
APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix sets out a summary of the principal provisions of the Articles of Association. This Appendix mainly provides [REDACTED] with an overview of the Articles of Association, and may not contain all the information that is important to [REDACTED].

ISSUANCE OF SHARES

The shares of the Company shall be in the form of share certificates. The issuance of the shares of the Company shall be conducted in the principle of openness, fairness and justness, and each share of the same class shall be entitled to equal rights. For shares of the same class issued in the same offering, the conditions and price per share shall be the same. All subscribers for such shares shall pay the same price per share.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Increase and Reduction of Shares

In accordance with the Company’s operational and developmental needs, and pursuant to the laws and regulations, the Company may increase its registered capital subject to a resolution of the Shareholders’ meeting, by any of the following methods:

- (i) Offering of shares to unspecified investors;
- (ii) Offering of shares to specified investors;
- (iii) Distribution of bonus shares to existing Shareholders;
- (iv) Capitalizing reserves into share capital;
- (v) Other methods stipulated by laws, administrative regulations, the China Securities Regulatory Commission, and the securities regulatory rules of the place where the Company’s shares are listed.

The increase of the Company’s registered capital shall be implemented in accordance with the procedures stipulated by the relevant laws and regulations after being approved pursuant to the provisions of the Articles of Association and the rules of the place where the Company’s shares are listed.

The Company may reduce its registered capital. To reduce its registered capital, the Company shall proceed it in compliance with the procedures stipulated by the Company Law, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed, other laws, administrative regulations, normative documents, and other relevant regulations, as well as the Articles of Association.

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Share Repurchase

The Company shall not repurchase its own shares, unless otherwise under any of the following circumstances:

- (i) Reducing the Company’s registered share capital;
- (ii) Merging with another company which holds the Company’s shares;
- (iii) Using the shares for an employee stock ownership plan or as an equity incentive;
- (iv) Purchasing its shares from the Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders’ meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company, which are convertible into shares;
- (vi) To safeguard the Company’s value and protect the interests of the Shareholders;
- (vii) Other circumstances as stipulated by laws, administrative regulations, regulatory rules of the stock exchange of the places where the Company’s shares are listed and approved by the regulatory authorities.

After the repurchase of its own shares, the Company’s equity distribution shall comply with the applicable listing requirements.

The repurchase of the Company’s shares by the Company may be carried out through public centralized trading, or other methods recognized under the laws, administrative regulations, the CSRC and the securities regulatory authorities of the place where the Company’s shares are listed. Where the Company repurchases its shares under the circumstances set out in items (iii), (v) and (vi) above, such repurchase shall be conducted through public centralized trading. Where the Company repurchases its shares under the circumstances set out in items (i) and (ii) above, a resolution of the Shareholders’ meeting shall be required. Where the Company repurchases its shares under the circumstances set out in items (iii), (v) and (vi) above, subject to compliance with the applicable securities regulatory rules of the place where the Company’s shares are listed, a resolution of the Board of Directors shall be passed by the Board meeting attended by no less than two-thirds of the directors.

In respect of A shares, where the Company repurchases its shares under the circumstances set out in item (i) above, such shares shall be cancelled within ten days from the date of repurchase; where shares are repurchased under the circumstances set out in items (ii) or (iv) above, such shares shall be transferred or cancelled within six months; where shares are repurchased under the circumstances set out in items (iii), (v) or (vi) above, the aggregate number of such shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within three years.

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In respect of H shares, where the laws, regulations and securities regulatory rules of the place where the Company’s shares are [REDACTED] have other provisions regarding matters relating to share repurchase, such provisions shall prevail.

TRANSFER OF SHARES

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

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

Directors and senior management of the Company shall declare to the Company their holdings of the Company’s shares and any changes therein. The number of shares of the same class of the Company transferred by them during each year of their term of office as determined at the time of their appointment shall not exceed 25% of the total number of shares of that class held by them; the shares of the Company held by them shall not be transferred within one year from the date on which the Company’s shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year after their departure from the Company. If the securities regulatory rules of the listing venue of the Company’s shares have other provisions regarding restrictions on the transfer of the Company’s shares, such provisions shall prevail.

