
APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company (draft) adopted by the Company on January 21, 2026 and subsequently re-adopted on June 30, 2026 without substantive amendment, which will take effect from [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange. This appendix is primarily intended to provide [REDACTED] with an overview of the Company’s Articles of Association. As the following data is a summary, it does not contain all the information that may be important to you.

SHARES

Issuance of Shares

The shares of the Company shall take the form of share certificates. In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange where the Company’s shares are listed.

The Company shall have ordinary shares, which include domestic shares and H Shares (shares issued by the Company and listed in Hong Kong). If necessary, the Company may issue shares of a class with rights different from those of the ordinary shares in accordance with the relevant requirements of laws, administrative regulations, the CSRC and the stock exchange where the Company’s shares are listed, including shares applied to preferential or inferior distribution of profits or surplus property and other classes of shares prescribed by the State Council.

The issuance of shares by the Company shall adhere to the principles of openness, fairness and justice, and each share of the same class shall carry the same rights. Shares of the same class and in the same issuance shall be issued on the same conditions and at the same price. Any subscriber shall pay the same price for each of the shares it or he/she subscribes for.

Domestic unlisted shares (defined as shares issued by the Company but not listed or quoted for trading on any domestic or overseas trading venue) and overseas listed shares issued by the Company shall rank *pari passu* over any distribution in the form of dividend (including distributions in cash and in kind) or any other forms of distribution. The Company shall not exercise any of its rights to freeze or otherwise prejudice any of the rights attaching to any shares of the Company only by reason that persons who are interested directly or indirectly therein have failed to disclose their interests in the Company.

All or part of the Company’s domestic unlisted shares may be converted into overseas listed shares upon filing with the CSRC and approval by the Hong Kong Stock Exchange and other regulatory authorities, and the converted overseas listed shares may be listed and traded on the Hong Kong Stock Exchange. It is unnecessary to hold a shareholders’ meeting to vote on conversion of the aforesaid unlisted shares into overseas listed shares and listing and trading of the converted shares on the Hong Kong Stock Exchange. The listing and trading of the converted shares on the Hong Kong Stock Exchange shall also comply with the regulatory procedures, rules and requirements of the jurisdiction where the Hong Kong Stock Exchange is located.

All shares issued by the Company shall be par value shares, with each share having a par value of RMB[0.1].

The domestic unlisted shares issued by the Company shall be centrally deposited with China Securities Depository and Clearing Corporation Limited; H Shares issued by the Company shall be centrally put under custody of [REDACTED], and may also be held by shareholders in their own names.

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Increase and Decrease of Shares

The Company may, based on its operational and developmental needs, increase its capital by any of the following methods in accordance with the requirements of laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed and relevant regulatory authorities, and subject to a resolution of the shareholders’ meeting:

- (I) offering of shares to non-specific objects;
- (II) offering of shares to specific objects;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of funds in the capital reserve to share capital;
- (V) other methods stipulated by the laws, administrative regulations and the Hong Kong Listing Rules and approved by the securities regulatory authorities of the place where the Company’s shares are listed, the Hong Kong Stock Exchange and the CSRC.

After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association and the securities regulatory rules of the place where the Company’s shares are listed, it shall be made in accordance with the procedures set out in the relevant national laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company’s shares are listed.

The Company may reduce its registered capital. The reduction of the registered capital by the Company shall follow the procedures set forth in the Company Law and other relevant regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed as well as the provisions of the Articles of Association.

Increase or decrease of the registered capital of the Company shall be registered with the companies registration authority according to law.

Repurchase of Shares

The Company may, in the following circumstances, repurchase its shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

- (I) reducing the registered capital of the Company;
- (II) merging with another company holding shares in the Company;
- (III) using shares for the employee stock ownership plan or equity incentives;
- (IV) acquiring the shares of shareholders (upon their request) who vote against any resolution adopted at the shareholders’ meeting on the merger or division of the Company;
- (V) using shares for converting corporate bonds issued by the Company that can be converted to shares;
- (VI) acquiring shares in a manner as necessary for maintenance of the Company’s value and shareholders’ rights and interests;
- (VII) other circumstances as permitted by the laws, administrative regulations, departmental rules and the regulatory rules of the place where the Company’s shares are listed.

The repurchase of its own shares by the Company shall be conducted according to the relevant laws and regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed as well as the Articles of Association.

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The Company may repurchase its own shares through public centralized trading or other ways approved by the relevant laws and regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed, and the CSRC (if required).

The Company’s repurchase of its own shares under the circumstances set forth in items (III), (V) and (VI) above shall be made through public centralized trading in compliance with the applicable securities regulatory rules and guidelines of the place where the Company’s shares are listed.

Where the Company repurchases its own shares under the circumstances set out in items (I) and (II) above, a resolution shall be passed at the shareholder’s meeting. In the event that the Company repurchases its own shares under the circumstances set forth in items (III), (V) and (VI) above, a resolution shall be passed at a Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization of the shareholders’ meeting.

After the Company has repurchased its own shares in accordance with the foregoing provisions, the following requirements shall apply: in the case of a repurchase under item (I), such shares shall be cancelled within 10 days from the date of repurchase; in the case of a repurchase under items (II) and (IV), such shares shall be transferred or cancelled within six months; and in the case of a repurchase under items (III), (V) and (VI), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares repurchased shall be transferred or cancelled within three years.

Following the repurchase by the Company of its own shares, the Company shall fulfill its information disclosure obligations in accordance with relevant laws and regulations, the Hong Kong Listing Rules and other relevant provisions. Where the relevant regulatory rules of the place where the Company’s shares are listed and the regulations of the stock exchange where the Company’s shares are listed provide otherwise for matters pertaining to share repurchases (including the subsequent resale of treasury shares), such provisions shall prevail. The Company’s repurchase of its overseas listed foreign shares shall comply with the Hong Kong Listing Rules, as well as other relevant laws, regulations, and regulatory provisions of the place where the Company’s overseas listed foreign shares are listed.

Transfer of Shares

The shares of the Company shall be transferred in accordance with the law.

Restriction, reduction and other changes of shares held by shareholders, directors and senior management members of the Company shall comply with the Company Law, the Securities Law, the Hong Kong Listing Rules and the requirements of the CSRC and relevant regulatory rules of the place where the Company’s shares are listed in respect of changes of the Company’s shares.

All transfers of H Shares shall be effected by written instruments of transfer in an general or ordinary form or in any other forms acceptable to the Board (including the standard transfer format or form of transfer that the Hong Kong Stock Exchange may provide from time to time); such instruments of transfer may only be signed by hand or (where the transferor or transferee is a corporation) by the valid corporate seal. If the transferor or the transferee is a recognized clearing house or its nominee as defined in the relevant ordinances in force from time to time under Hong Kong laws, the instruments of transfer may be signed by hand or in a machine-printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board of Directors from time to time.

The Company shall not accept its own shares as pledge object.

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Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the day on which the shares of the Company are listed and traded on the stock exchange. If laws, administrative regulations or the securities regulatory authorities have other provisions on the transfer of the shares of the Company held by shareholders or actual controllers of the Company, such provisions shall prevail.

The directors and senior management members of the Company shall declare to the Company their shareholdings in the Company and the changes thereof and shall not transfer more than 25% of the total number of shares of the Company they hold per annum during their terms of office as determined at the time of taking office, except for those shareholding changes arising from judicial enforcement, inheritance, bequest and partition of property in accordance with laws. The shares they hold in the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The shares of the Company held by the aforesaid personnel shall not be transferred within half a year after they terminate service with the Company.

If the shares are pledged within the transfer restriction period stipulated in laws and administrative regulations, the pledgee shall not exercise the pledge right within the transfer restriction period.

Where it is otherwise provided in the relevant provisions of the securities regulatory authorities and the stock exchange in the place where the Company’s shares are listed in respect of restrictions on transfer of overseas listed shares, such provisions shall prevail.

In the event that any director, senior management member or shareholder holding more than 5% of the shares of the Company (excluding any recognized clearing house or its nominee as defined in the relevant ordinances in force from time to time under Hong Kong laws) sell the Company’s shares or other equity securities held by them within six months after buying the same or buy the Company’s shares or other equity securities within six months after selling the same, the earnings arising therefrom shall belong to the Company and shall be forfeited by the Board of the Company. However, if the securities companies hold more than 5% of the Company’s shares due to the purchase of remaining shares after underwriting, or there arise other circumstances stipulated by the securities regulatory authorities of the State Council, the securities regulatory authorities and the stock exchange in the place where the Company’s shares are listed and other relevant regulatory authorities, the sale of such shares shall not be subject to the 6-month time restriction. The aforesaid shareholders holding more than 5% of the Company’s shares exclude the recognized clearing houses and their nominees as defined in the relevant ordinances in force from time to time under Hong Kong laws.

The shares or other equity securities held by a director, a senior management member, or a natural person shareholder as mentioned in the preceding paragraph shall include the shares or other equity securities of the Company held by his/her spouse, parents, and children and held through any other person’s account.

If the Board of the Company does not observe the provisions in paragraph 1 of this article, the shareholders shall have the right to require the Board of Directors to execute the provisions within 30 days. If the Board of the Company fails to take such action within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings to the people’s court in their own names in the interest of the Company.

If the Board of the Company does not observe the provisions in paragraph 1 of this article, the responsible directors shall bear several and joint liability according to law.

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SHAREHOLDERS AND SHAREHOLDERS’ MEETING

Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration and settlement authorities and in accordance with the laws, regulations, regulatory documents and the Hong Kong Listing Rules. The register of shareholders shall be the sufficient evidence for the shareholders’ shareholding in the Company. Shareholders shall be entitled to relevant rights and assume the relevant obligations in accordance with the class of shares they hold; shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

The assignment and transfer of shares shall be entered into the register of shareholders. The Company may keep overseas the register of holders of overseas listed shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the competent securities authorities of the State Council and the overseas securities regulatory authorities. The original register of holders of H Shares of the Company shall be kept in Hong Kong, while the duplicate register of holders of H Shares shall be kept at the address of the Company. Where the original and duplicate copies of the register of holders of H Shares are inconsistent, the original shall prevail. The register of holders of H Shares must be available for inspection by shareholders. However, the Company may be allowed to close the register of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the securities regulatory rules of the place where the Company’s shares are listed.

When the Company convenes a shareholders’ meeting, distributes dividends, conducts liquidation or performs other activities that require the confirmation of the identity of the shareholders, the Board or the convener of the shareholders’ meeting shall determine the record date, and shareholders entitled to the relevant rights and interests shall be determined according to the register of shareholders. Where the laws, administrative regulations, departmental rules, regulatory documents, and the regulations of the stock exchange or the regulatory authorities in the place where the Company’s shares are listed have provisions on the period of closure of the register of shareholders prior to the date of the shareholders’ meeting or before the base date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

The shareholders of the Company shall have the following rights:

- (I) to obtain dividends and other forms of profit distribution in proportion to the number of shares held;
- (II) to legally require, convene, preside over, attend or appoint a shareholder proxy to attend the shareholders’ meeting, and speak and exercise corresponding voting right at the shareholders’ meeting (unless individual shareholders are required to abstain from voting on specific matters in accordance with the securities regulatory rules of the place where the Company’s shares are listed or applicable laws and regulations);
- (III) to supervise, present suggestions on or make inquiries about the business operation of the Company;
- (IV) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations and the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of shareholders, minutes of shareholders’ meetings, resolutions of Board meetings, and financial and accounting reports, while the eligible shareholders may inspect the Company’s accounting books and vouchers; where the securities regulatory rules of the place where the Company’s shares are listed have other provisions, such provisions shall prevail.

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- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held by them;
- (VII) With respect to shareholders who voted against any resolution adopted at the shareholders’ meeting on the merger or demerger of the Company, to demand the Company to acquire the shares held by them, subject to compliance with the procedural requirements for the Company to repurchase its shares as stipulated in the Articles of Association, relevant laws and regulations, and by the securities regulatory authorities and the stock exchange in the place where the Company’s shares are listed.
- (VIII) to enjoy other rights stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Where any shareholder is required to waive his/her voting right or is restricted to cast only affirmative or dissenting vote on a certain resolution, any vote cast by such shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted.

