abstain” on each matter to be considered on the agenda of the general meeting;
- (4) the date of issuance and the period of validity of the instrument of proxy;
- (5) the signature (or seal) of the appointer. If the appointer is a corporate shareholder or other institution/a partnership shareholder, the seal of the corporation or institution, the partnership shall be affixed. If an overseas corporate shareholder does not have a common seal, it may be signed by a legally authorized person.
- (6) other matters required to be set out by the listing rules of the place where the Company’s shares are listed.

Where the securities regulatory rules of the place where the Company’s shares are listed provide otherwise in respect of the instrument of proxy, such provisions shall prevail.

Every instrument of proxy shall be deposited at the Company’s registered office, or at such other place as may be designated in the notice of the meeting, not less than 24 hours before the time fixed for the meeting, or, if a poll is to be taken, not less than 24 hours before the time appointed for the taking of the poll.

14 CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association regarding calls on shares and forfeiture of shares.

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15 INSPECTION OF REGISTER OF SHAREHOLDERS

The Company shall establish a register of shareholders in accordance with the PRC Company Law, other relevant provisions, and the Articles of Association. The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholders of the Company are those who legally hold the Company's shares and whose names (or titles) are registered in the register of members. The original H share register of members shall be kept in Hong Kong for inspection by shareholders. The Company may, after giving notice in accordance with the relevant provisions of the Hong Kong Listing Rules or the Hong Kong Companies Ordinance, close its register of members or any part of such register relating to members holding shares of any class, for one or more periods. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, conducts liquidation, or engages in other activities that require the confirmation of shareholder identity, the Board of Directors or the convener of the general meeting shall determine the record date. Shareholders registered on the record date after the close of the market shall be the shareholders entitled to the relevant interests. Where laws, administrative regulations, departmental rules, normative documents of the place of incorporation and/or the place where the Company's shares are listed, and the stock exchange or regulatory authority of the place where the Company's shares are listed provide otherwise for the period of suspension of share transfer registration, such provisions shall prevail.

16 QUORUM FOR GENERAL MEETINGS AND CLASS MEETINGS

There are no provisions in the Articles of Association regarding the quorum for general meetings and class meetings.

17 RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

Where a Director or a member of the senior management (other than a member of the Audit Committee) violates laws, administrative regulations, or the Articles of Association in the performance of his/her duties and causes loss to the Company, shareholder(s) holding, individually or in aggregate, 1% or more of the Company's shares for at least 180 consecutive days shall have the right to request the Audit Committee in writing to initiate legal proceedings in the People's Court. Where a member of the Audit Committee violates laws, administrative regulations, or the Articles of Association in the performance of his/her duties and causes loss to the Company, the aforementioned shareholder(s) may request the Board of Directors in writing to initiate legal proceedings in the People's Court. If the Audit Committee or the Board of Directors refuses to initiate legal proceedings after receiving the written request from the shareholders as provided in the preceding paragraph, or fails to initiate such proceedings within 30 days after receipt of the request, or in the event of an emergency where the failure to initiate legal proceedings immediately will cause irreparable harm to the Company's interests, the shareholders as provided in the preceding paragraph shall have the right to initiate legal proceedings directly in the People's Court in their own names for the benefit of the Company.

Where a Director or a member of the senior management violates laws, administrative regulations, or the Articles of Association and damages the interests of the shareholders, the shareholders may initiate legal proceedings in the People's Court.

Where a Director or a member of the senior management, in the performance of their duties, causes damage to others, the Company shall be liable for compensation; Where a Director or a member of the senior management acts with intent or gross negligence, they shall also be liable for compensation. If the laws, administrative regulations and relevant securities regulatory rules of the place of incorporation and/or the place where the Company's shares are listed provide otherwise with respect to the parties, time limits and procedures for litigation, such provisions shall prevail.

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Where a shareholder of the Company abuses shareholder rights and causes loss to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. Where a shareholder of the Company abuses the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damages the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts of the Company. Where a shareholder uses two or more companies under his/her control to commit the acts as provided in the preceding paragraph, each company shall be jointly and severally liable for the debts of any of such companies.

