This appendix contains a summary of the main provisions of the Articles of Association of the Company adopted on December 30, 2025, which will take effect from the date of [**REDACTED**] of H Shares on the Stock Exchange. The main purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company, so it may not contain all the information that is important to potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

Shares of the Company shall be in the form of share certificates, which shall be registered share certificates. Share certificates are physical certificates issued by the Company to prove the shares held by shareholders. Share certificates of the Company shall contain any items required by the Hong Kong Listing Rules and the regulatory rules of the place where the shares of the Company are listed in addition to those stipulated in the Company Law.

Shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality. Each share of the same class shall carry the same rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. The same price shall be paid for each of the shares subscribed for by all subscribers.

The shares issued by the Company shall be denominated in RMB with a par value of RMB0.1 per share, and shall all be ordinary shares.

Ordinary shares of each class issued by the Company (domestic unlisted shares and overseas [**REDACTED**] shares) shall carry the same rights in any distribution made in the form of dividends or other forms.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Increase and Reduction of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations upon resolution of the shareholders' meeting, by any of the following ways:

(1) issuance of shares to unspecified parties;

(2) issuance of shares to specified parties;

(3) distribution of bonus shares to existing shareholders;

(4) conversion of reserve fund into share capital;

(5) other means as required by laws, administrative regulations, the CSRC and The Stock Exchange of Hong Kong Limited.

Subject to the provisions of laws, regulations and securities regulatory rules of the place where the shares of the Company are listed, the shareholders' meeting may authorize the Board to decide to issue no more than 50% of the issued shares within three years. If the Board decides to issue shares in accordance with the aforesaid provisions, resulting in changes to the registered capital and the number of the issued shares of the Company, any amendment to this item recorded in the Articles of Association shall no longer require a vote at the shareholders' meeting.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law and other relevant regulations within China, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Repurchase of Shares

The Company shall not buy back its own shares, except in one of the following circumstances:

(1) reduction of the Company's registered capital;

(2) merger with another company holding shares of the Company;

(3) use of shares for employee stock ownership scheme or equity incentives;

(4) Shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to purchase their shares;

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

(6) where it is necessary for the Company to preserve its value and Shareholders' interest;

The Company may repurchase its shares through public centralised trading or other methods recognised by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the CSRC (if required).

Where the Company repurchases its shares under the circumstances set forth in items (3), (5) and (6) mentioned above, the repurchase shall be made through public centralised trading subject to compliance with the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed.

Where the Company repurchases its shares under the circumstances set forth above, the repurchase shall be resolved at a shareholders' meeting and be valid only if it is approved by more than two-thirds of the voting rights held by unconnected (unrelated) shareholders present at the shareholders' meeting. If there are any other provisions of the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

Upon the repurchase of its shares by the Company pursuant to the aforesaid provisions, under the circumstance set forth in item (1), such shares shall be cancelled within 10 days from the day of repurchase; under the circumstances set forth in items (2) and (4), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the law.

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

Shares of the Company that were issued prior to a [**REDACTED**] shall not be transferred within one year from the date on which the shares of the Company are [**REDACTED**] and [**REDACTED**] on the stock exchange.

Directors and senior management of the Company shall report to the Company their holdings of shares of the Company (including preferred shares, if any) and the changes thereof. During their term of office confirmed at the assumption of their position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company held by them; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are [**REDACTED**] and [**REDACTED**]. The above persons shall not transfer the shares of the Company held by them within half a year after they leave the Company.

If the Company's shares are pledged during the period of restriction of transfer stipulated by laws and regulations, the pledgee shall not exercise his/her pledge rights during the period of restriction of transfer.

If there are any other provisions in laws, administrative regulations or relevant rules of the CSRC or the securities regulatory authority of the place where the shares of the Company are listed regarding the transfer of shares held by shareholders in the Company, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of members based on the evidence provided by the securities registration and clearing authority. The register of members of the Company shall be sufficient evidence of the holding of the shares of the Company by shareholders. A shareholder shall enjoy rights and assume obligations according to the class of the shares he/she holds. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to the shares they hold;

(2) to request, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and exercise corresponding rights to speak and vote in accordance with laws (unless required by the Hong Kong Listing Rules to abstain from voting in respect of individual matters);

(3) to supervise, present suggestions on or make inquiries about the operations of the Company;

(4) to transfer, gift or pledge the shares they hold in accordance with laws, administrative regulations and the Articles of Association;

(5) to access and copy the Articles of Association, register of members, minutes of shareholders' meetings, resolutions of Board meetings and financial accounting reports, and Shareholders in compliance with the requirements may access the accounting books and accounting evidence of the Company;

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

(7) to require the Company to purchase their shares in the event of their objection to the resolutions of the shareholders' meeting on merger or division of the Company;

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

Shareholders who request to access or copy relevant materials of the Company shall comply with the provisions of laws and administrative regulations such as the Company Law, the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed. Where shareholders who individually or collectively hold more than 3% of the shares of the Company for more than 180 consecutive days access relevant materials of the Company, they shall submit a written request to the Company and explain their purpose. If the Company has reasonable grounds to believe that shareholders access accounting books and accounting evidence of the Company for improper purposes that may damage the legitimate interests of the Company, it may refuse to provide access, and shall respond in writing to shareholders and state reasons within fifteen days from the date of their written request. If the Company refuses to provide access, shareholders may file a lawsuit with the people's court. The access shall be conducted on site or through electronic devices designated by the Company, and the applicant shall only copy any parts directly related to their own rights and interests. When conducting on-site access, shareholders shall be required to bring written documents proving the class and number of shares they hold in the Company, such as securities accounts, share purchase certificates and valid identity documents, in order to verify their identity. To ensure that shareholders still have their shareholder status at the time of access, the Company shall have the right to verify their identity by requiring shareholders to log in to their own stock accounts at the access site or other means. Meanwhile, the Company's employees and accessing persons shall comply with confidentiality obligations, and the party who violates the regulations shall bear liability for breach of contract and compensate for any losses caused to the Company or other shareholders thereby.