Where shareholders request to inspect or copy the relevant materials of the Company, they shall do so in accordance with the provisions of the Company Law, the Securities Law and other relevant laws and administrative regulations. Where any shareholders propose to inspect the relevant information of the Company or ask for any materials, they shall provide the Company with written documents evidencing the class and number of shares of the Company held by them. Upon verification of the shareholders’ identity, the Company shall provide the information as required by the shareholders. Shareholders shall have a duty of confidentiality regarding any relevant information or materials received from the Company that have not yet been publicly disclosed by the Company. Any shareholder violating the duty of confidentiality and incurring losses to the Company shall be liable for compensation.

Shareholders severally or jointly holding 3% or more shares of the Company for over 180 consecutive days may request to inspect the Company’s accounting books and vouchers. A shareholder requesting to inspect the Company’s accounting books and vouchers shall submit a written request to the Company, stating the purpose. If the Company has reasonable grounds to believe that the shareholder’s request to inspect the Company’s accounting books and vouchers serves an improper purpose and may harm the Company’s legitimate interests, it may refuse to provide access for inspection, and shall reply to the shareholder in writing within 15 days from the date of the shareholder’s written request, stating the reasons therefor. If the Company refuses to provide access for inspection, the shareholder may file a lawsuit with the people’s court.

Shareholders may appoint intermediary institutions such as accounting firms or law firms to carry out the inspection of the materials as stipulated above.

When shareholders or their authorized accounting firms, law firms, or other intermediary institutions inspect or copy relevant materials, they shall comply with laws and administrative regulations relating to the protection of state secrets, trade secrets, personal privacy, and personal information.

If any resolution of the shareholders’ meeting or the Board of Directors includes content that violates any laws or administrative regulations, shareholders may request the people’s court to declare it invalid.

If the convening procedure or voting method of the shareholders’ meetings or Board meetings violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request

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the people’s court to cancel such resolution within 60 days after adoption of the resolution, unless there is only a slight defect in the convening procedure or voting method of shareholders’ meetings or Board meetings, which has no substantive impact on the resolution.

Where the Board, shareholders and other relevant parties dispute the validity of the 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, the relevant parties shall implement the resolution of the shareholders’ meeting, and no party shall refuse to implement the resolution of the shareholders’ meeting on the grounds that such resolution is invalid. The Company, its directors and senior management members shall effectively perform their duties to ensure the normal operation of the Company.

Where the people’s court renders a judgment or ruling on relevant matters, the Company shall fulfill the information disclosure obligation in accordance with laws, administrative regulations, the Hong Kong Listing Rules, and the regulations of the CSRC and other securities regulatory rules of the place where the Company’s shares are listed, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. Where rectification of previous executed matters is involved, such rectification shall be promptly processed and the information disclosure obligation shall be fulfilled accordingly.

Shareholders who have not been notified to attend the shareholders’ meeting may, within 60 days from the date when they know or should have known that the resolution of the shareholders’ meeting has been made, request the people’s court to revoke it; if they do not exercise the right of revocation within one year from the date when the resolution is made, the right of revocation is extinguished.

Under any of the following circumstances, a resolution of the shareholders’ meeting or the Board of Directors of the Company shall not be formed:

- (I) A resolution is adopted without holding a Shareholders’ meeting or a meeting of the Board of Directors;
- (II) The matters resolved are not voted on at a shareholders’ meeting or a meeting of the Board of Directors;
- (III) The number of persons present at a meeting or the number of voting rights held by them is less than the number of persons or the number of voting rights held as prescribed in the Company Law or the Articles of Association;
- (IV) The number of persons voting for the matters resolved or the number of voting rights held by them is less than the number of persons or the number of voting rights held as prescribed in the Company Law or the Articles of Association.

If any director or senior management member other than a member of the Audit Committee violates the laws, administrative regulations or the Articles of Association in fulfilling his/her official duties, thereby incurring any loss of the Company, he/she shall be liable for compensation according to law. The shareholders individually or jointly holding 1% or more shares of the Company for more than 180 days consecutively shall have the right to request the Audit Committee in writing to institute legal proceedings to the people’s court; if any member of the Audit Committee violates the laws, administrative regulations or the Articles of Association in fulfilling his/her official duties, thereby incurring any loss of the Company, he/she shall be liable for compensation according to law. The aforesaid shareholders may request the Board in writing to institute legal proceedings to the people’s court.

If the Audit Committee or the Board refuses to institute legal proceedings after receipt of the written request from the shareholders as specified in the preceding paragraph or does not institute legal proceedings within 30 days after receipt of the said request, or if the failure to immediately file

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an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people’s court in their own names in the interests of the Company.

Where any other person infringes upon the lawful rights and interests of the Company and causes losses thereto, the shareholders specified in paragraph 1 of this article may file a lawsuit with the people’s court in accordance with the provisions of the preceding two paragraphs.

Where a director, supervisor, or senior management member of a wholly-owned subsidiary of the Company violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing losses to the Company, or where any other person infringes upon the lawful rights and interests of the wholly-owned subsidiary of the Company, thereby causing losses, the shareholders individually or jointly holding 1% or more shares of the Company for more than 180 days consecutively may, in accordance with the first three paragraphs of Article 189 of the Company Law, request in writing the supervisory committee or the board of directors of the wholly-owned subsidiary to institute an action in a people’s court, or directly institute an action in a people’s court in their own names. Where the wholly-owned subsidiary of the Company does not set up a supervisory committee or supervisors, but sets up an audit committee, the above provisions shall apply.

If any director or senior management member violates the laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may institute legal proceedings to the people’s court.

The shareholders of the Company shall have the following obligations:

- (I) to observe the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription funds as per the shares subscribed and the method of subscription;
- (III) not to withdraw their capital contributions unless in the circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholders’ rights to damage the interests of the Company or other shareholders; not to abuse the Company’s independent legal person status or shareholders’ limited liability to damage the interests of the Company’s creditors;
- (V) to assume other obligations as provided by the laws, administrative regulations, the regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

If any shareholder of the Company abuses his/her shareholder’s right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. Shareholders of the Company who abuse the Company’s independent legal person status and shareholders’ limited liability to evade debts and seriously damage the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date of occurrence of the fact.

General Provisions on Shareholders’ Meeting

The shareholders’ meeting is the organ of authority of the Company, and shall exercise the following functions and powers pursuant to the law:

- (I) to elect and replace directors and to decide on matters relating to the remuneration of directors;

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- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions on increase or decrease of the registered capital of the Company;
- (V) to make resolutions on the Company’s issue of bonds or other securities and listing;
- (VI) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to make resolutions on the appointment, removal or non-reappointment by the Company of any accounting firm as well as its remuneration;
- (IX) to consider and approve guarantees stipulated in Article 43;
- (X) to consider matters regarding the purchase or disposal of material assets by the Company of a value exceeding 30% of the Company’s latest audited total assets within one year;
- (XI) to consider and approve matters relating to the changes in the use of proceeds;
- (XII) to consider equity incentive schemes and employee stock ownership plans;
- (XIII) to consider the Company’s repurchase of its own shares in accordance with the Articles of Association;
- (XIV) to consider other matters which should be decided by the shareholders’ meeting as stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulations of the CSRC, other securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Except as otherwise provided by laws, administrative regulations, departmental rules, the regulations of the CSRC, and the regulatory rules of the place where the Company’s shares are listed, the aforesaid functions and powers of the shareholders’ meeting shall not be exercised by the Board of Directors or any other institution or individual on its behalf by means of authorization.

The following external guarantees of the Company shall be considered and approved by the shareholders’ meeting:

- (I) any guarantee provided after the total amount of external guarantee provided by the Company and subsidiaries in which it has controlling interest has exceeded 50% of the latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantee provided by the Company has exceeded 30% of the latest audited total assets;
- (III) any guarantee provided by the Company within one year with a guaranteed amount exceeding 30% of the latest audited total assets of the Company;
- (IV) guarantee offered to any party whose gearing ratio has exceeded 70%;
- (V) a single guarantee whose amount exceeds 10% of the latest audited net assets;
- (VI) any guarantee provided to shareholders, actual controllers and their connected persons;

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- (VII) other guarantees that should be considered by the shareholders’ meeting as stipulated by the laws, administrative regulations, rules, regulatory documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

External guarantees subject to consideration and approval by the shareholders’ meeting shall be examined and approved by the Board of Directors before submission to the shareholders’ meeting for approval.

Except for matters requiring consideration and approval by the shareholders’ meeting as stipulated above, all other external guarantees of the Company shall be examined and approved by the Board of Directors.

When the shareholders’ meeting deliberates on a proposal for provision of guarantees to a shareholder, an actual controller and any of their connected persons (as defined in the Hong Kong Listing Rules), such shareholder or any shareholder controlled by such actual controller shall abstain from voting on such proposal. The proposal shall be subject to approval by more than half of the voting rights of the other shareholders attending the shareholders’ meeting.

Where the Company provides guarantees to connected persons (as defined in the Hong Kong Listing Rules), it shall comply with the applicable provisions of the Hong Kong Listing Rules (unless exempted by the Hong Kong Stock Exchange).

Shareholders’ meetings include annual shareholders’ meetings and extraordinary shareholders’ meetings. The annual shareholders’ meeting shall be held once every year within six months from the end of the preceding fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary shareholders’ meeting within two months from the date on which the circumstance occurs:

- (I) when the number of directors falls short of the quorum stipulated in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) when the Company’s unrecovered losses reach one-third of the total paid-up share capital;
- (III) when shareholders individually or jointly holding 10% or more of the Company’s shares (on the one-share, one-vote basis) request to convene the meeting;
- (IV) when deemed necessary by the Board;
- (V) when proposed by the Audit Committee;
- (VI) when there arise other circumstances as stipulated by 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 or the Articles of Association.

The venue of shareholders’ meeting of the Company is the address of the Company or other place designated by the convener of the shareholders’ meeting. A shareholders’ meeting shall be convened in the manner recognized or required by the securities regulatory authorities of the place where the Company’s shares are listed. The Company may also provide convenience for shareholders to attend shareholders’ meetings through the Internet, video conferencing, teleconference, or other methods in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed. Shareholders who attend the shareholders’ meeting through the above-mentioned methods shall be deemed to have attended the meeting. If the shareholders remotely participate in the shareholders’ meeting through the Internet, video conferencing, teleconference, or other methods, they shall complete the registration and identity verification in accordance with the notice of the shareholders’ meeting in advance, send their personal information to the Company, and use the network link and password provided by the Company to participate in the shareholders’ meeting.

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Without prejudice to the normal convening of the shareholders’ meeting, the Board of Directors and the chairman of the meeting shall arrange for shareholders who remotely participate in the shareholders’ meeting to speak and ask questions during the meeting. The Company will provide online voting to facilitate the participation of the shareholders in the shareholders’ meeting, provided it does not contravene any applicable laws, administrative regulations, departmental rules, regulatory documents, or the Hong Kong Listing Rules.

If 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 explicitly mandate the presence of lawyers for the convening of a shareholders’ meeting by the Company and the issuance of relevant legal opinions, the Company will engage lawyers to attend the shareholders’ meeting and advise on the following issues with announcements made thereon:

- (I) whether the procedures of convening and holding the meeting comply with the laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions on other relevant matters upon request by the Company.

Convening of the Shareholders’ Meeting

The Board shall convene shareholders’ meetings in a timely manner within the periods specified.

With the approval of a simple majority of all independent non-executive directors, the independent non-executive directors shall have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting, and such proposal shall be submitted to the Board of Directors in writing. Where independent non-executive directors propose to convene an extraordinary shareholders’ meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders’ meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary shareholders’ meeting, a notice on the convening of the shareholders’ meeting shall be issued within five days after the resolution is passed by the Board of Directors. If the Board of Directors does not agree to hold the extraordinary shareholders’ meeting, it shall give the reasons and make an announcement in respect thereof.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting, and such proposal shall be submitted to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders’ meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice on the convening of the shareholders’ meeting shall be issued within five days after the resolution is passed by the Board of Directors, and the changes made to the original proposal in the notice shall be approved by the Audit Committee.

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If the Board of Directors does not agree to convene an extraordinary shareholders’ meeting, or fails to reply within 10 days upon the receipt of the proposal, the Board of Directors shall be deemed as not being able to perform or failing to perform its duty to convene the shareholders’ meeting, and the Audit Committee may convene and preside over such meeting on its own.

Shareholders individually or jointly holding more than 10% of the Company’s shares shall have the right to request the Board of Directors to convene an extraordinary shareholders’ meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders’ meeting within 10 days upon the receipt of the request.