The Company shall not provide funds, goods, services or other assets to shareholders and de-facto controller(s) gratuitously; shall not provide funds, goods, services or other assets to shareholders or de-facto controller(s) on obviously unfair terms; shall not provide funds, goods, services or other assets to shareholders or de-facto controller(s) that are obviously insolvent; shall not provide guarantees for shareholders or de-facto controller(s) that are obviously insolvent, or provide guarantees for shareholders or de-facto controller(s) without legitimate cause; shall not give up its claims on its shareholders or de-facto controller(s) or assume the debts of a shareholder or de-facto controller(s) without legitimate cause. Transactions of the provision of funds, goods, services or other assets between the Company and its shareholders or de-facto controller(s) shall perform the procedures for consideration of relevant connected transactions by the Board and the general meeting in strict compliance with the decision-making system for connected transactions, and related directors and shareholders shall abstain from voting.

The controlling shareholders, actual controllers, Directors, and senior management of the Company shall not utilize their related relationships to damage the Company’s interests. Any person who violates the aforementioned provision and causes loss to the Company shall be liable for compensation. The controlling shareholders and actual controllers of the Company shall owe fiduciary duties to the Company and the public shareholders of the Company. Controlling shareholders shall exercise the rights of an investor strictly in accordance with the law. Controlling shareholders shall not damage the legitimate rights and interests of the Company and the public shareholders of the Company through methods such as profit distribution, asset restructuring, external investment, fund misappropriation, loan guarantees, and connected transactions, and shall not utilize their controlling position to damage the interests of the Company and the public shareholders of the Company.

18 LIQUIDATION PROCEDURES

The Company shall be dissolved due to the following reasons:

- (1) the term of operation as stipulated in the Articles of Association expires or other reasons for dissolution as stipulated in the Articles of Association occur;
- (2) the general meeting resolves to dissolve the Company;
- (3) dissolution is necessary due to the merger or division of the Company;
- (4) the business license is revoked, or the Company is ordered to close down or is cancelled in accordance with the law;
- (5) the Company experiences serious difficulties in operation and management, and its continued existence will cause significant losses to the interests of shareholders, which cannot be resolved through other means, and shareholders holding 10% or more of the total voting rights of all shareholders of the Company request the People’s Court to dissolve the Company.

Upon the occurrence of the reasons for dissolution stipulated above, the Company shall, within 10 days, publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System.

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Where the Company is under the circumstances set out in items (1) or (2) above and has not yet distributed its assets to shareholders, the Company may continue to exist by amending the Articles of Association or by a resolution of the general meeting. Such matter shall be passed by two-thirds or more of the voting rights held by the shareholders attending the general meeting.

Where the Company is dissolved under the circumstances set out in items (1), (2), (4), or (5) above, liquidation shall be carried out. The Directors shall be the liquidation obligors of the Company and shall form a liquidation committee to carry out liquidation within 15 days from the date of the occurrence of the reasons for dissolution. The liquidation committee shall consist of Directors, unless otherwise provided by the Articles of Association or resolved by the general meeting to appoint other persons. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause loss to the Company or its creditors, they shall be liable for compensation.

Where a liquidation committee is not formed within the time limit to carry out liquidation, or where a liquidation committee is formed but fails to carry out liquidation, any interested party may apply to the People’s Court to designate relevant persons to form a liquidation committee to carry out liquidation.

The liquidation committee shall notify creditors within 10 days of its establishment and make a public announcement in newspapers or through the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days of receiving the notice, or within 45 days of the announcement if no notice was received. Where the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, such provisions shall prevail.

After liquidating the Company’s assets and preparing the balance sheet and inventory of assets, if the liquidation committee discovers that the Company’s assets are insufficient to settle its debts, it shall apply to the People’s Court for bankruptcy liquidation in accordance with the law.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit it to the general meeting or the People’s Court for confirmation, and then submit it to the company registration authority to apply for cancellation of the Company’s registration and announce the termination of the Company.