Where the content of a resolution of the shareholders' meeting or a meeting of the Board violates laws or administrative regulations, shareholders shall have the right to request the people's court to determine it to be invalid.

Where the convening procedure or voting method of the shareholders' meeting or a meeting of the Board violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, shareholders shall have the right to request the people's court to revoke the resolution within sixty days from the date of passing the resolution, except where the convening procedure or voting method of the shareholders' meeting or the meeting of the Board are only slightly defective and have no substantial impact on the resolution.

If the Board, shareholders or other relevant parties dispute the effectiveness of a resolution of the shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgment or ruling to revoke the resolution, the relevant parties shall execute the resolution of the shareholders' meeting. The Company, directors and senior management shall earnestly fulfill their duties to ensure the normal operation of the Company.

Where the people's court makes a judgment or ruling on relevant matters, the Company shall, in accordance with laws, administrative regulations and the provisions of the CSRC and the stock exchange, fulfill its information disclosure obligations, fully state the impact and actively cooperate with the execution after the judgment or ruling takes effect. If any correction of previous matters is involved, the Company shall promptly handle it and fulfill its corresponding information disclosure obligations.

A resolution of the shareholders' meeting or a meeting of the Board shall not be valid in any of the following circumstances:

(1) The shareholders' meeting or the meeting of the Board is not convened to make the resolution;

(2) No vote on the resolution is made at the shareholders' meeting or the meeting of the Board;

(3) The number of persons present at the meeting or the number of voting rights held by them does not meet the requirements stipulated in the Company Law or the Articles of Association;

(4) The number of persons who agree to the resolution or the number of voting rights held by them does not meet the requirements stipulated in the Company Law or the Articles of Association.

Where directors or senior management other than members of the audit committee violate laws, administrative regulations or the Articles of Association while performing their duties, causing losses to the Company, shareholders who individually or collectively hold 1% or more of the shares of the Company for more than 180 consecutive days shall have the right to request in writing the audit committee to file a lawsuit with the people's court; where members of the audit committee violate laws, administrative regulations or the Articles of Association while performing their duties, causing losses to the Company, the aforementioned shareholders may request in writing the Board to file a lawsuit with the people's court.

Where the audit committee or the Board refuses to file a lawsuit after receiving a written request from the shareholders as stipulated in the preceding paragraph or fails to file a lawsuit within thirty days from the date of receiving the request, or where the situation is urgent and failure to file a lawsuit immediately will cause irreparable damage to the interests of the Company, the shareholders as stipulated in the preceding paragraph shall have the right to directly file a lawsuit with the people's court in their own name for the benefit of the Company.

Where another person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, shareholders who individually or collectively hold 1% or more of the shares of the Company for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the provisions of the preceding two paragraphs.

Where the Company incurs losses as a result of any directors, supervisors and senior management of a wholly-owned subsidiary of the Company having violated laws, administrative regulations or the Articles of Association in performing their duties, or if another person infringes upon the legitimate rights and interests of the wholly-owned subsidiary of the Company and causes losses, shareholders individually or collectively holding 1% or more of the shares of the Company for more than 180 consecutive days may request in writing the board of supervisors or board of directors of the wholly-owned subsidiary to file a lawsuit with the people's court or directly file a lawsuit with the people's court in their own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law.

Where directors or senior management violate laws, administrative regulations, or the Articles of Association and damage the interests of shareholders, shareholders may file a lawsuit with the people's court.

Where controlling shareholders or de facto controllers of the Company instruct directors or senior management to engage in any activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such directors or senior management.

Shareholders of the Company shall assume the following obligations:

(1) to comply with laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association;

(2) to pay subscription monies as per the shares subscribed for by them and the method of subscription;

(3) not to withdraw their share capital unless under circumstances required by laws and regulations;

(4) not to abuse Shareholders' rights to damage the interests of the Company or other Shareholders; not to abuse the Company's independent status of legal person or shareholders' limited liabilities to damage the interests of the creditors of the Company;

(5) to assume other obligations prescribed by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the laws. Where shareholders of the Company abuse the Company's independent status of legal person or shareholders' limited liabilities for the purposes of evading repayment of debts, thereby materially damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Controlling Shareholders and De Facto Controllers

Controlling shareholders and de facto controllers of the Company shall exercise their rights, fulfill their obligations and safeguard the interests of the Company in accordance with the provisions of laws, administrative regulations, the CSRC and the stock exchange.

Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

(1) to exercise shareholders' rights in accordance with the law, and not to abuse control or use connected (related) relationships to impair the legitimate rights and interests of the Company or other shareholders;

(2) to strictly fulfill public statements and undertakings made, and not to change or waive them without authorization;

(3) to fulfil the obligation to disclose information in strict accordance with the relevant regulations, to actively cooperate with the Company in information disclosure and to inform the Company in a timely manner of major events that have occurred or are about to occur;

(4) not to appropriate the Company's funds in any way;

(5) not to order, instruct or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(6) not to make use of the Company's undisclosed material information to gain benefits, not to divulge in any way any undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other acts in violation of laws and regulations;

(7) not to impair the legitimate rights and interests of the Company and other shareholders through unfair connected (related) transactions, profit distribution, asset restructuring, external investment or any other means;

(8) to ensure the integrity of the Company's assets and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;

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

Where controlling shareholders and de facto controllers of the Company do not act as directors of the Company but actually carry out the Company's affairs, the provisions of the Articles of Association on fiduciary and diligence obligations of directors shall apply.