Where the Board of Directors agrees to convene the extraordinary shareholders’ meeting, a notice on the convening of the meeting shall be issued within 5 days after the resolution is passed by the Board of Directors, and the changes made to the original request in the notice shall be approved by relevant shareholders. Where it is otherwise provided in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

If the Board refuses to convene an extraordinary shareholders’ meeting or fails to give a response within 10 days after receiving the request, shareholders who individually or jointly hold more than 10% of the Company’s shares (on a one-share-one-vote basis) have the right to propose to the Audit Committee to convene an extraordinary shareholders’ meeting and shall submit such request to the Audit Committee in writing.

Where the Audit Committee agrees to convene the extraordinary shareholders’ meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Any change to the original proposal set forth in the notice shall be subject to approval by relevant shareholders.

If the Audit Committee fails to serve the notice of shareholders’ meeting within the prescribed period, it shall be deemed as failing to convene and preside over the shareholders’ meeting, and the shareholders severally or jointly holding more than 10% shares of the Company for consecutively 90 days may convene and preside over the meeting by themselves.

If the Audit Committee or shareholders decide to convene a shareholders’ meeting on their own, they must notify the Board of Directors in writing.

Prior to the announcement of the resolution of the shareholders’ meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The convening shareholder shall disclose an announcement no later than when the notice of the shareholders’ meeting is issued, and commit that during the period from the proposal to convene the shareholders’ meeting to the date of the meeting, their shareholding ratio shall not be less than 10% of the Company’s total shares.

Where it is otherwise provided in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

For the shareholders’ meeting convened by the Audit Committee or shareholders on their own, the Board of Directors and the secretary to the Board shall provide cooperation. The Board of Directors shall provide the register of shareholders as of the equity registration date. The register of shareholders obtained by the convener shall not be used for other purposes except for the shareholders’ meeting.

For shareholders’ meetings convened by the Audit Committee or shareholders on their own, the Company shall bear the necessary expenses for the meeting.

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Proposals and Notices of Shareholders’ Meetings

The content of a proposal shall fall within the scope of the shareholders’ meeting’s powers, have a clear topic and specific resolution items, and comply with relevant provisions of laws, administrative regulations, Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Where the Company convenes a shareholders’ meeting, the Board, Audit Committee, and shareholder(s) individually or jointly holding more than 1% shares of the Company may make proposals to the Company.

The shareholders individually or jointly holding more than 1% of the shares of the Company may raise a provisional proposal and submit it to the convener in writing 10 days before the shareholders’ meeting is held. The provisional proposal shall cover specific topics for discussion and specific issues to be resolved. The convener shall issue a supplementary notice of the shareholders’ meeting within two days of receiving the proposal, announcing the content of the provisional proposal, and submit the provisional proposal to the shareholders’ meeting for deliberation, except where the provisional proposal violates laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or falls outside the scope of the powers of the shareholders’ meeting.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of shareholders’ meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of shareholders’ meeting or not complying with the Articles of Association shall not be voted on or resolved at the of shareholders’ meeting.

The convener shall notify (including by way of an announcement) shareholders of annual shareholders’ meeting at least 21 days in advance, and shall notify (including by way of an announcement) shareholders of extraordinary shareholders’ meeting at least 15 days in advance.

The aforesaid period counted by the Company shall not include the day on which the meeting is convened, but shall include the day on which the notice is issued. If the laws, administrative regulations, Hong Kong Listing Rules and the securities regulatory authorities of the place where the Company’s shares are listed have other provisions, such provisions shall apply.

The written notice of a shareholders’ meeting shall specify:

- (I) time, venue and duration of the meeting;
- (II) matters and proposals submitted for consideration at the meeting;
- (III) a clear statement that all shareholders whose names appear on the register of shareholders on the equity registration date are entitled to attend the shareholders’ meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- (IV) the equity registration date of shareholders entitled to attend the shareholders’ meeting;
- (V) name and telephone number of the contact person of the meeting;
- (VI) where a shareholders’ meeting is held via online or other means, the voting time and voting procedure of such means;
- (VII) other matters specified by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company’s shares are listed.

The notice of the shareholders’ meeting and any supplementary notice shall include the content required by the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, and shall fully and completely disclose all specific details of all proposals.

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Where the opinions of an independent director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of shareholders’ meetings are served.

If a shareholders’ meeting is held over network or other means, the notice of shareholders’ meeting shall specify the voting time and voting procedure over network or other means.

The interval between equity registration date and the date of the meeting shall not be more than 7 working days. The equity registration date shall not be changed once confirmed.

Where the elections of directors are intended to be discussed at the shareholders’ meeting, the notice of the shareholders’ meeting shall sufficiently disclose the particulars of the candidates for directors, and shall include at least the following content:

- (I) personal particulars, including educational background, work experience, and part-time jobs;
- (II) whether one has any connected relations with the Company, its controlling shareholders and actual controllers;
- (III) the amount of shares of the Company one holds;
- (IV) whether one has been punished by the securities regulatory authorities or any other relevant authority or the reprimand of the stock exchange;
- (V) whether one meets the qualifications for the position as required by laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, as well as other details that should be disclosed.

Unless a director is elected via the cumulative voting system, each candidate for director shall be proposed via a single proposal.

After the notice of shareholders’ meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two working days prior to the date on which the meeting is originally scheduled. Where a shareholders’ meeting is postponed, the announcement shall also specify the new convening date.

Where the Hong Kong Listing Rules have special requirements for the aforesaid matters, such requirements shall apply.

Holding of Shareholders’ Meetings

The Board of Directors or any other convener shall take necessary measures to ensure the proper order of the shareholders’ meeting. The Board of Directors or any other convener shall take measures to stop any act disturbing the shareholders’ meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall timely report such act to relevant departments for investigation.

All shareholders recorded in the register of shareholders on the equity registration date or their proxies shall have the right to attend shareholders’ meetings, and they are entitled to exercise the right to vote in accordance with the relevant laws, regulations, Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association (unless individual shareholders are required by the securities regulatory rules of the place where the Company’s shares are listed to abstain from voting on specific matters).

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According to applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution matter, or is restricted to only vote in favor of (or against) a resolution matter, the votes cast by such shareholders or their representatives in violation of relevant regulations or restrictions shall not be counted.

The Company shall hold its annual shareholders’ meeting within 6 months following the end of its financial year. The shareholders may attend shareholders’ meetings and exercise voting rights either in person or by proxy. Each shareholder is entitled to appoint one or more persons as their proxy for the shareholders’ meeting, and such proxy need not be a shareholder of the Company. The said proxy may exercise the following rights as granted by the said shareholder:

- (I) to exercise shareholder’s right to speak at the shareholders’ meeting;
- (II) to severally or jointly request to vote by ballot;
- (III) unless otherwise provided by relevant laws, administrative regulations, the listing rules of the stock exchange where the Company’s shares are listed, or other securities laws and regulations, to exercise voting rights by a show of hands or by ballot.

If an individual shareholder attends the meeting in person, they shall present their ID card or other valid certificates or documents that can prove their identity. A proxy attending the meeting on behalf of an individual shareholder shall present their ID card and the power of attorney from the shareholder.

Corporate shareholders or other institutional shareholders shall be represented at the meeting and vote by their legal representative/executing partner or a proxy appointed by the legal representative/executing partner. If a corporate shareholder has sent a representative to attend any meeting, it shall be deemed to be present in person. If the legal representative/executing partner attends the meeting, he/she shall present their identification card and valid proof of their qualification as the legal representative/executing partner. If a proxy is appointed to attend the meeting, the proxy shall present their identification card and a written power of attorney issued by the legal representative/executing partner of the corporate shareholder unit/institutional shareholder unit in accordance with the law. A corporate shareholder may execute a proxy form by a person duly authorized by it.

Shareholders without independent legal personality shall be represented at the meeting by the person in charge (for a partnership enterprise, the executive partner, general partner, or a representative appointed by the executive partner) or by a proxy appointed by the person in charge.

If the shareholder is a recognized clearing house (or its agent) as defined in the relevant regulations in force from time to time under Hong Kong laws, the said shareholder may authorize one or more persons as it deems appropriate to act on its behalf at any shareholders’ meeting; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the authorization for each such person. The power of attorney shall be signed by a person authorized by the recognized clearing house. Persons so authorized may attend the meeting on behalf of the recognized clearing house (or its agent) and exercise rights (including the right to speak and vote) without presenting shareholding certificates, notarized authorizations and/or further evidence to prove their formal authorization, as if such persons were individual shareholders of the Company.

The power of attorney used by shareholders to appoint proxies to attend the shareholders’ meeting shall contain the following information:

- (I) name or title of the principal and the class and number of the Company’s shares held by the principal;
- (II) name or title of the proxy;

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- (III) the proxy matters and scope of authorization, specific instructions from the shareholder, including instructions to vote in favor, against, or abstain on each matter on the agenda of the shareholders’ meeting; specific instructions on whether voting rights exist for any provisional proposals that may be included in the shareholders’ meeting agenda, and if voting rights exist, the specific manner in which such voting rights should be exercised;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal. If the principal is a corporate shareholder, the power of attorney shall be affixed with corporate seal or signed by an eligible person.

The power of attorney shall indicate whether the shareholder proxy may vote at their own discretion if the shareholder does not provide specific instructions. A proxy need not be a shareholder of the Company. The proxy shall exercise the voting rights within the scope of authorization. If no specific instructions are provided, it shall be deemed that the proxy has the authority to vote according to their own discretion.

Where the Hong Kong Listing Rules have special requirements for the power of attorney, such requirements shall apply.

Where a power of attorney for proxy voting is signed by a person authorized by the principal, the letter of authorization authorizing signature or other authorization documents shall be notarized. The notarized letter of authorization and other authorization documents shall, together with the power of attorney for proxy voting, be deposited at the Company’s domicile or at such other place as specified in the notice of the meeting.

Where the principal is a non-natural person shareholder, its legal representative (person-in-charge) or a person authorized by resolution of its board of directors or other decision-making body shall attend the Company’s shareholders’ meeting as its representative.

If the shareholder is a recognized clearing house (or its agent) as defined by the relevant regulations from time to time in effect in the place where the Company’s shares are listed, such shareholder shall have the right to appoint one or more proxies or corporate representatives to attend shareholders’ meetings and creditors’ meetings. These proxies or corporate representatives shall enjoy statutory rights equivalent to those of other shareholders, including the right to speak and vote. If two or more persons are authorized, the proxy form or authorization document shall specify the number and class of shares involved in the authorization for each such person. Persons authorized in this manner may exercise rights on behalf of the recognized clearing house (or its agent) as defined by the relevant regulations from time to time in effect in the place where the Company’s shares are listed without presenting shareholding certificates, notarized authorizations and/or further evidence to prove their formal authorization, as if such persons were individual shareholders of the Company.

Attendees register shall be prepared by the Company. The register shall, amongst other matters, contain the names (or corporate names) of the attendees, their identity card numbers, the number of voting shares held or represented by them, and the names (or corporate names) of the proxies.

The convener and the lawyer (if any) appointed by the Company shall jointly verify the validity of the shareholders’ qualifications based on the register of shareholders provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of voting shares held by them. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.

If the shareholders’ meeting requires the directors and senior management members to be present at the meeting, the directors and senior management members shall attend the meeting as observers and subject themselves to the inquiries of the shareholders.

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The shareholders’ meetings shall be presided over by the chairman of the Board of Directors. Where the chairman cannot or does not fulfill the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

A shareholders’ meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable to perform their duties or fails to perform their duties, one member of the Audit Committee jointly recommended by more than half of the Audit Committee members shall preside over the meeting.

For a shareholders’ meeting convened by shareholders on their own, it shall be presided over by the convener or a representative recommended by the convener.

When a shareholders’ meeting is held and the presider violates the rules of procedure, which makes it difficult for the shareholders’ meeting to continue, a person may be elected at the shareholders’ meeting to act as the presider to continue the meeting, subject to the approval of more than half of the attending shareholders with voting rights.

The Company shall formulate rules of procedure for shareholders’ meetings defining in details the convening and voting procedure of shareholders’ meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, as well as the authorization principles of shareholders’ meetings to the Board of Directors. The content of such authorizations shall be clear and specific. The rules of procedure for shareholders’ meetings shall be appendix to the Articles of Association and shall be formulated by the Board and approved by the shareholders’ meeting.

At the annual shareholders’ meeting, the Board of Directors shall report to the shareholders’ meeting on its work over the past year. Every independent non-executive director shall also make his/her work reports.