19 OTHER IMPORTANT PROVISIONS OF THE COMPANY OR SHAREHOLDERS

(1) General Provisions

The Company is a joint stock limited company with perpetual existence.

The total assets of the Company are divided into shares of equal value. The liability of a shareholder to the Company is limited to the shares subscribed by him/her, and the Company is liable for its debts to the extent of all its assets.

From the date on which the Articles of Association become effective, they shall constitute a document regulating the organization and activities of the Company, and the rights and obligations between the Company and its shareholders and among the shareholders themselves, and shall be legally binding on the Company, its shareholders, Directors, and senior management. Pursuant to the Articles of Association, a shareholder may initiate legal proceedings against other shareholders, a shareholder may initiate legal proceedings against the Directors, general manager, and other senior management of the Company, a shareholder may initiate legal proceedings against the Company, and the Company may initiate legal proceedings against shareholders, Directors, general manager, and other senior management.

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(2) Increase and Reduction of Capital

Based on its operation and development needs, the Company may increase its capital in accordance with the provisions of laws and regulations by way of the following methods, subject to separate resolutions passed at the general meeting:

- i public offering of shares;
- ii non-public offering of shares;
- iii distribution of bonus shares to existing shareholders;
- iv capitalization of capital reserve funds;
- v such other methods as are prescribed by the relevant provisions of the laws, administrative regulations and securities regulatory rules of the place of incorporation and/or the place where the Company’s shares are listed, and other methods approved by the competent government authorities.

The increase of registered capital by the Company shall, after being approved in accordance with the provisions of the Articles of Association, be carried out in accordance with the procedures prescribed by the relevant laws, administrative regulations, the Articles of Association, the Hong Kong Listing Rules and other applicable provisions of the place of incorporation and/or the place where the Company’s shares are listed.

The Company may reduce its registered capital. When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. Following the capital reduction, the Company’s registered capital shall not be less than the statutory minimum amount.

The reduction of the registered capital of the Company shall be carried out in accordance with the procedures stipulated by the PRC Company Law, the Hong Kong Listing Rules, and other relevant laws and regulations of the place of incorporation and/or the place where the Company’s shares are listed, as well as these Articles of Association.

(3) Shareholders

Shareholders of the Company shall enjoy the following rights:

- i to receive dividends and other forms of profit distribution in proportion to the number of shares held by them;
- ii to legally request to convene, preside over, attend, or appoint a proxy to attend general meetings and speak thereat, and to exercise corresponding voting rights (except where they are required to abstain from voting on any particular matter in accordance with the securities regulatory rules of the place where the Company’s shares are listed);
- iii to supervise the operations of the Company, and to make suggestions or inquiries;
- iv to transfer, gift, or pledge their shares in accordance with the provisions of laws, administrative regulations, and the Articles of Association of the place of incorporation and/or the place where the Company’s shares are listed;
- v to inspect and copy the Articles of Association, the register of shareholders (including the register of H-share shareholders), minutes of general meetings, resolutions of the Board of Directors, and financial and accounting reports (provided that, in respect of the register of H-share shareholders, the Company may, pursuant to provisions equivalent to section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), suspend the registration of shareholders).

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Shareholders holding, individually or in aggregate, 3% or more of the Company’s shares for at least 180 consecutive days may request to inspect the Company’s accounting books and accounting vouchers;

- vi to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held by them upon the termination or liquidation of the Company;
- vii to request the Company to acquire their shares if they object to a resolution on the merger or division of the Company passed at a general meeting;
- viii other rights as prescribed by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- i to abide by laws, administrative regulations of the place of incorporation and the place where the Company’s shares are listed, the regulatory rules of the place where the Company’s shares are listed, and the Articles of Association and other relevant provisions;
- ii to pay for the shares subscribed in accordance with the method of subscription;
- iii not to withdraw their share capital except as provided by laws and regulations and securities regulatory rules of the place of incorporation and the place where the Company’s shares are listed;
- iv not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the legitimate interests of the Company’s creditors;
- v other obligations as prescribed by laws, administrative regulations and securities regulatory rules of the place of incorporation and the place where the Company’s shares are listed, and the Articles of Association.