Where a controlling shareholder or a de facto controller of the Company instructs a director or senior management to engage in an act that damages the interests of the Company or shareholders, he/she shall be jointly and severally liable with such director or senior management.

Where a controlling shareholder or a de facto controller pledges the shares of the Company he/she holds or actually controls, he/she shall maintain the control of the Company and stable production and operation.

Where a controlling shareholder or a de facto controller transfers the shares of the Company he/she holds, he/she shall comply with the restrictive provisions on the transfer of shares in laws, administrative regulations and the regulatory rules of the place where the shares of the Company are listed and the undertakings made by him/her regarding the transfer of restricted shares.

General Provisions for Shareholders' Meetings

The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

(1) to elect and replace directors who are not employee representatives and to determine matters relating to the remuneration of the directors;

(2) to consider and approve the reports of the Board;

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

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

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

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

(7) to amend the Articles of Association;

(8) to resolve on the appointment and dismissal of accounting firms undertaking the audit business of the Company by the Company;

(9) to consider and approve the guarantee matters specified in Article 50 of the Articles of Association;

(10) to consider matters relating to the purchase and sale by the Company within one year of material assets valued at more than 30% of the latest audited total assets of the Company;

(11) to consider and approve matters relating to changes in the use of proceeds;

(12) to consider and approve share incentive schemes and employee stock ownership schemes that are subject to consideration and approval by the shareholders' meeting as stipulated by the Hong Kong Listing Rules;

(13) to consider other matters to be resolved by the shareholders' meeting as required by laws, administrative regulations, departmental rules, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The shareholders' meeting may authorize the Board to make resolutions on the issuance of corporate bonds. The Company may issue shares or corporate bonds convertible into shares upon resolution of the shareholders' meeting or upon resolution of the Board authorized by the Articles of Association or the shareholders' meeting, and the specific implementation shall comply with laws, administrative regulations, regulations of the CSRC and securities regulatory rules of the place where the shares of the Company are listed.

Except as otherwise provided by laws, administrative regulations, regulations of the CSRC or securities regulatory rules of the place where the shares of the Company are listed, the aforesaid functions and powers of the shareholders' meeting shall not be exercised by the Board or other institutions or individuals through authorization.

The following external guarantees provided by the Company shall be considered and approved by the shareholders' meeting:

(1) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets of the Company;

(2) any guarantee to be provided after the total amount of external guarantees by the Company exceeds 30% of the latest audited total assets;

(3) any guarantee by the Company to others within one year with guaranteed amount in excess of 30% of the latest audited total assets of the Company;

(4) any guarantee to be provided to a recipient whose debt-to-asset ratio is over 70%;

(5) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(6) any guarantee to be provided to shareholders, de facto controllers and their connected (related) parties.

When the shareholders' meeting considers the guarantee as set out in item (3) of the first paragraph, it shall be approved by more than two-thirds of the voting rights held by shareholders present at the meeting.

If the Company provides guarantees for its wholly-owned subsidiaries or provides guarantees for its holding subsidiaries and other shareholders of its holding subsidiaries provide an equal proportion of guarantees based on their respective interest without harming the interests of the Company, the application of the provisions of items (1), (4) and (5) of the first paragraph of this Article may be exempted.

Unless otherwise stipulated by other securities regulatory rules of the place where the shares of the Company are listed, the Board shall have the right to consider and approve external guarantees other than those that require approval from the shareholders' meeting.

When a proposal for providing guarantees for shareholders, de facto controllers and their connected (related) parties is considered at the shareholders' meeting, such shareholders or shareholders controlled by such de facto controllers shall not participate in the voting process, and the proposal shall be approved by more than half of the voting rights held by other shareholders present at the shareholders' meeting. Where the Company provides guarantees for connected (related) parties, the proposal shall have a reasonable business logic, and shall be submitted to the shareholders' meeting for review after being considered and approved by the Board.

Where the Company provides guarantees for controlling shareholders, de facto controllers and their connected (related) parties, such controlling shareholders, de facto controllers and their connected (related) parties shall provide counter guarantees.

Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year and held within six months after the end of the previous fiscal year.

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

(1) where the number of directors is less than five;

(2) when the uncovered loss of the Company reaches one-third of its total paid-in share capital;

(3) upon request by shareholders individually or collectively holding 10% or more of the voting shares of the Company (including preferred shares with voting rights restored);

(4) when the Board deems it necessary;

(5) when the audit committee proposes such a meeting be convened;

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

The Company shall convene a shareholders' meeting at the place of domicile of the Company or at the place of the meeting as specified in the meeting notice. The shareholders' meeting shall set up a venue and be convened in the form of an on-site meeting or through electronic communication methods such as telephone and video. Where permitted by applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed, the Company shall also provide online voting methods to facilitate shareholders. Shareholders who attend the shareholders' meeting through the aforesaid methods shall be deemed to have been present.

Convening of Shareholders' Meetings

The Board shall convene shareholders' meetings on time within the prescribed period.

Upon the approval of a majority of all independent non-executive directors, independent non-executive directors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting. For the proposal requesting to convene an extraordinary shareholders' meeting by independent non-executive directors, the Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal.

Where the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall state reasons.

Where the audit committee proposes to the Board to convene an extraordinary shareholders' meeting, the proposal shall be presented to the Board in writing. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal.

Where the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made. Amendments to any original proposal to be stated in the notice shall be agreed by the audit committee.

Where the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the proposal, the Board shall be deemed to be unable or have refused to fulfill the obligation to convene shareholders' meetings, and the audit committee may convene and preside over the meeting by itself.

Shareholders who individually or collectively hold 10% or more of the voting shares of the Company (including preferred shares with voting rights restored) shall have the right to request the Board to convene an extraordinary shareholders' meeting, and the request shall be presented in writing. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the request.