Where Shareholders holding more than 5% of the shares, Directors and senior management of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains are owned by the Company and the Board of Directors of the Company shall recover its resulting gains. However, this shall not apply to securities companies that hold 5% or more of the Company’s shares as a result of purchasing the remaining shares pursuant to underwriting, or to other circumstances stipulated by the CSRC. If there are other securities regulatory rules of the place where the shares of the Company are listed, those regulations shall prevail.

Shares or other equity securities held by the Directors, senior management and natural person Shareholders as mentioned in the preceding paragraph include the shares or other equity securities held by their spouses, parents, children, and held by them by using other people’s accounts,

If the Board of Directors of the Company fails to comply with the provision set forth above, Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, Shareholders are entitled to initiate litigation directly in the People’s Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth above, the responsible Directors shall bear joint and several liability pursuant to the laws.

SHAREHOLDERS AND SHAREHOLDERS’ MEETING

Shareholders

Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

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Shareholders of the Company shall enjoy the following rights:

- (i) To receive dividends and other forms of interest distribution according to the proportion of shares held;
- (ii) To request in accordance with the law the convening of, and to convene, preside over, attend or appoint a proxy to attend Shareholders’ meetings, and to exercise the corresponding voting rights;
- (iii) To supervise the business operations and management of the Company, and to make proposals or raise inquiries;
- (iv) To transfer, donate or pledge the shares they hold according to the provisions of laws, administrative regulations and the Articles of Association;
- (v) To inspect and copy the Articles of Association, the register of Shareholders, the minutes of Shareholders’ meetings, the resolutions of Board meetings, and the financial and accounting reports. Shareholders who meet the relevant requirements may inspect the Company’s accounting books and accounting vouchers;
- (vi) Upon the termination or liquidation of the Company, to participate in the distribution of the Company’s residual property according to the proportion of shares held;
- (vii) To require the Company to repurchase their shares, for Shareholders who object to a resolution of the Shareholders’ meeting on the merger or division of the Company;
- (viii) Other rights conferred by laws, regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Shareholders requesting to inspect and copy the Company’s relevant materials shall comply with the provisions of the Company Law, the Securities Law, and other laws and securities regulatory rules of the place where the Company’s shares are listed.

If the content of a resolution of the Company’s Shareholders’ meeting or Board of Directors violates any law or administrative regulation, Shareholders shall have the right to request the people’s court to declare it invalid.

If the convening procedures or voting methods of a Shareholders’ meeting or Board meeting violate any law, administrative regulation or the Articles of Association, or if the content of a resolution violates the Articles of Association, Shareholders shall have the right to request the people’s court to revoke the resolution within 60 days from the date on which the resolution is made. However, this shall not apply if the convening procedures or voting methods of the Shareholders’ meeting or Board meeting have only minor defects that have not materially affected the resolution.

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If there is a dispute among the Board, Shareholders, or other relevant parties regarding the validity of a Shareholders’ meeting resolution, the concerned parties shall promptly file a lawsuit with the People’s Court. Before the People’s Court issues a judgment or ruling to revoke the resolution, the relevant parties shall implement the resolution. The Company, Directors, and senior management shall diligently perform their duties to ensure the normal operation of the company.

If the people’s court renders a judgment or ruling on a relevant matter, the Company shall perform its information disclosure obligations in accordance with the provisions of laws, administrative regulations, the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the execution after the judgment or ruling becomes effective. Matters involving corrections of prior events shall be handled promptly and corresponding information disclosure obligations shall be performed.

Shareholders of the Company shall assume the following obligations:

- (i) To abide by the laws, administrative regulations and the Articles of Association, and to safeguard the interests of the Company;
- (ii) To pay up share capital in accordance with the shares subscribed and the method of subscription;
- (iii) Not to withdraw their share capital, except under the circumstances as stipulated by laws and regulations;
- (iv) Not to abuse Shareholders’ rights to prejudice the interests of the Company or other Shareholders; not to abuse the independent legal person status of the Company and the limited liability of Shareholders to prejudice the interests of the Company’s creditors;
- (v) Other obligations that shall be assumed as stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Where any Shareholder of the Company abuses the Shareholders’ rights and causes losses to the Company or other Shareholders, such shareholder shall be liable for compensation in accordance with the law. Where any Shareholder of the Company abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts and seriously prejudices the interests of the Company’s creditors, it/he/she shall bear joint and several liability for the Company’s debts.