Except for information involving the Company’s trade secrets that cannot be disclosed at the shareholders’ meeting, the directors and senior management members shall provide explanations and clarifications at the meeting in response to inquiries and suggestions from shareholders.

The presider of the meeting shall, prior to voting, announce the number of shareholders and proxies present in person at the meeting and the total number of voting shares represented by them, but the figures recorded in the meeting registration records will prevail.

The shareholders’ meeting shall have minutes, which shall be the responsibility of the secretary to the Board.

The minutes of the meeting shall specify:

- (I) time, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors and senior management members attending the meeting or present at the meeting as observers;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the lawyer (if any), counting officer and monitoring officer;

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- (VII) other content that shall be recorded in the minutes as deemed necessary by the shareholders’ meeting or in accordance with the provisions of the Articles of Association or the securities regulatory rules of the place where the Company’s shares are listed.

The convener shall ensure that the minutes are truthful, accurate and complete. The attending directors, secretary to the Board, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot, the power of attorney for attendance by proxy, and the valid information relating to voting by other means shall be kept for at least ten 10 years.

The convener shall ensure that the shareholders’ meeting does not end until a final resolution is made. If the shareholders’ meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the shareholders’ meeting as soon as possible or directly terminate the shareholders’ meeting and make a responsive announcement pursuant to laws, regulations or provisions of the securities regulatory authorities of the place where the Company’s shares are listed.

Voting and Resolutions at Shareholders’ Meetings

Resolutions of a shareholders’ meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the shareholders’ meeting.

Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the shareholders’ meeting.

The following matters shall be approved by ordinary resolutions at a shareholders’ meeting:

- (I) work reports of the Board of Directors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board of Directors, their remunerations and the method of payment thereof;
- (IV) appointment, dismissal, or non-renewal of an accounting firm and its remuneration;
- (V) the Company’s annual reports;
- (VI) other issues than those that should be passed by special resolutions pursuant to relevant laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

The following issues shall be approved by special resolutions at a shareholders’ meeting:

- (I) increase or decrease of the registered capital of the Company;
- (II) division, split, merger, dissolution and liquidation (including voluntary liquidation) of the Company;
- (III) amendment to the Articles of Association;
- (IV) the Company’s acquisition or disposal of major assets, or provision of guarantees to third parties within one year with the amount exceeding 30% of the latest audited total assets of the Company;
- (V) share incentives schemes; and

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- (VI) any other issue specified in the laws, administrative regulations, Hong Kong Listing Rules, others securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association and confirmed by an ordinary resolution at a shareholders’ meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his/her votes in the same way of pros, cons or abstention.

Votes for medium and small investors shall be separately counted when any material matter affecting their interests is considered at the shareholders’ meeting. The separate counting results shall be disclosed responsively and publicly.

The Company has no voting right for its own shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders’ meeting.

If a shareholder purchases the Company’s voting shares in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after purchase and shall not be counted in the total number of voting shares present at the shareholders’ meeting.

The Company’s Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or provisions of the securities regulatory authorities of the place where the Company’s shares are listed may publicly solicit shareholders’ voting rights. When soliciting shareholders’ voting rights, full disclosure of specific voting intentions and other information shall be provided to the solicited persons. It is prohibited to solicit shareholders’ voting rights in a paid or disguised paid manner. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

If the Company has other shares outstanding, it shall be specified whether they carry voting rights.

When the shareholders’ meeting deliberates matters related to connected transactions (as defined in the Hong Kong Listing Rules), connected shareholders (as defined in the Hong Kong Listing Rules) may make appropriate statements regarding such connected transaction but shall not participate in voting. The number of voting shares represented by them shall not be included in the total number of valid votes.

Before the shareholders’ meeting deliberates on connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant national laws and regulations, the Hong Kong Listing Rules, and the regulatory requirements of the securities regulatory authorities of the place where the Company’s shares are listed. Connected shareholders or their authorized representatives may attend the shareholders’ meeting and may, in accordance with the meeting procedures, explain their views to the attending shareholders, but shall abstain from voting when it comes to voting. When a shareholders’ meeting resolves matters related to connected transactions, connected shareholders shall proactively abstain from voting. If connected shareholders do not proactively abstain from voting, other shareholders attending the meeting have the right to request that connected shareholders abstain from voting.

After connected shareholders abstain, other shareholders shall vote based on their voting rights, and the corresponding resolutions shall be passed in accordance with the provisions of the Articles of Association. The abstention and voting procedures for connected shareholders shall be announced by the presider of the shareholders’ meeting and recorded in the meeting minutes.

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Resolutions on connected transactions passed at the shareholders’ meeting shall be valid only if approved by more than half of the voting rights held by non-connected shareholders present at the meeting. However, if such connected transactions involve matters requiring approval by special resolution as stipulated in the Articles of Association, resolutions at the shareholders’ meeting shall be valid only if approved by two-thirds or more of the voting rights held by non-connected shareholders present at the meeting. If connected shareholders fail to disclose their connected relationship or abstain from voting in accordance with the aforementioned procedures, all resolutions regarding such connected matters shall be invalid and shall be re-voted. If an announcement is required, the announcement of the shareholders’ meeting resolution shall fully disclose the voting status of non-connected shareholders (subject to the requirements of the Hong Kong Stock Exchange). According to applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution matter, or is restricted to only voting in favor of (or against) a resolution matter, the votes cast by such shareholder or its representative in violation of relevant regulations or restrictions shall not be counted.

Connected transactions between the Company and connected parties shall be governed by written agreements. Such agreements shall be entered into on the principles of equality, voluntariness, equivalence, and compensation, and their content shall be clear and specific.

If the Hong Kong Listing Rules stipulate that any shareholder must waive voting rights or is restricted to voting only in favor of (or against) other resolution matters, any votes cast by such shareholder or its representative in violation of the relevant provisions or restrictions on such matters shall not be counted.

Except under special circumstances such as a crisis in the Company, the Company shall not enter into a contract that delegates the management of all or significant business operations of the Company to any person other than directors, the general manager or other senior management member, unless such contract is approved by the shareholders’ meeting through a special resolution.

The list of director candidates shall be submitted to the shareholders’ meeting for voting in the form of a proposal.

The method and procedure for nominating director candidates are:

- (I) When the Board of Directors is to be re-elected or incumbent directors are to be supplemented, the incumbent Board of Directors, or shareholders individually or collectively holding 1% or more of the shares may nominate candidates for directors to be represented by shareholders in the next Board of Directors or candidates for supplementary directors, provided that the number of nominees does not exceed the number of positions to be filled.
- (II) Independent non-executive directors shall be nominated by the incumbent Board of Directors, or shareholders individually or collectively holding 1% or more of the Company’s issued and outstanding shares.
- (III) Shareholders shall submit the resumes and basic information of their nominated director and independent non-executive director candidates to the incumbent Board of Directors. The incumbent Board of Directors shall conduct qualification reviews. Candidates who meet the qualifications for director positions after review shall be submitted to the shareholders’ meeting for election.
- (IV) Before nominating a director candidate, the nominator shall obtain a written commitment from the candidate confirming their acceptance of the nomination and undertaking that the information disclosed about the director candidate is true, complete, and that they will diligently fulfill the duties of a director upon election.

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When the shareholders’ meeting votes on the election of directors, cumulative voting may be implemented in accordance with the provisions of the Articles of Association or a resolution of the shareholders’ meeting. If a single shareholder and its concerted parties collectively hold 30% or more of the Company’s shares with vested interests, cumulative voting shall be implemented.

Cumulative voting mentioned in the preceding paragraph refers to a system used in the election of directors at a shareholders’ meeting, where each share carries the same number of voting rights as the number of directors to be elected, and the shareholders’ voting rights may be used in a concentrated manner. The Board shall provide shareholders with the brief biographies and background information of the candidates for directors.

When cumulative voting is implemented at the shareholders’ meeting, the following principles shall apply:

- (I) The number of director candidates may exceed the number of directors to be elected at the shareholders’ meeting. However, the number of candidates each shareholder votes for shall not exceed the number of directors to be elected, and the total number of votes allocated shall not exceed the number of voting rights held by the shareholder. Otherwise, the vote shall be invalid.
- (II) The final elected directors shall be determined based on the order of the number of votes received, provided that the minimum number of votes required for each elected director must exceed half of the total number of shares held by shareholders (including shareholder proxies) present at the shareholders’ meeting. If the number of elected directors is less than the number of directors to be elected at the shareholders’ meeting, a re-vote shall be conducted for the remaining positions among all director candidates who did not receive sufficient votes. If the positions remain unfilled, they shall be filled at the Company’s next shareholders’ meeting. If two or more director candidates receive the same number of votes but only a limited number of them can be elected due to the quota of positions to be filled, a separate re-vote shall be conducted for these director candidates with the same number of votes.

Save under the cumulative voting system, the shareholders’ meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on in the order of time at which they are submitted. Unless the shareholders’ meeting is suspended or a resolution cannot be made due to special reasons including force majeure, the shareholders’ meeting shall not put off the proposals or refuse to vote on the proposals.

No amendment shall be made to a proposal when it is considered at a shareholders’ meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the current shareholders’ meeting.

The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

Shareholders’ meetings shall adopt voting by registered ballot.

When proposals are voted on at the shareholders’ meeting, two shareholders’ representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has connections with any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of votes.

When proposals are voted on at the shareholders’ meeting, the lawyer (if any) and shareholders’ representative shall be jointly responsible for the counting and monitoring of the votes according to the Hong Kong Listing Rules, and shall announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

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Shareholders or proxies thereof voting over the network or by other means shall have the right to check their voting results via the corresponding voting system.

A shareholders’ meeting shall not conclude earlier at the venue than over the network or otherwise, and the presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

Prior to the official announcement of the voting results, all relevant parties involved in the shareholders’ meeting — whether on-site, online, or through other voting methods — including the Company, vote counters, vote supervisors, shareholders, and online service providers, shall maintain confidentiality regarding the voting proceedings.

Shareholders who are present at the shareholders’ meeting shall adopt one of the following stances when a proposal is put forward for voting: for, against or abstention. 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.

Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”.

If, according to the stock exchange where the Company’s shares are listed, any shareholder is required to vote “abstain” on any specific resolution or is restricted to voting only in favor of or against a resolution, any votes cast by such shareholder or its representative in violation of such requirement or restriction shall not be counted.

If the presider has any doubt regarding the voting results of a resolution submitted for voting, they may arrange for a recount of the votes. If the presider does not conduct a recount, shareholders or shareholder proxies present at the meeting who disagree with the results announced by the presider shall have the right to immediately request a recount after the announcement of the voting results, and the presider shall promptly arrange for such a recount.

Resolutions of the shareholders’ meeting shall be announced in a timely manner in accordance with laws, regulations, or the provisions of the securities regulatory authorities in the place where the Company’s shares are listed. The announcement shall list the number of attending shareholders and their proxies, the total number of voting shares held by them and the proportion of these shares to the total number of voting shares of the Company, the voting method, the voting result for each proposal, the details of each resolution passed, and any other matters required to be included by the Hong Kong Listing Rules.

If a proposal is not adopted or if the current shareholders’ meeting amends a resolution of a previous shareholders’ meeting, a special notice shall be included in the of the resolution of the shareholders’ meeting.

If the shareholders’ meeting passes a proposal regarding the election of directors, the term of office for the newly elected directors shall commence from the time specified in the resolution of the shareholders’ meeting. If the resolution of the shareholders’ meeting does not specify the commencement of the term, the newly elected directors shall assume their positions from the date when the resolution of the shareholders’ meeting is passed. However, in the case of an election for a change of Board members, if the terms of the current Board members have not yet expired, the new Board members shall assume their positions from the date when the terms of the current Board members expire.

If the shareholders’ meeting passes a proposal concerning cash dividends, bonus share issues, or capital reserve conversion into share capital, the Company shall implement the specific plan within two months after the conclusion of the shareholders’ meeting. If, due to the provisions of applicable

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laws, regulations, or securities regulatory rules of the place where the Company’s shares are listed, the specific plan cannot be implemented within two months, the implementation date of the specific plan may be adjusted accordingly in accordance with such provisions and the actual circumstances.