(4) Board of Directors

The Board of Directors shall exercise the following powers and duties:

- i to convene general meetings and report its work to the general meeting;
- ii to implement the resolutions of the general meeting;
- iii to decide on the business plans and investment schemes of the Company;
to decide on the Company’s annual financial budgets and final accounts;
- iv to formulate the profit distribution plans and plans for making up losses of the Company;
- v to formulate plans for the increase or reduction of the registered capital, the issuance of bonds or other securities, or the listing of the Company;
- vi to formulate plans for major acquisitions, the purchase of shares of the Company, or the merger, division, dissolution, or change of corporate form of the Company;
- vii to decide on matters Requiring a decision by the Board of Directors or falling within the scope of authorisation granted by the general meeting, such as the Company’s external investment, acquisition and disposal of assets, charge of assets, external

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guarantee, entrusted wealth management, related (connected) transactions, and external donations within the scope of authority granted by the general meeting or in accordance with the Hong Kong Listing Rules and the provisions of the other securities regulatory rules of the place where the Company’s shares are listed;

- viii to decide on the setup of the Company’s internal management structure;
- ix to decide on the appointment or dismissal of the general manager of the Company and its remuneration, incentives and disciplinary matters; and based on the nomination of the general manager, to decide on the appointment or dismissal of the deputy general managers, the financial officer, the secretary to the Board, and other senior management of the Company, and their remuneration, incentives and disciplinary matters;
- x to formulate the basic management system of the Company;
- xi to formulate plans for amendments to the Articles of Association of the Company;
- xii to propose to the general meeting the appointment or replacement of the accounting firm serving as the auditor of the Company;
to manage the Company’s information disclosure matters
- xiii to hear the work reports of the general manager of the Company and review the work of the general manager;
- xiv other powers and duties conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.
- xv matters falls outside the scope of the authorization of the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

(5) Duties of Directors

Directors shall comply with laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association and the relevant provisions of the place of incorporation and the place where the Company’s shares are listed, take measures to avoid conflicts between their own interests and the interests of the Company, shall not take advantage of their authority to seek improper benefits, and shall owe the following fiduciary duties of loyalty to the Company:

- i not to embezzle the Company’s property or misappropriate the Company’s funds;
- ii not to deposit the Company’s funds in accounts opened in their own names or in the names of other individuals;
- iii not to utilize their authority to engage in bribery or accept other illegal income;
- iv not to directly or indirectly enter into a contract or conduct a transaction with the Company without reporting to the Board of Directors and having it passed by a resolution of the Board of Directors in accordance with the provisions of the Articles of Association;
- v not to take advantage of their positions to seek business opportunities belonging to the Company for themselves or others, unless reported to the Board of Directors or the general meeting and approved by a resolution of the Board of Directors, or where the Company is unable to utilize such business opportunities in accordance with laws, administrative regulations, or the Articles of Association;

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- vi not to operate, for themselves or for others, businesses similar to those of the Company without reporting to the Board of Directors or the general meeting and having it passed by a resolution of the Board of Directors;
- vii not to accept commissions from transactions between others and the Company for their own benefit;
- viii not to disclose Company secrets without authorization;
not take advantage of connected relationships to prejudice the interests of the Company; in violation of the provisions of these Articles of Association and without the consent of the shareholders’ meeting or the Board of Directors, lend the Company’s funds to others or provide security with the Company’s assets for others
- ix other duties of loyalty stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Any income obtained by a Director in violation of the aforementioned provisions shall belong to the Company; where loss is caused to the Company, he/she shall be liable for compensation.

The provisions of item iv. above shall apply to contracts or transactions entered into with the Company by the close relatives of the Directors or senior management, enterprises directly or indirectly controlled by the Directors, senior management, or their close relatives, and other parties having related (connected) relationships with the Directors and senior management.