Where the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made. Amendments to any original request to be stated in the notice shall be agreed by relevant shareholders.

Where the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the request, shareholders who individually or collectively hold 10% or more of the voting shares of the Company (including preferred shares with voting rights restored) shall have the right to request the audit committee to convene the extraordinary shareholders' meeting, and the request shall be presented to the audit committee in writing.

Where the audit committee agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after receipt of the request. Amendments to any original request to be stated in the notice shall be agreed by relevant shareholders.

Where the audit committee does not issue a notice of shareholders' meeting within the prescribed time limit, the audit committee shall be deemed to have refused to convene and preside over the shareholders' meeting. Shareholders who individually or collectively hold 10% or more of the voting shares of the Company (including preferred shares with voting rights restored) for more than 90 consecutive days may convene and preside over the meeting on their own.

Where the audit committee or shareholders decide to convene a shareholders' meeting on their own, the audit committee or shareholders shall notify the Board in writing. Before the announcement of a resolution of the shareholders' meeting, the proportion of the voting shares of the Company (including preferred shares with voting rights restored) held by the convening shareholders shall not be less than 10%.

For the shareholders' meeting convened by the audit committee or shareholders, the Board and the Board secretary shall cooperate. The Board shall provide the register of members on the record date of equity interests.

Any necessary expenses for shareholders' meetings convened by the audit committee or shareholders shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

When the Company convenes a shareholders' meeting, the Board, the audit committee, and shareholders individually or collectively holding 1% or more of the shares of the Company (including preferred shares with voting rights restored) shall have the right to submit proposals to the Company.

Shareholders individually or collectively holding more than 1% or more of the shares of the Company (including preferred shares with voting rights restored) may offer a temporary proposal and submit it in writing to the convener ten days before the shareholders' meeting. The temporary proposal shall contain clear agenda items and specific matters to be resolved. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for review; however, any temporary proposals that violate laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association or do not fall within the scope of authority of the shareholders' meeting shall be excluded.

Except for the circumstances as stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the announcement of such notice. Any proposals that are not listed in the notice of shareholders' meeting or fail to comply with the provisions of Article 62 of the Articles of Association shall not be voted on or resolved at the shareholders' meeting.

The convener of an annual shareholders' meeting shall notify all shareholders in writing twenty-one days before the meeting, and the convener of an extraordinary shareholders' meeting shall notify all shareholders in writing fifteen days before the meeting. The aforesaid time limits counted by the Company shall not include the day on which the meeting is convened. If there are other provisions of laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

A notice of shareholders' meeting shall include the following:

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

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

(3) a prominent written statement that all shareholders holding ordinary shares (including preferred shares with voting rights restored), shareholders holding special voting rights and other shareholders are entitled to attend the shareholders' meeting and may appoint in writing a proxy to attend and vote at the meeting and that such proxy shall not be required to be a shareholder of the Company;

(4) the record date of equity interests of shareholders entitled to attend the shareholders' meeting;

(5) the name and telephone number of the regular contact person for the meeting;

(6) voting time and voting procedures online or by other means.

A notice or supplementary notice of the shareholders' meeting shall fully and completely disclose all specific contents of all proposals and all information or explanations necessary to enable shareholders to make reasonable judgments on the matters to be discussed. If the matters to be discussed at the shareholders' meeting require independent non-executive directors to express their opinions, the opinions and reasons of independent non-executive directors shall be disclosed at the same time when the notice or supplementary notice of the shareholders' meeting is issued.

After a notice of the shareholders' meeting is issued, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of the shareholders' meeting shall not be cancelled. Once there is a postponement or cancellation, the convener shall issue a supplementary notice and state reasons at least two working days before the originally scheduled meeting date.

Convening of Shareholders' Meetings

All shareholders holding ordinary shares (including preferred shares with voting rights restored), shareholders holding special voting rights and other shareholders registered on the record date of equity interests or their proxies shall be entitled to attend the shareholders' meetings and exercise voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

A shareholder may attend a shareholders' meeting in person or appoint a proxy to attend and vote on behalf of such shareholder, and such proxy shall not be required to be a shareholder of the Company. The proxy of such shareholder may exercise the following rights pursuant to the authorization from such shareholder:

(1) such shareholder's right to speak at the shareholders' meeting;

(2) the right to demand a vote by poll, either alone or jointly with others;

(3) the right to exercise voting rights by show of hands or by ballot unless otherwise stipulated by relevant laws, administrative regulations, listing rules of the stock exchange of the place where the shares of the Company are listed or other securities laws and regulations.

Where the shareholders' meeting requires directors or senior management to attend the meeting as non-voting attendees, such directors or senior management shall be present and accept inquiries from shareholders.

A shareholders' meeting shall be presided over by the Board chairman. In the event that the Board chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by a majority of the directors.

A shareholders' meeting convened by the audit committee on its own shall be presided over by the convener of the audit committee. If the convener of the audit committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit committee jointly elected by a majority of the members of the audit committee.

A shareholders' meeting convened by shareholders on their own shall be presided over by the convener or a representative elected by them.

When holding a shareholders' meeting, if the person presiding over the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the meeting, the shareholders' meeting may be continued by electing one person to serve as the person presiding over the meeting.

The Company shall formulate the rules of procedure for shareholders' meetings, stipulating in detail the procedures for convening a shareholders' meeting and voting thereat, which shall include, among others, the notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing thereof and announcements, as well as the principles of authorization from the shareholders' meeting to the Board. The content of authorization shall be clear and specific. The rules of procedure for shareholders' meetings, as an appendix to the Articles of Association, shall be drafted by the Board and approved by the shareholders' meeting.