The Controlling Shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, the provisions of the CSRC, and the securities regulatory rules of the listing venue of the Company’s shares, and shall safeguard the interests of the Company.

When transferring their shares in the Company, the controlling Shareholder and actual controller shall comply with the restrictive provisions on share transfer under applicable laws, administrative regulations, the CSRC provisions, and the securities regulatory rules of the listing venue of the Company’s shares, as well as any commitments they have made regarding share transfer restrictions.

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General Provisions on Shareholders’ Meeting

The Shareholders’ meeting of the Company comprises all Shareholders. The Shareholders’ meeting is the organ of power of the Company, which exercises the following powers in accordance with laws:

- (i) To elect and replace Directors, and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve the reports of the Board of Directors;
- (iii) To examine and approve the Company’s proposals for profit distribution plans and loss recovery plans;
- (iv) To adopt resolutions on the increase or decrease of the Company’s registered capital;
- (v) To adopt resolutions on the issuance of corporate bonds;
- (vi) To adopt resolutions on matters such as merger, division, change of corporate form, dissolution or liquidation of the Company;
- (vii) To amend the Articles of Association;
- (viii) To adopt resolutions on the appointment and dismissal of the accounting firm engaged to conduct the Company’s audit business, and matters relating to the remuneration of the accounting firm;
- (ix) To examine and approve matters relating to guarantees stipulated in the Articles of Association;
- (x) To examine matters involving the purchase or sale of major assets by the Company within one year exceeding 30% of the Company’s latest audited total assets;
- (xi) To examine and approve matters relating to changes in the use of proceeds raised;
- (xii) To examine and approve equity incentive plans and employee stock ownership plans;
- (xiii) To adopt resolutions on the repurchase of the Company’s shares for the two purposes of reducing the Company’s registered capital and merging with another company holding shares of the Company;
- (xiv) To examine other matters that shall be decided by the Shareholders’ meeting as stipulated by laws, administrative regulations, statutory regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

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The powers of the Shareholders’ meeting mentioned above shall not be delegated to the Board of Directors or any other institution or individual for exercise. The content of the Shareholders’ meeting resolutions shall not violate laws, regulations, State policies or the Articles of Association.

The following acts of external guarantee of the Company shall be submitted to the Shareholders’ meeting for deliberation and approval:

- (i) Any guarantee provided after the aggregate amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the Company’s latest audited net assets;
- (ii) Any guarantee provided after the aggregate amount of external guarantees provided by the Company has exceeded 30% of the Company’s latest audited total assets;
- (iii) Any guarantee provided by the Company to any third party within one year, where the amount of such guarantee exceeds 30% of the Company’s latest audited total assets;
- (iv) Any guarantee provided to a guarantee recipient whose asset-liability ratio exceeds 70%;
- (v) Any single guarantee with an amount exceeding 10% of the Company’s latest audited net assets;
- (vi) Any guarantee provided to the Shareholders, the actual controllers and their connected parties;
- (vii) Other external guarantees that are required to be approved by the Shareholders’ meeting as stipulated by relevant laws, regulations or the securities regulatory rules of the listing venue of the Company’s shares.

Shareholders’ meetings shall be divided into annual Shareholders’ meetings and extraordinary Shareholders’ meetings. The annual Shareholders’ meeting shall be held once a year, within six months following the end of the preceding fiscal year.

The Company shall convene an extraordinary Shareholders’ meeting within two months from the date on which the following circumstances occurs:

- (i) The number of Directors is less than the number stipulated by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (ii) The Company’s unrecovered losses amount to one-third of its total share capital;
- (iii) Upon the requisition of shareholders individually or jointly holding more than 10 per cent of the shares of the Company;
- (iv) When the Board of Directors consider it necessary;

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- (v) When the Audit Committee proposes the convening of such meeting;
- (vi) Other circumstances as stipulated by laws, regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

Convening of Shareholders’ Meetings

The Board of Directors shall convene a Shareholders’ meeting on time within the stipulated period.