Directors shall comply with laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association. In performing their duties, they shall exercise the reasonable care that an administrator should normally exercise in the best interests of the Company, and shall owe the following fiduciary duties of diligence to the Company:

- i to exercise the rights conferred by the Company cautiously, earnestly, and diligently to ensure that the Company’s business practices comply with the requirements of national laws, administrative regulations, and various national economic policies, and that its business activities do not exceed the scope of business stipulated in the business license;
- ii to treat all shareholders fairly;
- iii to keep informed of the business operation and management status of the Company in a timely manner;
- iv to sign written confirmation opinions on the periodic reports of the Company, guarantee that the information disclosed by the Company is true, accurate and complete, and shall not entrust others to sign on their behalf, nor refuse to sign for any reason;
- v to truthfully provide relevant information and data to the Audit Committee and not to obstruct the Audit Committee from exercising its authority;
- vi other duties of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

The Company shall establish a management system for the departure of Directors, specifying the safeguard measures for accountability and recourse of unfulfilled public commitments and other outstanding matters. Upon the effectiveness of a Director’s resignation or the expiration of his/her term of office, he/she shall complete all handover procedures with

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the Board of Directors. The duty of loyalty owed by him/her to the Company and the shareholders shall not be automatically released upon the expiration of his/her term, and shall remain effective within two years after the effectiveness of his/her resignation or the expiration of his/her term. The liability of a Director in respect of the performance of his/her duties during his/her term of office shall not be released or terminated due to his/her departure from office.

A Director’s obligation to maintain the confidentiality of the Company’s business secrets shall remain effective after the effectiveness of his/her resignation or the expiration of his/her term until such secrets become public information; the duration of other obligations shall be determined in accordance with the principle of fairness.

Directors may resign before the expiration of their term of office. A Director’s resignation shall be submitted to the Board of Directors in writing. The Board of Directors shall disclose the relevant information as soon as possible but no later than 2 days.

Except under the circumstances set out below, the resignation of a Director shall take effect upon the delivery of the written resignation report to the Board of Directors:

- (1) where the resignation of the Director would result in the number of members of the Board of Directors falling below the statutory minimum;
- (2) where the resignation of an independent non-executive Director would result in the proportion of independent non-executive Directors on the Board of Directors or its special committees failing to comply with the requirements of laws, regulations or the Company’s Articles of Association, or where there would be no accounting professional among the independent non-executive Directors. In the circumstances set out above, the resignation report shall not take effect until the successor Director has filled the vacancy arising from such resignation. Prior to the resignation report taking effect, the Director intending to resign shall continue to perform his or her duties in accordance with relevant laws, administrative regulations and the Company’s Articles of Association. Where the circumstances set out in items (2) above occur, the Company shall complete the election of a replacement within 60 days.

A Director who violates laws, administrative regulations, departmental rules, or the Articles of Association in the performance of his/her duties and causes loss to the Company shall be liable for compensation. A Director whose term of office has not expired shall be liable for compensation for any loss caused to the Company due to his/her unauthorized departure from office.

Where a Director causes damage to others in the performance of his/her duties, the Company shall be liable for compensation; where the Director acted with intent or gross negligence, he/she shall also be liable for compensation.

(6) Independent Non-executive Directors

The Company shall have at least three independent non-executive Directors. Independent non-executive Directors shall comprise at least one-third of the Board of Directors. At least one of the Company’s independent non-executive Directors shall possess appropriate professional qualifications in accounting or related financial management. Independent non-executive Directors must be independent and shall not have any relationship with the Company and its substantial shareholders that might interfere with the exercise of their independent and objective judgment. Independent non-executive Directors shall have sufficient business or professional experience to discharge their duties, faithfully perform their functions, safeguard the interests of the Company, and in particular, pay attention to protecting the lawful rights and interests of public shareholders from being prejudiced, so as to ensure that the interests of all shareholders are adequately represented. At least one independent non-executive Director

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shall be ordinarily resident in Hong Kong. The qualifications, nomination and election procedures, term of office, resignation, powers and other related matters concerning independent non-executive Directors shall be governed by the relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed. Save as otherwise provided in these Articles of Association, the provisions of these Articles of Association relating to the qualifications and duties of Directors shall apply to independent non-executive Directors. Matters relating to independent non-executive Directors shall be implemented in accordance with the relevant provisions of laws, administrative regulations, relevant regulatory authorities and stock exchanges, and shall be specifically provided for in the Company’s working system for independent non-executive Directors.