Minutes of meetings shall be maintained for shareholders' meetings, which shall be the responsibility of the Board secretary. The minutes of meetings shall contain the following:

(1) the date and venue of and the agenda for the meeting, as well as the name or title of its convener;

(2) the name of the chairman of the meeting as well as the names of directors and senior management present or present at the meeting as non-voting attendees;

(3) the number of shareholders and proxies present at the meeting, the total number of voting shares held by them and its proportion to the total number of the shares of the Company;

(4) the consideration process, the main points of speeches for and the voting results of each proposal;

(5) the inquiries, comments or suggestions from shareholders and the corresponding responses or explanations;

(6) the names of lawyers (if any), vote counters and scrutineers;

(7) other contents which shall be recorded in the minutes as required by the Articles of Association.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders (including their proxies) present at the shareholders' meeting. Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders (including their proxies) present at the shareholders' meeting.

The following shall be approved by the shareholders' meeting by ordinary resolutions:

(1) the work reports of the Board;

(2) the profit distribution plans and loss recovery plans formulated by the Board;

(3) the appointment or dismissal of Board members and their remunerations and payment methods;

(4) the resolutions on the engagement or dismissal of accounting firms that undertake the Company's audit services by the Company;

(5) the consideration and approval of the transactions as specified in Article 48, the financial assistance as specified in Article 49 and the guarantees as specified in Article 50 (except for item (3));

(6) the change of the composition of the Board;

(7) Other matters other than those required to be approved by special resolutions by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The following shall be approved by the shareholders' meeting by special resolutions:

(1) the increase or reduction of the registered capital of the Company or the grant of equity-based interest such as options or warrants convertible into equity ownership of the group companies;

(2) the division, split, merger, acquisition, restructuring, dissolution and liquidation, and change in corporate form of the Company;

(3) the liquidation, dissolution, reorganization, bankruptcy, cessation of business or initiation of any similar proceedings in respect of any group company;

(4) any material change to the principal business of the group companies;

(5) the amendments to the Articles of Association;

(6) the share incentive schemes and employee stock ownership schemes that are subject to consideration and approval by the shareholders' meeting as stipulated by the Hong Kong Listing Rules;

(7) the purchase and sale by the Company within one year of material assets or the provision of guarantees valued at more than 30% of the latest audited total assets of the Company;

(8) Other matters stipulated by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association that are determined by the shareholders' meeting by ordinary resolutions to have a significant impact on the Company and are required to be approved by special resolutions.

When any matters related to connected (related) transactions are considered at the shareholders' meeting, the connected (related) shareholders shall not participate in the voting process, and the number of voting shares represented by them shall not be counted in the total number of valid voting shares. The resolution of the shareholders' meeting shall fully disclose the voting situation of the unconnected (unrelated) shareholders.

The procedures for abstention and voting by connected (related) shareholders are as follows:

(1) A shareholder who is connected with (related to) a certain matter to be discussed at a shareholders' meeting shall, prior to the date of the shareholders' meeting, disclose his/her connected (related) relationship to the Board or other conveners and apply for abstention on his/her own initiative;

(2) When a connected (related) transaction is considered at the shareholders' meeting, the person presiding over the meeting shall announce the connected (related) shareholders and give explanations and clarifications on the connected (related) relationship between the connected (related) shareholders and the connected (related) transaction;

(3) The person presiding over the meeting shall announce the abstention of the connected (related) shareholders, and the connected (related) transaction shall be considered and voted on by the unconnected (unrelated) shareholders; the procedures for abstention and voting by connected (related) shareholders shall be recorded in the minutes of the meeting;

(4) No resolution made by the shareholders' meeting on the connected (related) transaction shall be valid unless it is adopted by more than half of the voting rights held by the unconnected (unrelated) shareholders present at the meeting. However, when the connected (related) transaction involves matters that are subject to approval by special resolution as stipulated in the Articles of Association, the resolution of the shareholders' meeting shall not be valid unless it is adopted by more than two-thirds of the voting rights held by the unconnected (unrelated) shareholders present at the meeting;

(5) If a connected (related) shareholder fails to disclose his/her connected (related) relationship or abstains in respect of the connected (related) transaction according to the aforesaid procedures, the resolution on the connected (related) transaction shall be invalid.

If a connected (related) shareholder fails to apply for abstention on his/her own initiative, other shareholders or their proxies present at the shareholders' meeting shall have the right to request the connected (related) shareholder to abstain; if other shareholders or their proxies make a request for abstention, and the shareholder who is requested to abstain believes that he/she does not fall within the scope of abstention, the person presiding over the shareholders' meeting shall discuss with the on-site directors, members of the audit committee and relevant shareholders based on the situation and make a decision on whether or not the shareholder should abstain.

The connected (related) shareholder who should abstain may participate in the consideration of the connected (related) transaction connected with (related to) him/her, and may give explanations and clarifications to the shareholders' meeting regarding whether the connected (related) transaction is fair and legal and the reasons therefor, etc., provided that such shareholder shall have no right to participate in voting on the matter.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons, and shall be elected by the shareholders' meeting. A person who falls under any of the following circumstances shall not serve as a director of the Company:

(1) the person has no capacity for civil conducts or has limited capacity for civil conducts;

(2) the person has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of socialist market economy and has been punished therefor, or has been deprived of his/her political rights due to a crime, in each case where less than five (5) years have elapsed since the date of the completion of execution of such punishment or deprivation, or has been sentenced to probation, and less than two (2) years have elapsed since the expiration of the probation period;

(3) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of such insolvency and liquidation of such company or enterprise;

(4) the person who is a former legal representative of a company or enterprise which had its business licence revoked or was ordered to close down due to any violation of the law and who incurred personal liability, where less than three (3) years have elapsed since the date when such company or enterprise had its business licence revoked or was ordered to close down;

(5) the person has been identified as a subject of enforcement for breach of trust by the people's court for failure to repay a relatively large amount of matured debts;

(6) the person has been subject to a ban from accessing to the securities market imposed by the CSRC, and the term of prohibition has not expired;

(7) the person has been publicly determined to be unsuitable to serve as a director or senior management member of listed companies by the stock exchange, and the term has not expired;

(8) other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed.