BOARD OF DIRECTORS

General Provisions on Directors

Directors of the Company shall be natural persons. A person with any of the following circumstances shall not serve as a director of the Company:

- (I) Having no capacity for civil conduct or limited capacity for civil conduct;
- (II) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, and less than 5 years have elapsed since the expiration of the execution period, or if on probation, less than 2 years have elapsed since the expiration of the probation period;
- (III) Having served as a director, factory director, or general manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (IV) Having served as the legal representative of a company or enterprise whose business license has been revoked or has been ordered to close down due to illegal activities and being personally liable, and less than 3 years have elapsed since the revocation of the business license or the order to close down of such company or enterprise;
- (V) Having a large-amount debt but unpaid upon maturity and being listed as a person subject to enforcement for bad credit by the people’s court;
- (VI) Having been subject to measures restricting access to the securities market by the CSRC, or the stock exchange where the Company’s shares are listed or other regulatory authorities, where the time limit has not expired;
- (VII) Other contents specified by 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.

Elections, appointments or engagements of directors that violate the provisions of this article shall be invalid. If a director becomes subject to any of the circumstances listed in this article during his/her tenure, the Company shall terminate his/her position.

Directors shall be elected or replaced by the shareholders’ meeting and may be removed from their positions by the shareholders’ meeting before the expiration of their term. Each director shall hold office for a term of three years. Directors are eligible for re-election upon the expiration of their term, subject to the securities regulatory rules of the place where the Company’s shares are listed.

The term of a director is calculated from the date of assuming office until the expiration of the current Board of Directors’ term. If the term of office of a director expires without timely re-election, or if a director’s resignation during his/her term of office causes the number of Board members to fall below the statutory minimum, or the Company’s failure to meet other requirements of the Hong Kong Listing Rules, the original director shall continue to perform his/her duties as a director in accordance with the relevant laws, administrative regulations, departmental rules, and the Articles of Association, until the newly elected director takes office.

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Any person appointed as a director by the Board to fill any casual vacancy on the Board or to increase the size of the Board shall stand for election by the shareholders at the first annual shareholders’ meeting held after his/her appointment. Such appointed director shall hold office only until the first annual shareholders’ meeting of the Company following his/her appointment, and shall then be eligible for re-election. Where the applicable securities regulatory rules of the place where the Company’s shares are listed have special provisions regarding the re-election of directors, such provisions shall prevail.

A director may also hold the position of general manager or other senior management positions, but the total number of directors who also serve as the general manager or other senior management positions shall not exceed half of the total number of directors of the Company.

The Company shall have no employee representative director.

Directors shall comply with laws, administrative regulations, the regulatory rules of the place where the Company’s shares are listed, and the Articles of Association. They shall owe a duty of loyalty to the Company, and take measures to avoid conflicts between their own interests and the Company’s interests, and shall not seek any improper interests by taking advantage of their official powers.

Directors shall owe the following duties of loyalty to the Company:

- (I) not to embezzle the property or misappropriate the funds of the Company;
- (II) not to open in their own names or in others’ names any bank account for the purpose of depositing any of the Company’s monies;
- (III) not to abuse their official powers to offer bribes or accept other unlawful income;
- (IV) not to directly or indirectly conclude a contract or conduct a transaction with the Company, without reporting to the Board of Directors or the shareholders’ meeting, or obtaining an approval by resolutions of the Board of Directors or the shareholders’ meeting according to the Articles of Association;
- (V) not to take advantage of their positions to seek any business opportunity that belongs to the Company for themselves or any other person, unless they have reported to the Board of Directors or the shareholders’ meeting and have been approved by a resolution of the shareholders’ meeting, or the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations, or the Articles of Association;
- (VI) not to engage in any business that is similar to that of the Company for themselves or for any other person, without reporting to the Board of Directors or the shareholders’ meeting, or obtaining an approval by resolutions of the Board of Directors or the shareholders’ meeting according to the Articles of Association;
- (VII) not to take as their own any commission for any transaction between the Company and others;
- (VIII) not to disclose the confidential information of the Company without authorization;
- (IX) not to use their connected relations to damage the interests of the Company;
- (X) other duties of loyalty as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other 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 this article shall be surrendered to the Company; if losses are caused to the Company, the director shall be liable for compensation.

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The provisions of item (IV) of paragraph 2 of this article shall apply when a close relative of a director or senior management member, an enterprise directly or indirectly controlled by a director, senior management member or their close relatives, or a connected individual having other connected relationships with a director or senior management member enters into a contract or conducts a transaction with the Company.

Directors shall comply with laws, administrative regulations, the regulatory rules of the place where the Company’s shares are listed, and the Articles of Association. They shall owe a duty of diligence to the Company and, in performing their duties, shall exercise reasonable care that a manager would normally exercise for the best interests of the Company.

Directors shall owe the following duties of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business activities of the Company comply with the national laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the Company’s business license;
- (II) to treat all shareholders fairly;
- (III) to keep abreast of the Company’s business operations and management status;
- (IV) to sign written statements confirming periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate, and complete;
- (V) to honestly provide the Audit Committee with relevant information and materials, and not to prevent the Audit Committee from exercising its functions and powers;
- (VI) other duties of diligence as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board of Directors shall suggest that the shareholders’ meeting dismiss the said director.

A director may resign before the expiration of his/her term of office. The resignation of a director shall be submitted to the Board of Directors in the form of a written resignation report. A director’s resignation shall take effect on the date the Company receives the written resignation report, and the Board of Directors shall disclose the relevant information within two days. In the event that the resignation of any director results in the number of members of the Board of Directors of the Company falling below the statutory minimum requirement, or if the resignation of an independent non-executive director results in the number or proportion of independent non-executive directors on the Board of Directors of the Company or its special committees not meeting the laws, regulations, and the securities regulatory rules of the place where the Company’s shares are listed, or if there are no individuals among the independent non-executive directors who meet the regulatory requirements for appropriate professional qualifications or appropriate accounting or relevant financial management expertise, the original director shall continue to perform his/her duties as a director in accordance with the relevant laws, administrative regulations, departmental rules, and the Articles of Association, until the newly elected director takes office.

If the resignation of a director takes effect, if his/her term of office expires, or if he/she is removed from office, the said director shall properly complete all handover procedures with the Board of Directors. His/her duty of loyalty to the Company and its shareholders shall not automatically terminate upon the conclusion of his/her term of office and shall continue to be in effect for a period of two years after his/her resignation becomes effective or his/her term of office expires. The director’s obligation to keep the Company’s trade secrets confidential shall remain in

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force after his/her resignation becomes effective or his/her term of office expires, until such secrets become public information. The liability of a director for actions performed in the execution of his/her duties during the term of office shall not be exempted or terminated upon his/her departure.

The shareholders’ meeting may resolve to remove a director, and the removal shall take effect on the date the resolution is adopted.

If a director is removed prior to the expiration of his/her term without just cause, the director may require the Company to provide compensation.

Save as specified in the Articles of Association or legally authorized by the Board, no director shall act on behalf of the Company or the Board in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

When a director, in the performance of his/her duties for the Company, causes damage to any other party, the Company shall bear the liability for compensation. If the director is found to have acted with intent or gross negligence, he/she shall also be liable for compensation.

Where directors, in the performance of their duties to the Company, violate laws, administrative regulations, departmental rules or the Articles of Association and cause losses to the Company, they shall be liable for compensation.

Board of Directors

Article 1 The Company shall establish a Board of Directors, which is accountable to the shareholders’ meeting.

Article 2 The Board of Directors shall consist of seven directors, of whom three shall be independent non-executive directors. The Board of Directors shall have one chairman. At all times, more than one-third of the members of the Board of Directors shall be independent non-executive directors, with the total number of independent non-executive directors being no less than three. At least one of these independent non-executive directors shall be a financial and accounting professional and meet the requirements of Rule 3.10(2) of the Hong Kong Listing Rules.

Article 3 The Board of Directors shall exercise the following functions and powers:

- (I) to convene the shareholders’ meeting and submit work reports to the shareholders’ meeting;
- (II) to implement resolutions of the shareholders’ meeting;
- (III) to decide on the Company’s business plans and investment proposals, and to decide on the Company’s entry into business areas outside its principal business scope or on change of its existing principal business;
- (IV) to formulate the Company’s profit distribution plans and loss recovery plans;
- (V) to formulate plans for the Company’s increase or decrease of registered capital, issuance of bonds or other securities, and listing;
- (VI) to draft plans for major acquisitions, repurchases of the Company’s shares, mergers, divisions, dissolution, or changes in the Company’s form;
- (VII) to decide on matters such as the Company’s external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, within the scope authorized by the shareholders’ meeting;

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- (VIII) to decide on the establishment of the Company’s internal management structure;
- (IX) to appoint or dismiss the Company’s general manager and secretary to the Board; based on the general manager’s nomination, to appoint or dismiss the Company’s deputy general manager, chief financial officer and other senior management members, and to determine their remuneration and matters of reward and punishment;
- (X) to formulate the Company’s basic management system;
- (XI) to formulate proposals for the amendment of the Articles of Association;
- (XII) to manage the Company’s information disclosure matters;
- (XIII) to propose to the shareholders’ meeting the appointment or replacement of the accounting firm for the Company’s audit;
- (XIV) to listen to the work reports of the Company’s general manager and to review the work of the general manager;
- (XV) to formulate and review the Company’s corporate governance policies and practices, and make recommendations to the Board;
- (XVI) to review and monitor the training and continuous professional development of directors and senior management members;
- (XVII) to review and monitor the Company’s policies and practices regarding compliance with legal and regulatory requirements;
- (XVIII) to formulate, review, and monitor the code of conduct and compliance manual (if any) for employees and directors;
- (XIX) to review the Company’s compliance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and its disclosure in the Corporate Governance Report;
- (XX) to approve transactions that should be approved by the Board of Directors according to laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed, provisions of the relevant regulatory authorities and the Articles of Association;
- (XXI) other functions and powers granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association, or the shareholders’ meeting.

Issues beyond the scope authorized by the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

Article 4 The Board of Directors of the Company shall make explanations to the shareholders’ meeting in relation to the non-standard audit opinions produced by certified public accountants on the financial reports of the Company.

Article 5 The Board shall formulate rules of procedure for meetings of the Board of Directors to ensure implementation of resolutions passed by the shareholders’ meeting, enhance operational efficiency, and guarantee scientific decision-making.

The rules of procedure for meetings of the Board of Directors shall stipulate the convening and voting procedures for meetings of the Board of Directors, and shall be attached as an appendix to the Articles of Association, drafted by the Board of Directors and approved by the shareholders’ meeting.

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To ensure the implementation of the responsibilities of the Board of Directors, the Board of Directors shall establish three special committees: the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. The special committees shall be composed entirely of directors. The composition of the members shall comply with relevant requirements stipulated by 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 or relevant regulatory authorities. The Board of Directors shall be responsible for formulating the working rules for each special committee and standardizing their operations.

Each of the aforementioned special committees may engage intermediaries to provide professional advice, with the related expenses borne by the Company.

Each special committee shall be accountable to the Board of Directors, and the proposals of each special committee shall be submitted to the Board of Directors for review and decision.

Article 6 The Board of Directors shall determine the authority for external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, and shall establish stringent review and decision-making procedures. Matters beyond the authority of the Board of Directors or the scope of authorization granted by the shareholders’ meeting shall be reported to the shareholders’ meeting for approval.

Article 7 The chairman of the Board of Directors shall be elected by a majority of all members of the Board.

Article 8 The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over the shareholders’ meeting, and to convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of Board resolutions;
- (III) to sign the Company’s shares, corporate bonds, and other securities;
- (IV) to sign important documents of the Board of Directors and other documents that should be signed by the chairman of the Board of Directors of the Company;
- (V) to exercise the powers of the legal representative;
- (VI) in emergency situations of force majeure, such as major natural disasters, to exercise special powers to manage the Company’s affairs in accordance with legal provisions and the Company’s interests, and to report to the Board of Directors and the shareholders’ meeting afterwards;
- (VII) other functions and powers granted by the Board of Directors.

Article 9 Board meetings shall be categorized into regular meetings and extraordinary meetings. The Board of Directors shall hold at least four meetings each year, approximately once per quarter, convened by the chairman. A notice (including by personal delivery, fax, or email) of a regular Board meeting shall be given to all directors at least 14 days prior to the meeting. Regular Board meetings shall not include obtaining the approval of the Board of Directors by circulating written resolutions. The chairman shall hold at least one meeting annually with the independent non-executive directors without the attendance of any other executive directors.