(7) Audit Committee

The Board of Directors of the Company shall establish an Audit Committee to exercise the powers and duties of the Board of Supervisors as prescribed by the PRC Company Law. The Audit Committee shall have three or more members. All members shall be non-executive Directors. A majority of the members shall not hold any other position in the Company other than as Directors, and shall not have any relationship with the Company that might affect their independent and objective judgment. At least one member shall be an independent non-executive Director who possesses the appropriate professional qualifications as required under the Hong Kong Listing Rules, or possesses appropriate accounting or related financial management expertise, and such independent non-executive Director shall serve as the chairman of the audit committee. The chairman of each special committee shall be appointed and removed by the Board of Directors.

Meetings of the Audit Committee are classified into regular meetings and extraordinary meetings. The Audit Committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems it necessary. A meeting of the Audit Committee may only be held when two-thirds or more of its members are present.

Resolutions of the Audit Committee shall be passed by more than half of all its members.

The voting for resolutions of the Audit Committee shall be on a one-person-one-vote basis.

Minutes shall be kept for the resolutions of the Audit Committee in accordance with relevant regulations, and the members of the Audit Committee attending the meeting shall sign the minutes.

The Board Audit Committee shall formulate relevant rules of procedure to clarify the consideration methods and voting procedures of the Board Audit Committee, so as to ensure the work efficiency and scientific decision-making of the Board Audit Committee.

(8) General Manager

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The general manager shall be accountable to the Board of Directors and shall exercise the following powers and duties:

- i to be in charge of the Company’s production, operation, and management, to organize the implementation of the resolutions of the Board of Directors, and to report his/her work to the Board of Directors;
- ii to organize the implementation of the Company’s annual business plans and investment schemes;

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- iii to formulate plans for the setup of the Company’s internal management structure;
- iv to draft the basic management system of the Company;
- v to formulate the specific rules and regulations of the Company;
- vi to propose to the Board of Directors the appointment or dismissal of the deputy general managers, the financial officer, the secretary to the Board, and other senior management of the Company;
- vii to decide on the appointment or dismissal of responsible management personnel other than those required to be appointed or dismissed by the Board of Directors;
- viii to draft the systems of wages, benefits, incentives, and disciplinary matters of the Company’s employees, and to decide on the employment and dismissal of the Company’s employees;
- ix to sign daily administrative and business documents, and to sign various material contracts and agreements on behalf of the Company in accordance with the authorization of the Board of Directors;
- x to handle external affairs and sign economic contracts including investment, cooperative operation, joint venture operation, and borrowing on behalf of the Company as authorized by the Board of Directors;
- xi other powers and duties conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

(9) Reserve Funds

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits to the statutory reserve fund of the Company. No further allocation is required if the cumulative amount of the statutory reserve fund has reached 50% or more of the registered capital of the Company.

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

After the Company has allocated its after-tax profits to the statutory reserve fund, it may also allocate its after-tax profits to the discretionary reserve fund upon a resolution of the general meeting.

The remaining after-tax profits after the Company has made up for its losses and made allocations to the reserve funds shall be distributed in proportion to the shareholdings of the shareholders, unless otherwise provided in the Articles of Association.

If the general meeting distributes profits to shareholders in violation of the preceding paragraph before the Company makes up for its losses and makes allocations to the statutory reserve fund, the shareholders shall refund to the Company the profits distributed in violation of the provisions. Where losses are caused to the Company, the shareholders and the responsible Directors, the Audit Committee, and members of senior management shall be liable for compensation.

The reserve funds of the Company shall be used to make up for the Company’s losses, expand the Company’s production and operations, or be capitalized to increase the Company’s registered capital.