If a director is elected, appointed or engaged in violation of the provisions of this Article, such election, appointment or engagement shall be deemed to be invalid. If any of the circumstances as set out in this Article occurs to a director during his/her term of office, the Company shall remove the director from office and stop him/her from performing his/her duties.

Directors shall be elected or replaced by the shareholders' meeting, and may be removed from their office by the shareholders' meeting prior to the expiration of their term of office. Directors shall have a term of three years, and may be reelected and serve another term upon the expiration of their term of office.

A director's term of office shall commence from the date when he/she takes office and end upon expiration of the term of the current Board. If no re-election is held in time upon the expiration of the director's term of office, the former director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before a newly elected director assumes office. Any person appointed as a director by the Board to fill a temporary vacancy or increase the number of seats on the Board shall accept the election by shareholders at the first annual shareholders' meeting after accepting the appointment, and shall only hold office until the first annual shareholders' meeting of the company after his/her appointment, and shall be eligible for re-election at that time.

The general manager or other senior management members may serve as directors concurrently, provided that the aggregate number of directors serving as senior management concurrently and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

Directors shall comply with laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association and owe the fiduciary duties to the Company, and shall take measures to avoid conflicts between their personal interests and those of the Company, and shall not use their powers and duties to seek illegitimate benefits.

Directors shall owe the following fiduciary duties to the Company:

(1) shall not misappropriate the Company's property or embezzle the Company's funds;

(2) shall not deposit the Company's funds into accounts opened in their own name or in the name of any other individuals;

(3) shall not take advantage of their power to solicit or accept bribes or other unlawful income;

(4) shall not directly or indirectly enter into contracts or conduct transactions with the Company if such matter is not reported to the Board or the shareholders' meeting and approved by a resolution of the Board or the shareholders' meeting in accordance with the Articles of Association;

(5) shall not take advantage of their position to seek business opportunities belonging to the Company for themselves or for others, except where such matter has been reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or where the Company is unable to take advantage of such business opportunities in accordance with laws, administrative regulations or the Articles of Association;

(6) shall not operate by themselves or for others any business of the same kind as that of the Company, unless such operation has been reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting;

(7) shall not accept commissions from transactions between others and the Company for personal gains;

(8) shall not disclose any secrets of the Company without authorization;

(9) shall not take advantage of their connected (related) relationship to harm the interests of the Company;

Other fiduciary duties stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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

The provisions of item (4) as mentioned above shall apply to contracts or transactions between any close relatives of directors or senior management, enterprises directly or indirectly controlled by directors, senior management or their respective close relatives, and connected (related) persons who have other connected (related) relationships with directors or senior management and the Company.

Directors shall comply with laws, administrative regulations and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, owe a duty of diligence to the Company and perform their duties with a reasonable degree of care that a manager should have normally for the best interests of the Company.

Directors shall owe the following diligence duties to the Company:

(1) to exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's business activities comply with the national laws, administrative regulations and requirements of various national economic policies and do not fall outside the scope of business as specified in the business license;

(2) to treat all shareholders fairly;

(3) to understand the business operation and management of the Company in a timely manner;

(4) to sign written confirmation opinions on the Company's regular reports and to ensure the authenticity, accuracy and completeness of the information disclosed by the Company;

(5) to truthfully provide relevant information and materials to the audit committee, and not to obstruct the audit committee from exercising its powers;

(6) to perform other diligence duties as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Board of Directors

The Company shall have a Board, which is composed of seven directors, including two executive directors, two non-executive directors, and three independent non-executive directors, and shall have one chairman elected by more than half of all the directors of the Board.

The Board shall exercise the following functions and powers:

(1) to convene shareholders' meetings, and submit work reports to the shareholders' meetings;

(2) to implement the resolutions of shareholders' meetings;

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

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

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

(6) to formulate the Company's plans for significant acquisition, acquisition of shares or merger, division, dissolution and change in corporate form of the Company;

(7) to decide, within the scope of the authorization by the shareholders' meeting, on the Company's external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted financial management, connected (related) transactions and charitable donation etc.;

(8) to decide on the establishment of the Company's internal management organizations;

(9) to decide on the appointment or dismissal of the general manager, the Board secretary and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as deputy general managers and financial controller of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;

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

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

(12) to manage the information disclosures of the Company;

(13) to propose to the shareholders' meeting the engagement or change of accounting firms that provide audit services to the Company;

(14) to listen to work reports of the general manager of the Company and inspect his/her work;

(15) to decide on the establishment of special committees of the Board;

(16) other functions and powers granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Any matters that fall outside the scope of authorization by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The chairman of the Board shall exercise the following functions and powers:

(1) to preside over shareholders' meetings and convene and preside over meetings of the Board;

(2) to supervise and inspect the implementation of the resolutions of the Board;

(3) other functions and powers granted by the Board.

If the Board chairman is unable or fails to perform his/her duties, another executive director shall perform the duties of the Board chairman. If two executive directors are unable or fail to perform the duties of the Board chairman, a director elected jointly by more than half of the directors shall perform the duties of the Board chairman.

The Board shall hold at least four meetings each year, approximately once every quarter. A meeting of the Board shall be convened and presided over by the Board chairman. Each meeting of the Board shall be notified to all directors in writing (by personal delivery, mail, fax, email or announcement) at least fourteen (14) days prior to the meeting. With the unanimous consent of all directors of the Company, the time limit for notification in respect of the convening of regular Board meetings as mentioned above may be shortened or waived.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the audit committee may propose to convene an ad hoc meeting of the Board. The Board chairman shall convene and preside over the Board meeting within ten days after receipt of the proposal.