Article 10 Shareholders representing more than one-tenth of the voting rights, one-third of the directors, or the Audit Committee may propose the convening of an extraordinary Board meeting. The chairman shall convene and preside over the Board meeting within 10 days of receiving such a proposal.

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Article 11 Notices for extraordinary Board meetings shall be served by personal delivery, letter, fax, email, or telephone; the notice period shall be no later than three days prior to the convening of the extraordinary Board meeting.

However, the notice period for an extraordinary Board meeting convened for specially urgent matters may be exempted from the restrictions of the preceding paragraph with the unanimous consent of all directors.

Article 12 The notice of a Board meeting shall specify:

- (I) the date and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and topics for discussion; and
- (IV) date on which the notice is sent.

Article 13 A Board meeting shall be held only if a majority of the directors are present. Unless otherwise provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, any resolution of the Board shall require approval by a majority of all the directors.

Each director shall have one vote on Board resolutions.

Article 14 Where a director has a connected relationship (as defined in the Hong Kong Listing Rules) with an enterprise involved in the matter to be resolved on at a Board meeting, such director shall promptly make a written report to the Board. The director with such a relationship shall not vote on the resolution or act as a proxy for another director to vote. The Board meeting may proceed with the attendance of a majority of the non-connected directors, and resolutions of the Board shall require the approval of a majority of the non-connected directors. If the number of non-connected directors attending the Board meeting is less than three, the matter shall be submitted to the shareholders’ meeting for consideration.

Article 15 Voting on Board resolutions may be conducted by open ballot, a show of hands, fax, email, letter, or telephone. Where fax, email, letter, or telephone is used, the Company shall retain the corresponding fax copies, emails, letters, dispatch receipts, and telephone recordings for a period of 10 years. However, if any director requests a voting by ballot, the voting shall be conducted by ballot. If the laws, regulations, or the securities regulatory rules of the place where the Company’s shares are listed have any additional restrictions on directors’ participation in Board meetings and voting by ballot, such provisions shall prevail.

Board meetings shall, as a general principle, be convened in the form of a physical meeting. Extraordinary Board meetings may be convened and resolutions may be made via fax, email, letter, or telephone, provided that the directors can fully express their opinions. All participating directors shall then sign the resolutions.

When Board meetings are convened by non-physical means, the number of directors present at the meeting shall be calculated based on directors shown present via video, directors who express opinions during a teleconference, and valid voting proxies received via fax or email within the stipulated timeframe.

When a Board meeting is conducted simultaneously by physical and non-physical means, the number of directors deemed present shall be confirmed based on the sum of the counts in accordance with paragraphs 2 and 3 of this article.

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Article 16 Board meetings shall be attended by directors in person. If a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf. An independent non-executive director shall appoint another independent non-executive director to attend on his/her behalf. The letter of appointment shall specify the name of the proxy, the matters to be represented, the scope of authority, and the validity period, and shall be signed or sealed by the appointing director. Directors shall not make or accept an appointment of proxy without voting intention, an appointment with full discretion or an appointment with unclear scope of authorization. The proxy shall exercise the director’s rights within the scope of authority. If a director does not attend the Board meeting and does not appoint a proxy to attend, he/she shall be deemed to have waived his/her voting rights at that meeting.

A director shall not accept appointments to represent more than two other directors at any single Board meeting. Independent non-executive directors shall not appoint non-independent non-executive directors to attend meetings on their behalf. When connected transactions are considered, non-connected directors shall not appoint connected directors to attend meetings on their behalf.

Article 17 The Board shall prepare minutes for the decisions made on matters discussed at the meeting, and directors attending the meeting shall sign the minutes. If a director has a dissenting opinion on the minutes or the resolution record, he/she may provide a written statement when signing.

The minutes of Board meetings shall be kept as archives of the Company for at least 10 years.

Article 18 The minutes of a Board meeting shall specify:

- (I) the date and venue of the meeting, as well as the name of the convener;
- (II) the names of the attending directors and the names of directors (proxies) attending the Board meeting on behalf of others;
- (III) the agenda of the meeting;
- (IV) key points of directors’ speeches;
- (V) the voting method and results for each resolution (the voting results shall specify the number of votes in favor, against, or abstained).

Independent Non-executive Directors

Independent non-executive directors shall, in accordance with the provisions of laws, administrative regulations, the CSRC, stock exchanges, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, conscientiously perform their duties, play the role of participation in decision-making, supervision and checks and balances, and professional consulting in the Board of Directors, so as to safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

The tenure, nomination, election, resignation, and other matters concerning independent non-executive directors shall be subject to the provisions of laws, administrative regulations, other regulatory documents, the securities regulatory rules of the place where the Company’s shares are listed, and the relevant management rules of the Company.

Independent non-executive directors shall remain independent. The following persons shall not serve as independent non-executive directors:

- (I) persons who hold positions in the Company or its subsidiaries and their spouses, parents, children and major social relations;

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- (II) natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or are among the top 10 shareholders of the Company and their spouses, parents and children;
- (III) persons who hold positions in shareholders who directly or indirectly hold more than 5% of the issued shares of the Company or the top five shareholders of the Company and their spouses, parents and children;
- (IV) persons who hold positions in subsidiaries of the controlling shareholders or actual controllers of the Company and their spouses, parents and children;
- (V) persons who have major business dealings with the Company and its controlling shareholders or actual controllers or their respective subsidiaries, or persons who hold positions in the entities with major business dealings and their controlling shareholders or actual controllers;
- (VI) persons who provide financial, legal, consulting, sponsorship and other services for the Company and its controlling shareholders, actual controllers or their respective subsidiaries, including but not limited to all the project team members of the intermediary agencies providing services, review persons at all levels, persons signing reports, partners, directors, senior management members and principal persons in charge;
- (VII) persons who have had any of the circumstances listed in items (I) to (VI) within the last 12 months (or such other applicable period as prescribed by the Hong Kong Listing Rules);
- (VIII) other persons who are not independent as stipulated by laws, administrative regulations, the provisions of the CSRC, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Independent non-executive directors shall conduct annual self-assessments of their independence and submit the results to the Board of Directors. The Board of Directors shall annually assess the independence of incumbent independent non-executive directors and issue a specific opinion, which shall be disclosed together with the annual report.

An independent non-executive director shall:

- (I) be qualified as a director of listed companies in accordance with laws, administrative regulations and other relevant provisions;
- (II) comply with the independence requirements stipulated in the Articles of Association and the Hong Kong Listing Rules;
- (III) possess basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations and rules;
- (IV) possess more than five years of working experience in law, accounting or economics, which is necessary for performing the duties of an independent non-executive director;
- (V) have good personal character and no bad record such as major dishonesty record;
- (VI) serve as an independent director simultaneously in no more than three listed companies;
- (VII) comply with any other conditions stipulated by laws, administrative regulations, the provisions of the CSRC, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed.

Independent non-executive directors shall exercise the following special functions and powers:

- (I) to independently engage an intermediary organization to audit, consult or verify specific matters of the listed company;

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- (II) to propose the convening of an extraordinary shareholders’ meeting to the Board of Directors;
- (III) to propose the convening of a Board meeting;
- (IV) to publicly solicit shareholders’ rights from shareholders in accordance with the law;
- (V) to issue independent opinions on matters that could potentially harm the interests of the listed company or minority shareholders;
- (VI) any other functions and powers stipulated by laws, regulations, relevant rules of the Shanghai Stock Exchange, and the Articles of Association.

Where independent non-executive directors exercise the functions and powers referred to in Items (I) to (III) of the preceding paragraph, they shall seek the consent of more than half of all independent non-executive directors.

Where independent non-executive directors exercise the functions and powers listed in the first paragraph of this article, the listed company shall promptly disclose such exercise. If the aforementioned functions and powers cannot be exercised normally, the listed company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for consideration after approval by more than half of all independent non-executive directors of the Company:

- (I) connected transactions that are required to be disclosed;
- (II) plans for the alteration or waiver of commitments by the Company and relevant parties;
- (III) decisions made and measures taken by the board of directors of the target company in response to a takeover;
- (IV) other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

The Company shall regularly or irregularly convene meetings attended solely by independent directors (hereinafter referred to as “Independent Directors’ Special Meetings”). The matters listed in Items (I) to (III) of paragraph 1 of Article 128 of the Articles of Association, and in this article shall be considered by the Independent Non-executive Directors’ Special Meetings.

Independent Non-executive Directors’ Special Meetings may, as needed, study and discuss other matters of the Company.

The Independent Non-executive Directors’ Special Meetings shall be convened and presided over by an independent non-executive director jointly nominated by more than half of the independent non-executive directors; if the convener does not perform or is unable to perform his/her duties, two or more independent directors may convene the meeting on their own and nominate a representative to preside over the meeting.

Meeting minutes shall be kept for the Independent Non-executive Directors’ Special Meetings in accordance with regulations, and the opinions of the independent non-executive directors shall be recorded in the meeting minutes. Independent non-executive directors shall sign and confirm the meeting minutes.

The Company shall provide convenience and support for the convening of the Independent Non-executive Directors’ Special Meetings.

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Special Committees of the Board of Directors

The Board of Directors of the Company shall establish the Audit Committee to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee shall consist of three members, who shall be non-executive directors not holding senior management positions in the Company. The majority of these members shall be independent non-executive directors, and at least one independent non-executive director on the committee shall be a financial accounting professional and satisfy the requirements of Rule 3.10(2) of the Hong Kong Listing Rules.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating the internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for consideration upon approval by a majority of all Audit Committee members:

- (I) disclosure of financial information in financial and accounting reports and periodic reports, and internal control evaluation reports;
- (II) engagement or dismissal of the accounting firm responsible for the Company’s audit business;
- (III) appointment or removal of the Company’s chief financial officer;
- (IV) changes to accounting policies or accounting estimates, or correction of material accounting errors, due to reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

The Audit Committee shall hold at least two meetings every year. Extraordinary meetings may be convened upon the proposal of two or more members or if the convener deems it necessary. A meeting of the Audit Committee may only be held if at least two-thirds of its members are present.

Resolutions of the Audit Committee shall require the approval of more than half of its members.

Each member shall have one vote on Audit Committee resolutions.

Meeting minutes shall be prepared for the Audit Committee resolutions in accordance with the relevant requirements, and the members of the Audit Committee attending the meeting shall sign the minutes.

The working procedures of the Audit Committee shall be formulated by the Board of Directors.

The Board of Directors of the Company shall establish other special committees including the Remuneration and Appraisal Committee and the Nomination Committee, which shall perform their duties in accordance with the Articles of Association, the authorization of the Board of Directors and the Hong Kong Listing Rules. Proposals of the special committees shall be submitted to the Board of Directors for consideration and decision. The working procedures of these special committees shall be formulated by the Board of Directors. The Remuneration and Appraisal Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors. The chairperson (convener) shall be an independent non-executive director. The Nomination Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors, and shall include at least one director of a different gender. The chairperson (convener) shall be an independent non-executive director or the chairman of the Board.

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The principal duties of the Remuneration and Appraisal Committee and the Nomination Committee are as follows:

The Remuneration and Appraisal Committee shall be responsible for formulating appraisal standards for directors and senior management members and conducting such appraisals, formulating and reviewing remuneration policies and plans for directors and senior management members, and making recommendations to the Board of Directors on relevant matters. The Nomination Committee shall be responsible for formulating the selection criteria and procedures for directors and senior management members, selecting and reviewing candidates for directors and senior management members and their qualifications, and making recommendations to the Board of Directors on relevant matters. The specific authorities and duties of each special committee of the Board of Directors shall be separately stipulated in the relevant rules of procedure formulated by the Board of Directors.

Where the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Remuneration and Appraisal Committee or the Nomination Committee, the opinions of such special committee and the specific reasons for non-adoption shall be recorded in the resolutions of the Board of Directors and disclosed.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall appoint one general manager, who shall be appointed or dismissed by the Board of Directors.

According to the needs of operation and management, the Company may appoint several deputy general managers, who shall be appointed or dismissed by the Board of Directors.

The general manager, deputy general managers, chief financial officer and the secretary to the Board of Directors shall constitute the senior management members of the Company.

The circumstances under which a person shall not serve as a director as set out in Article 97 of the Articles of Association shall also apply to senior management members.

The provisions on the duty of loyalty of directors set out in Article 99 and the duty of diligence set out in Article 100 of the Articles of Association shall also apply to senior management members.

Any person who holds administrative positions in the controlling shareholder of the Company other than director or supervisor shall not serve as a senior management member of the Company. Senior management members of the Company shall receive remuneration only from the Company, and their remuneration shall not be paid on their behalf by the controlling shareholder.