A Board meeting shall be held only when more than half of the directors are present. Resolutions of the Board meeting shall be passed by a majority vote of all directors. Each director shall have one vote on Board resolutions.

If directors are connected with (related to) the enterprises involved in the matters resolved at the Board meeting, such directors shall promptly report in writing to the Board. The directors with the connected (related) relationship shall not exercise voting rights on the resolution, nor shall they exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the directors with no connected (related) relationship are present, and resolutions made at the Board meeting shall be passed by more than half of the directors with no connected (related) relationship. If the number of directors with no connected (related) relationship present at the Board meeting is less than three (3), the matter shall be submitted to the shareholders' meeting for consideration.

A Board meeting shall be attended by the directors themselves; if a director is unable to attend the meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The power of attorney shall specify the proxy's name, matters entrusted, scope of authority and validity period, and shall be signed or sealed by the appointing director. The director who attends the meeting on behalf of the appointing director shall exercise the rights of a director within the scope of authority. Where a director fails to attend a Board meeting or appoint a proxy to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her right to vote at the meeting.

The Articles of Association do not specifically provide for the manner in which Directors may own or exercise borrowing rights, but in connection with issuance of corporate bonds, the Articles of Association contain an understanding that: (1) the Board of Directors will formulate a plan for the issuance of corporate bonds, and (2) the issuance of corporate bonds will be authorised by a resolution of the general meeting.

Special Committees of the Board

The Board of the Company shall establish an audit committee, which shall exercise the functions and powers of supervisors (the board of supervisors) as stipulated in the Company Law. The duties of the audit committee shall be prescribed by the regulations formulated by the Company separately.

The Board of the Company may establish special committees such as the Nomination Committee and the Remuneration Committee, which shall perform their duties in accordance with the Articles of Association and the authority granted by the Board and be accountable to the Board. The implementation rules of the special committees shall be formulated by the Board.

Senior Management Members

The Company shall have one general manager, several deputy general managers whose specific number shall be discussed and determined by the Board, one financial controller and one Board secretary. The aforesaid senior management members shall be appointed or dismissed by the Board.

The provisions of Article 103 of the Articles of Association regarding the circumstances where a person shall not serve as a director and the resignation management system shall also apply to senior management members.

The provisions of the Articles of Association regarding the fiduciary and diligence duties of directors shall also apply to senior management members.

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

(1) to take charge of the production operations and management tasks of the Company and organize the implementation of the Board's resolutions, and to report work to the Board;

(2) to organize the implementation of the Company's annual business plan and investment plan;

(3) to develop plans for the establishment of the Company's internal management organizations;

(4) to develop the basic management system of the Company;

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

(6) to propose the appointment or dismissal of deputy general managers and financial controllers of the Company;

(7) to decide on the appointment or dismissal of management officers other than those requiring the Board to decide on the appointment or dismissal;

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

The general manager shall attend the Board meetings as a nonvoting delegate.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

If senior management members of the Company fail to faithfully perform their duties or violate their fiduciary duty, causing damage to the interests of the Company and shareholders holding public shares, they shall be liable for compensation in accordance with the law.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations and rules of relevant national departments. If there are other provisions in the Hong Kong Listing Rules or the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall prevail.

The Company shall prepare annual reports and other financial accounting reports in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed.

The Company shall not set up separate accounting books other than its statutory accounting books. No funds of the Company shall be deposited into any account opened in the name of any individual.

Profit Distribution

When distributing the current year's after-tax profits, the Company shall allocate 10% of its profits to the Company's statutory common reserve fund. Where the cumulative amount of the statutory common reserve fund of the Company has reached not less than 50% of the Company's registered capital, it may no longer be allocated.

When the Company's statutory common reserve fund is not sufficient to make up for the Company's losses for the previous years, the current year's profits shall first be used to make up for the losses before allocations are made to the statutory common reserve fund in accordance with the provisions of the preceding paragraph.

After the Company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon resolution of the shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund.

After the Company has made up for its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed to shareholders based on their shareholding ratio unless the Articles of Association stipulate that such distribution shall not be made based on their shareholding ratio.

Where the shareholders' meeting distributes profits to shareholders in violation of any provisions of the Company Law, shareholders shall refund to the Company the profits distributed in violation of such provisions; if any losses are caused to the Company, shareholders and responsible directors and senior management members shall be liable for compensation.

No profits shall be distributed in respect of the shares of the Company which are held by the Company.

Any premiums received from the issuance of shares by the Company at an issue price above the par value of shares, any amount of proceeds obtained from the issuance of non-par value shares that is not included in the registered capital, and any other income included in the capital reserve as required by the finance department under the State Council shall be classified as the capital reserve of the Company.

The common reserve fund of the Company shall be used to make up for the losses of the Company, expand the Company's production operations or be converted into the registered capital of the Company. When the common reserve fund is used to make up for the losses of the Company, the discretionary common reserve fund and statutory common reserve fund shall first be used; if there is still a shortfall, the capital reserve may be used in accordance with the regulations. When the statutory common reserve fund is converted into the registered capital, the retained portion of such common reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

The Company's profit distribution policy is:

(1) The Company implements a dividend policy of equal shares entitling to equal profits, under which dividends and other forms of benefit distributions are distributed to shareholders in proportion to the number of shares they hold.

(2) The Company implements a continuous and stable profit distribution policy, and the distribution of the Company's profits shall focus on providing reasonable investment returns to shareholders while taking into account the sustainable development of the Company.

(3) The Company may distribute profits by way of cash, shares or a combination of cash and shares. The Company shall first distribute profits in the form of cash dividends. If the Company distributes profits in the form of shares, the distribution shall be made under the premise of providing reasonable cash dividend returns to shareholders and maintaining an appropriate share capital size while comprehensively taking into account real and reasonable factors such as the Company's growth and the dilution of net assets per share.