The term of office of the general manager shall be three years. Upon re-appointment, the general manager may serve consecutive terms.

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

- (I) presiding over the Company’s production, operation and management activities, organizing the implementation of the resolutions of the Board of Directors, and reporting to the Board of Directors on his/her work;
- (II) organizing the implementation of the Company’s annual operating plan and investment plan;
- (III) formulating proposals on the establishment of the Company’s internal management structure;
- (IV) formulating the Company’s basic management systems;
- (V) formulating the Company’s specific rules and regulations;

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- (VI) proposing to the Board of Directors the appointment or dismissal of the deputy general managers and the chief financial officer of the Company;
- (VII) deciding on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;
- (VIII) examining and approving transaction matters other than those required by laws and regulations or the Articles of Association to be examined and approved by the shareholders’ meeting or the Board of Directors;
- (IX) other powers and functions conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors as a non-voting attendee.

The general manager shall formulate the detailed rules for the work of the general manager, which shall be implemented upon approval by the Board of Directors.

The detailed rules for the work of the general manager shall include the following:

- (I) the conditions, procedures and participants for convening meetings of the general manager;
- (II) the specific duties and division of responsibilities of the general manager and other senior management members;
- (III) the authority over the use of the Company’s funds and assets, the execution of material contracts, and the reporting system to the Board of Directors;
- (IV) other matters deemed necessary by the Board of Directors.

The general manager may resign prior to the expiration of his/her term of office. The specific procedures and arrangements relating to the resignation of the general manager shall be governed by the service contract between the general manager and the Company.

Deputy general managers shall be accountable to the general manager and assist the general manager in carrying out work in accordance with the division of responsibilities in operation and management; upon authorization by the Board of Directors or the general manager, they may exercise part of the powers of the general manager on his/her behalf; they shall be responsible for the management of the departments under their respective charge. Their specific powers and functions shall be separately stipulated.

The Company shall appoint a secretary to the Board of Directors, who shall be responsible for the preparation of meetings of the shareholders’ meeting and the Board of Directors, custody of documents, management of shareholders’ information, handling information disclosure matters and other related affairs. The Board of Directors and other senior management members shall support the work of the secretary to the Board of Directors. No organization or individual shall interfere with the secretary to the Board of Directors in the normal performance of his/her duties.

The secretary to the Board of Directors shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed, and the relevant provisions of the Articles of Association.

Where senior management members, in the performance of their duties, cause damage to others, the Company shall bear the compensation liability; where such senior management members act with intent or gross negligence, they shall also bear compensation liability.

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Where senior management members, in the performance of their duties, violate laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, and thereby cause losses to the Company, they shall bear compensation liability.

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

Where senior management members, due to failure to faithfully perform their duties or breach of their duty of good faith, cause damage to the interests of the Company and public shareholders, they shall bear compensation liability in accordance with law.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, INTERNAL AUDIT AND APPOINTMENT OF ACCOUNTING FIRMS

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the provisions of the relevant national authorities. Where the securities regulatory authority of the place where the Company’s shares are listed has otherwise prescribed, such provisions shall prevail.

The Company shall disclose its annual report from the end date of each accounting year, and disclose its interim report within three months from the end date of the first six months of each accounting year.

The above annual reports and interim reports shall be prepared and published in accordance with relevant 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.

In addition to statutory accounting books, the Company shall not establish any other accounting books. The Company’s assets shall not be deposited in accounts opened in the name of any individual.

Profit Distribution

When distributing after-tax profits of the current year, the Company shall set aside 10% of such profits as the Company’s statutory surplus reserve. Where the cumulative amount of the statutory surplus reserve has reached more than 50% of the Company’s registered capital, the Company may cease making such appropriation.

Where the Company’s statutory surplus reserve is insufficient to cover losses of previous years, the Company shall first use the profits of the current year to make up such losses before making the appropriation to the statutory surplus reserve in accordance with the preceding paragraph.

After setting aside the statutory surplus reserve from after-tax profits, the Company may, upon resolution of the shareholders’ meeting, set aside discretionary surplus reserves from after-tax profits.

The remaining after-tax profits after making up losses and setting aside surplus reserves shall be distributed in proportion to the shares held by the shareholders, except where the Articles of Association provide otherwise.

Where the shareholders’ meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return to the Company the profits distributed in violation of such provisions; where losses are caused to the Company, the shareholders and the responsible directors and senior management members shall bear compensation liability.

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

The Company’s surplus reserves shall be used to make up losses of the Company, expand the Company’s production and operation, or be converted into an increase in the Company’s capital. Where surplus reserves are used to make up losses of the Company, discretionary surplus reserves and statutory surplus reserves shall be used first; where such reserves are still insufficient, capital surplus reserves may be used in accordance with regulations.

Where the statutory surplus reserve is converted into an increase in registered capital, the balance of such surplus reserve retained shall be no less than 25% of the Company’s registered capital prior to such conversion.

The Company’s profit distribution shall emphasize providing shareholders with reasonable investment returns, and the profit distribution policy shall maintain continuity and stability.

The Company’s profit distribution policy is to distribute dividends in proportion to the shares held by shareholders, and to adopt cash dividends, share dividends, a combination of both, or other methods permitted by laws, administrative regulations, departmental rules and the regulatory rules of the place where the Company is listed, with cash dividends being the preferred method.

The specific conditions for cash dividends of the Company are as follows:

- (I) The distributable profits realized by the Company for the relevant year or interim period (i.e., the remaining after-tax profits after making up losses and setting aside surplus reserves) are positive and the cash flow is sufficient, and the implementation of cash dividends will not affect the Company’s subsequent sustainable operation; the Company’s accumulated distributable profits are positive;
- (II) The audit institution has issued a standard unqualified audit opinion on the Company’s financial report for the relevant year;
- (III) The Company has no material investment plans or material cash expenditures (excluding projects funded by proceeds from fund raising). Material investment plans or material cash expenditures refer to cumulative expenditures on external investments, asset acquisitions or equipment purchases proposed by the Company within the next twelve months reaching or exceeding 30% of the Company’s latest audited net assets; provided that where the Company has material investment plans or material cash expenditures and the cash dividend proposal has been approved by the shareholders’ meeting, the Company may distribute cash dividends.

Subject to satisfaction of the conditions for cash dividends and on the premise of ensuring the Company’s normal operation and long-term development, the Company shall, in principle, conduct one cash dividend distribution each year after the annual shareholders’ meeting. The Board of Directors may propose that the Company distribute interim cash dividends based on the Company’s profitability and funding needs.

Where there is any shareholder’s unlawful occupation of the Company’s funds, the Company shall deduct the cash dividends distributable to such shareholder to repay the occupied funds.

Cash and other payments made by the Company to holders of domestic shares shall be paid in Renminbi. Cash dividends and other payments made by the Company to holders of H Shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency required for the payment of cash dividends and other payments to holders of H Shares shall be handled in accordance with relevant state foreign exchange administration regulations.

When distributing dividends to shareholders, the Company shall withhold and remit on behalf of shareholders the taxes payable on dividend income in accordance with the provisions of PRC tax laws.

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After the shareholders’ meeting has resolved on a profit distribution plan, the Board of Directors shall complete the distribution of dividends (shares) within two months after the shareholders’ meeting.

The specific conditions for the Company to distribute share dividends are as follows:

- (I) the Company is in sound operating condition;
- (II) the Company’s share price is not commensurate with the scale of its share capital, and the distribution of share dividends is conducive to the overall interests of all shareholders of the Company;
- (III) the conditions for cash dividends are satisfied;
- (IV) other conditions prescribed by laws, regulations and normative documents.

Before the shareholders’ meeting deliberates on a specific cash dividend proposal, the Company shall proactively communicate and exchange views with shareholders, in particular minority shareholders, through various channels, fully solicit the opinions and demands of minority shareholders, and promptly respond to matters of concern to minority shareholders.

Where it is necessary to adjust the profit distribution policy due to force majeure events such as war or natural disasters, or based on factors including investment plans, the Company’s actual operating conditions, the cost of social funds, the external operating and financing environment, shareholders’ wishes and requirements, and material changes in production and operation, the Board of Directors shall, in light of actual circumstances, propose an adjustment plan for the profit distribution policy. The adjusted profit distribution policy shall be based on the protection of shareholders’ rights and interests and shall not violate the relevant provisions of laws and regulations, the Hong Kong Listing Rules, or other securities regulatory rules of the place where the Company’s shares are listed.

The Company shall appoint one or more receiving agents in Hong Kong for shareholders holding overseas listed shares. Such receiving agents shall be responsible for receiving dividends declared by the Company in respect of shares listed in Hong Kong and other amounts payable, and for holding such amounts on behalf of such shareholders pending payment to such holders. The receiving agents appointed by the Company shall comply with the relevant requirements of the securities regulatory authority of the place where the Company’s shares are listed.

Internal Audit

The Company shall implement an internal audit system, clearly defining the leadership structure, responsibilities and authorities of internal audit work, staffing, funding guarantee, utilization of audit results and accountability.

The Company’s internal audit system shall be implemented upon approval by the Board of Directors and shall be disclosed.

The Company’s internal audit institution shall supervise and examine the Company’s business activities, risk management, internal control, financial information and other matters, and shall be staffed with full-time audit personnel.

The internal audit institution shall be accountable to the Board of Directors.

In the course of supervising and examining the Company’s business activities, risk management, internal control and financial information, the internal audit institution shall be subject to the supervision and guidance of the Audit Committee. Where the internal audit institution discovers any material issues or leads, it shall immediately report directly to the Audit Committee.

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The specific organization and implementation of the Company’s internal control evaluation shall be the responsibility of the internal audit institution. Based on the evaluation report and relevant materials issued by the internal audit institution and reviewed by the Audit Committee, the Company shall issue an annual internal control evaluation report.

When the Audit Committee communicates with external audit institutions such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and assistance.

The Audit Committee shall participate in the appraisal of the person in charge of internal audit.

Appointment of Accounting Firms

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 Company’s shares are listed to conduct audits of financial statements, verification of net assets and other related consultancy services. The term of engagement shall be one year, commencing from the approval at the Company’s annual shareholders’ meeting until the conclusion of the next annual shareholders’ meeting, and may be renewed.

The engagement or dismissal of an accounting firm by the Company shall, upon approval by a majority of all members of the Audit Committee, be submitted to the Board of Directors for deliberation and decided by the shareholders’ meeting. The Board of Directors shall not appoint an accounting firm prior to a decision by the shareholders’ meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or make false reports.

The audit fees of the accounting firm shall be determined by the shareholders’ meeting, which shall authorize the chairman of the Board of Directors to handle the matter.

Where the Company dismisses or does not renew the engagement of an accounting firm, it shall give prior notice to the accounting firm 10 days in advance and shall, at least 10 business days prior to the convening of the shareholders’ meeting, dispatch to shareholders the circular proposing the dismissal or non-renewal of the accounting firm together with any written representations from the accounting firm (if any). When the shareholders’ meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its views.

Where an accounting firm proposes to resign, it shall explain to the shareholders’ meeting whether there are any improper circumstances on the part of the Company.

NOTICES AND ANNOUNCEMENTS

Notices

Notices of the Company shall be given in the following forms:

- (I) delivery by hand;
- (II) delivery by mail;
- (III) by way of announcement;
- (IV) by facsimile;
- (V) by electronic mail;
- (VI) by telephone;

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- (VII) subject to compliance with laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed, by publication on the websites designated by the Company and the Hong Kong Stock Exchange;
- (VIII) other forms recognized by the securities regulatory authority of the place where the Company’s shares are listed or as provided in the Articles of Association.

With respect to the manner in which the Company provides or sends corporate communications to holders of H Shares in accordance with the requirements of the Hong Kong Listing Rules, subject to compliance with 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 may provide or send corporate communications to holders of H Shares by publication on the websites designated by the Company and Hong Kong Stock Exchange, or by electronic means.

Unless a shareholder has expressly requested to receive printed copies, the Company may, in accordance with the Hong Kong Listing Rules, deem that a shareholder has agreed to receive corporate communications by means of website access (implied consent). For corporate communications that require action, the Company shall send such communications to shareholders separately in accordance with the requirements of the Hong Kong Listing Rules.