(4) If any change in the external business environment of the Company has a significant impact on the Company's production and operation, or if there are significant changes in the Company's own operating situation, the Company may adjust its profit distribution policy. The adjusted profit distribution policy shall be based on the protection of the rights and interests of shareholders, and shall not violate the provisions of relevant laws, regulations and normative documents.

(5) If the Company needs to adjust its profit distribution policy based on its production and operation situation, investment planning, long-term development needs and other reasons, the Board of the Company shall offer a proposal for adjusting the profit distribution policy according to the actual situation, which shall be submitted to the shareholders' meeting for consideration and approval upon being considered and approved by the Board of the Company after the audit committee expresses its opinion thereon.

Internal Audit

The Company shall implement an internal audit system, clarifying the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability for internal audit work.

The internal audit organization shall be responsible to the Board.

In the process of supervising and inspecting the business activities, risk management, internal controls and financial information of the Company, the internal audit organization shall accept the supervision and guidance of the audit committee. If the internal audit organization discovers relevant major issues or clues, it shall immediately report them to the audit committee directly.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed to perform services such as the audit of financial statements, verification of net assets and other relevant consulting services. The engagement term shall be one year and may be renewed.

The appointment or dismissal of the accounting firm by the Company shall be decided by the shareholders' meeting. The Board shall not appoint an accounting firm before the shareholders' meeting makes a decision.

NOTICES AND ANNOUNCEMENTS

The Company's notices shall be given in the following forms:

(1) by personal delivery;

(2) by mail, fax or email;

(3) by announcement;

(4) in other forms as stipulated in the Articles of Association.

Announcements of the Company shall be published on the websites of The Stock Exchange of Hong Kong Limited and/or the Company in accordance with the relevant provisions of the Hong Kong Listing Rules. The Board shall have the right to decide on and adjust the media determined for disclosure of the Company's information, provided that it shall ensure that the relevant media for disclosure of information comply with the requirements of relevant laws and regulations and the listing rules of the place where the Company's shares are listed.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

A merger in which a company absorbs another company is known as merger by absorption, whereby the company being absorbed shall be dissolved. A merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company, whereby the merged companies shall be dissolved.

Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the merger resolution, and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guarantees.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution, and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies which exist after the division, unless otherwise stipulated in a written agreement between the Company and its creditors in relation to the repayment of debts prior to the division.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved due to the following reasons:

(1) expiration of the business term as stipulated in the Articles of Association or any reasons for dissolution as stipulated in the Articles of Association arise;

(2) the shareholders' meeting resolves to dissolve the Company;

(3) the dissolution is necessary due to merger or division of the Company;

(4) the Company has had its business license revoked or has been ordered to close down or canceled in accordance with the law;

(5) where the Company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by a people's court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

If the reasons for dissolution of the Company as stipulated in the preceding paragraph arise, they shall be announced through the National Enterprise Credit Information Publicity System within 10 days.

If the Company falls under the circumstances set out in items (1) and (2) as mentioned above and has not yet distributed its assets to shareholders, it may survive by amending the Articles of Association or by a resolution of the shareholders' meeting. Where the Company survives by amending the Articles of Association in accordance with the provisions of the preceding paragraph, the survival shall be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

Where the Company is dissolved under the circumstances set out in items (1), (2), (4) and (5) as mentioned above, the Company shall be liquidated. Directors shall be the liquidation obligors of the Company, and shall establish a liquidation group to commence liquidation within 15 days upon the occurrence of the reasons for dissolution. The liquidation group shall be composed of directors except as otherwise provided by the Articles of Association or by a resolution of the shareholders' meeting on the election of other persons. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

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

(1) to liquidate the assets of the Company and prepare a balance sheet and an inventory of assets respectively;

(2) to inform creditors by a notice or public announcement;

(3) to dispose of and liquidate the unfinished business of the Company;

(4) to settle outstanding taxes and taxes incurred during the liquidation process;

(5) to settle claims and debts;

(6) to distribute the remaining assets of the Company after settling its debts;

(7) to participate in any civil litigation on behalf of the Company.

The liquidation group shall notify creditors within 10 days from the date of its establishment, and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days from the receipt of the notice or, if they do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation group. When declaring their claims, creditors shall state matters concerning their claims and provide supporting documents. The liquidation group shall register such claims. During the declaration of claims, the liquidation group shall not make any repayments to creditors.

After the liquidation group has liquidated the assets of the Company and has prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation. The remaining assets of the Company after paying liquidation expenses, wages of employees, social insurance premiums, statutory compensation and outstanding taxes and settling the Company's debts shall be distributed by the Company in proportion to the shares held by shareholders. During the liquidation, the Company shall continue to exist, but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to shareholders until all its debts are paid off in accordance with the provisions of the preceding paragraph.

After the liquidation of the Company is completed, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority to apply for cancellation of the Company's registration.

Members of the liquidation group shall perform their liquidation duties and owe fiduciary and diligence duties. If a member of the liquidation group is negligent in performing his/her liquidation duties and causes losses to the Company, the member shall bear liability for compensation. If the member causes losses to creditors out of his/her intention or gross negligence, he/she shall bear liability for compensation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(1) after amendments have been made to the Company Law or relevant laws, administrative regulations or the Hong Kong Listing Rules, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations or the Hong Kong Listing Rules;

(2) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

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

Any amendments to the Articles of Association approved by the resolution of the shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities; if such amendments involve the registered items of the Company, an application shall be made for the registration of change in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the relevant competent authorities.

Any amendment to the Articles of Association shall constitute information required to be disclosed by laws and regulations, and shall be announced in accordance with regulations.