For the purpose of the preceding paragraph, “corporate communications” refer to any document issued or to be issued by the Company for the reference of, or for action by, any holders of H Shares of the Company or other persons as required by the Hong Kong Listing Rules, including but not limited to:

1. the Company’s annual report (including the report of the Board of Directors, the Company’s annual accounts, the audit report and the financial summary report (if applicable));
2. the Company’s interim report and interim summary report (if applicable);
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy forms (proxy forms shall have the meaning ascribed to them under the Hong Kong Listing Rules).

Where notices are given by way of announcement in the exercise of powers/rights provided under the Articles of Association, such announcements shall be published in the manner prescribed by the Hong Kong Listing Rules.

Where the listing rules of the securities exchange of the place where the Company’s shares are listed require the Company to send, mail, distribute, issue, publish or otherwise provide relevant Company documents in both English and Chinese, and where the Company has made appropriate arrangements to ascertain whether its shareholders wish to receive only the English version or only the Chinese version, then, to the extent permitted by and in accordance with applicable laws and regulations, the Company may (in accordance with the wishes expressed by shareholders) send only the English version or only the Chinese version to the relevant shareholders.

Where notices issued by the Company are given by way of announcement, upon publication of such announcement, all relevant persons shall be deemed to have received such notice.

Notices convening meetings of the shareholders’ meeting shall be given by way of announcement.

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Notices convening meetings of the Board of Directors shall be given by hand delivery, mail, facsimile, electronic mail or other such means, except as otherwise provided in the Articles of Association for interim meetings of the Board of Directors convened due to emergency matters.

Where notices are delivered by hand, the date of delivery shall be the date on which the recipient signs (or affixes a seal) on the acknowledgment of receipt; where notices are sent by mail, the date of delivery shall be the third working day from the date of delivery to the post office or courier company; where notices are sent by facsimile, the date recorded on the facsimile transmission sheet shall be the date of delivery; where notices are sent by electronic mail, the date of sending the electronic mail shall be the date of delivery; where notices are given by telephone, the date of the call record shall be the date of delivery; where notices are given by way of announcement, the date of the first publication of the announcement shall be the date of delivery.

Any accidental omission to give notice to, or the failure of receipt of notice by, any person entitled to receive notice shall not invalidate the meeting or the resolutions adopted thereat.

Announcements

The Company shall, in accordance with laws, regulations, rules and the relevant requirements of the securities regulatory authorities of the place where the Company’s shares are listed, formulate an information disclosure system, and shall disclose information in a standardized manner in accordance with the principles of truthfulness, accuracy, completeness, comparability and timeliness.

The Company shall issue announcements and conduct information disclosure to shareholders through information disclosure newspapers and websites designated or recognized by laws, administrative regulations, relevant domestic regulatory authorities or the securities exchange of the place where the Company’s shares are listed. Information disclosed by the Company through other public media shall not precede disclosure through the designated newspapers and websites, nor shall press releases, press briefings or responses to media inquiries be used in place of Company announcements.

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

Merger, Division, Capital Increase and Capital Reduction

A merger of the Company may be effected by way of absorption merger or merger by establishment of a new company.

Where one company absorbs other companies, it shall be an absorption merger, and the absorbed companies shall be dissolved. Where two or more companies merge to establish a new company, it shall be a merger by establishment of a new company, and all parties to the merger shall be dissolved.

Where the consideration paid for a merger by the Company does not exceed 10% of the net assets of the Company, a resolution of the shareholders’ meeting shall not be required, unless otherwise provided in the Articles of Association.

Where a merger is carried out without a resolution of the shareholders’ meeting pursuant to the preceding paragraph, it shall be subject to a resolution of the Board of Directors.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date on which the merger resolution is adopted, and shall make an announcement within 30 days in newspapers or through the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement where no notice has been received, require the Company to repay the debts or provide corresponding security.

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Upon a merger, the claims and debts of the parties to the merger shall be succeeded to by the surviving company or the newly established company after the merger.

Where the Company is divided, its assets shall be divided accordingly.

In the event of a division, the Company shall prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date on which the division resolution is adopted, and shall make an announcement within 30 days in newspapers or through the National Enterprise Credit Information Publicity System.

The debts incurred prior to the division shall be jointly and severally borne by the companies after the division, except where the Company has entered into a written agreement with its creditors prior to the division regarding debt repayment.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within 10 days from the date on which the resolution on reduction of registered capital is adopted, and shall make an announcement within 30 days in the information disclosure newspapers designated by the Company. Creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement where no notice has been received, require the Company to repay the debts or provide corresponding security.

In the event of a reduction of registered capital, the Company shall reduce the capital contribution or shares in proportion to the shares held by shareholders, unless otherwise provided by laws or the Articles of Association.

Where the Company reduces its registered capital in accordance with Article 225 of the Company Law, the provisions of paragraph 2 of Article 183 shall not apply; however, the Company shall make an announcement within 30 days from the date on which the shareholders’ meeting adopts the resolution on reduction of registered capital.

After the Company reduces its registered capital pursuant to the preceding paragraph, it shall not distribute profits until the cumulative amount of the statutory surplus reserve and discretionary surplus reserve reaches 50% of the Company’s registered capital.

Where the registered capital is reduced in violation of the Company Law or other relevant provisions, the shareholders shall return the funds they have received, and any reduction or exemption of shareholders’ capital contributions shall be restored to the original status; where losses are caused to the Company, the shareholders and the responsible directors and senior management members shall bear compensation liability.

Where the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive subscription rights, unless otherwise provided in the Articles of Association or resolved by the shareholders’ meeting that shareholders shall have such pre-emptive subscription rights.

Where a merger or division of the Company results in changes to registered particulars, the Company shall apply for registration of changes with the company registration authority in accordance with law; where the Company is dissolved, it shall apply for deregistration in accordance with law; where a new company is established, it shall apply for establishment registration in accordance with law.

Where the Company increases or reduces its registered capital, it shall apply for registration of changes with the company registration authority in accordance with law.

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Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (I) the occurrence of circumstances for dissolution as stipulated in the Articles of Association;
- (II) dissolution by resolution of the shareholders’ meeting;
- (III) dissolution required due to a merger or division of the Company;
- (IV) revocation of the business license in accordance with law, an order to close down, or revocation;
- (V) where serious difficulties arise in the operation and management of the Company, and the continued existence of the Company would cause material losses to the interests of shareholders and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the total voting rights of all shareholders of the Company may petition the people’s court to dissolve the Company.

Where any of the dissolution causes set out in the preceding paragraph arises, the Company shall, within 10 days, publicize the cause of dissolution through the National Enterprise Credit Information Publicity System.

Where the Company falls under the circumstances set out in item (I) or item (II) of Article 188 of the Articles of Association and has not yet distributed its property to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the shareholders’ meeting.

Any amendment to the Articles of Association pursuant to the preceding paragraph shall be approved by shareholders representing more than two-thirds of the voting rights held by shareholders present at the shareholders’ meeting.

Where the Company is dissolved pursuant to item (I), item (II), item (IV) or item (V) of Article 188 of the Articles of Association, it shall, within 15 days from the date on which the cause of dissolution arises, establish a liquidation committee and commence liquidation.

The liquidation committee shall be composed of directors or other persons determined by the shareholders’ meeting.

Where a liquidation committee is not established to carry out liquidation within the prescribed time limit, or where liquidation is not carried out after the liquidation committee has been established, interested parties may apply to the people’s court to designate relevant persons to form a liquidation committee to conduct liquidation.

During the liquidation period, the liquidation committee shall exercise the following powers and duties:

- (I) to liquidate the Company’s assets and prepare a balance sheet and a list of assets separately;
- (II) to notify and make announcements to creditors;
- (III) to handle the Company’s outstanding business related to the liquidation;
- (IV) to settle taxes owed and taxes incurred during the liquidation process;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after settlement of debts;

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(VII) to represent the Company in civil litigation activities.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and shall make an announcement within 60 days in newspapers or through the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if no notice has been received, declare their claims to the liquidation committee.

When declaring claims, creditors shall specify the relevant particulars of the claims and provide supporting evidence. The liquidation committee shall register the claims.

During the period for declaration of claims, the liquidation committee shall not make any repayment to creditors.

After liquidating the Company’s assets and preparing the balance sheet and the list of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders’ meeting or the people’s court for confirmation.

After payment of liquidation expenses, employees’ wages, social insurance premiums and statutory compensation, settlement of outstanding taxes, and repayment of the Company’s debts, the remaining assets of the Company shall be distributed in proportion to the shares held by the shareholders.

During the liquidation period, the Company shall continue to exist, but shall not engage in business activities unrelated to the liquidation.

The Company’s assets shall not be distributed to shareholders before settlement in accordance with the preceding paragraph.

Where, after liquidating the Company’s assets and preparing the balance sheet and the list of assets, the liquidation committee discovers that the Company’s assets are insufficient to repay its debts, it shall, in accordance with law, apply to the people’s court for a declaration of bankruptcy.

After the people’s court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

Upon completion of liquidation, the liquidation committee 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 deregistration of the Company and make an announcement of the Company’s termination.

Members of the liquidation committee shall, in performing their liquidation duties, owe duties of loyalty and diligence.

Where members of the liquidation committee neglect to perform their liquidation duties and cause losses to the Company, they shall bear compensation liability; where losses are caused to creditors due to intentional misconduct or gross negligence, they shall bear compensation liability.

Where the Company is lawfully declared bankrupt, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

- (I) where, after the amendment of the Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules or other securities regulatory rules of the place where the Company’s shares are listed, the matters stipulated in the Articles of Association are inconsistent with the amended laws or administrative regulations;

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(II) where changes occur in the Company’s circumstances that are inconsistent with the matters recorded in the Articles of Association;

(III) where the shareholders’ meeting resolves to amend the Articles of Association.

Where matters relating to amendments to the Articles of Association as approved by resolution of the shareholders’ meeting are subject to approval by the competent authorities, such amendments shall be submitted for approval; where the amendments involve matters of company registration, the relevant change registration shall be completed in accordance with law.

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

Where the amendment matters fall within the scope of information required to be disclosed under laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, such matters shall be announced in accordance with the relevant provisions.

SUPPLEMENTARY PROVISIONS

Definitions

- (I) “Controlling Shareholder” means a shareholder whose shareholding accounts for more than 50% of the total share capital of a joint stock limited company; or a shareholder whose shareholding ratio does not exceed 50% but whose voting rights attached to its shares are sufficient to exert a material influence on the resolutions of the shareholders’ meeting; or as otherwise defined under the Hong Kong Listing Rules.
- (II) “Actual Controller” means a natural person, legal person or other organization that is able to actually control the Company’s conduct through investment relationships, agreements or other arrangements.
- (III) “Connected Relationship”, “Connected Transaction” and “Connected Person” shall have the meanings as defined under the Hong Kong Listing Rules.

The Board of Directors may, in accordance with the provisions of the Articles of Association, formulate the detailed rules of the Articles of Association. Such detailed rules shall not conflict with the provisions of the Articles of Association.

The Articles of Association are written in Chinese. In the event of any discrepancy or inconsistency between the Articles of Association and versions in any other language or different versions, the Chinese version of the Articles of Association most recently approved and registered with the market supervision administration shall prevail.

In the Articles of Association, the terms “above” and “within” shall include the given number, while the terms “less than”, “outside”, “below”, “more than”, “exceed” and “greater than” shall exclude the given number.

Where any other agreements among shareholders (if any) are inconsistent with or conflict with the Articles of Association, the Articles of Association shall prevail.

The Board of Directors of the Company shall be responsible for the interpretation of the Articles of Association.

Matters not covered by the Articles of Association shall be handled and implemented in accordance with relevant national laws, regulations, departmental rules, normative documents, the Hong Kong Listing Rules, the relevant regulations of the Hong Kong securities regulatory authorities, and in light of the Company’s actual circumstances. Where the provisions of the Articles of Association are inconsistent with laws, regulations, departmental rules, normative documents, the

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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Hong Kong Listing Rules or the relevant regulations of the Hong Kong securities regulatory authorities promulgated or amended by the state in the future, the latter shall prevail, and the Articles of Association shall be amended in a timely manner.

The Articles of Association and their appendices shall, upon being considered and approved by the shareholders’ meeting, take effect and be implemented from the date on which the Company’s [REDACTED] of H Shares is [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange, and shall be timely filed with the market supervision administration for record. From the effective date of the Articles of Association, the original Articles of Association of Zhengxiang Pharmaceuticals (Nanjing) Group Co., Ltd. shall be automatically repealed.