Independent directors have the right to propose the Board of Directors to convene an extraordinary Shareholders’ meeting upon approval by a majority of all independent directors. Where independent directors propose to convene an extraordinary Shareholders’ meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares and the Articles of Association, provide written feedback stating whether it agrees or disagrees to convene such extraordinary Shareholders’ meeting within 10 days after receiving the proposal. If the Board of Directors agrees to convene such extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the Board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders’ meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors the convening of an extraordinary Shareholders’ meeting, and shall submit such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares and the Articles of Association, provide written feedback stating whether it agrees or disagrees to convene such extraordinary Shareholders’ meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene such extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the Board resolution. Any change to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board of Directors disagrees to convene such extraordinary Shareholders’ meeting, or fails to provide feedback within ten days of receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders’ meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders individually or jointly holding 10% or more of the Company’s total issued share capital (excluding the Company’s treasury shares) have the right to request in writing the Board of Directors to convene an extraordinary Shareholders’ meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares and the Articles of Association, provide written feedback stating whether it agrees or disagrees to convene such extraordinary Shareholders’ meeting within 10 days after receiving the request. If the Board of Directors agrees to convene such extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the Board resolution. Any change to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors disagrees to convene such extraordinary Shareholders’ meeting, or fails to provide feedback within ten days of receiving the request, such Shareholders individually or jointly holding 10% or more of the Company’s total issued share capital (excluding the Company’s treasury shares) may submit a written request to the Audit Committee for the convening of an extraordinary Shareholders’ meeting.

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If the Audit Committee agrees to convene such extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Audit Committee fails to provide written feedback within 10 days after receiving the request, or fails to issue a notice of the Shareholders’ meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders’ meeting. In such event, Shareholders individually or jointly holding 10% or more of the Company’s total issued share capital (excluding the Company’s treasury shares) for a consecutive period of 90 days or more 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 shall notify the Board of Directors in writing and file with the stock exchange for recordation. Where the securities regulatory rules of the jurisdiction where the Company’s shares are listed have other provisions, such provisions shall prevail, provided that this does not violate the domestic laws, administrative regulations and the Articles of Association. Prior to the announcement of the voting results of the Shareholders’ meeting, the individual or aggregate shareholding ratio of the convening Shareholders shall not be less than 10%.

Where the Audit Committee or the Shareholders convene a Shareholders’ meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposals and Notices of Shareholders’ Meetings

When the Company convenes a Shareholders’ Meeting, the Board of Directors, the Audit Committee and Shareholders who individually or jointly hold 1% or more of the shares of the Company are entitled to put forward proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company’s total issued share capital (excluding the Company’s treasury shares) may put forward interim proposals in writing to the convener ten days prior to the convening of the Shareholders’ meeting. The convener shall issue a supplementary notice of the Shareholders’ Meeting within two days upon receiving the proposals, announce the content of such supplementary proposal, and submit such supplementary proposal to the Shareholders’ Meeting for consideration. As regards the publication of the supplementary notice of the Shareholders’ Meeting, if there are special provisions in the securities regulatory rules of the listing venue of the Company’s shares, such provisions shall prevail provided they do not violate the “Company Law” and the “Securities Law.” Provided, however, that no such supplementary proposals shall be considered if it violates laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares or the Articles of Association, or falls outside the scope of duties of the Shareholders’ Meeting. The Company shall not increase the shareholding of Shareholders who submit the supplementary proposal.

If the Shareholders’ Meeting must be postponed due to the issuance of a supplementary notice of the Shareholders’ Meeting in accordance with the securities regulatory rules of the place where the Shares of the Company are listed, the convening of the Shareholders’ Meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Shares of the Company are listed.

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Except for the circumstances provided in the preceding paragraph or under laws, administrative regulations, and the securities regulatory rules of the listing venue of the Company's shares, the convener shall not modify the proposals listed in the notice of the Shareholders' Meeting or add new proposals after issuing such notice.

The Shareholders' Meeting shall not vote or resolve on proposals not contained in the notice of the Shareholders' Meeting or not in compliance with the Articles of Association.

The convener shall notify all Shareholders at least 21 days prior to the convening of the annual Shareholders' Meeting, at least 15 days prior to the convening of the extraordinary Shareholders' Meeting.

Notice of the Shareholders' meeting shall be given in writing (including by way of announcement) and shall include the following:

- (i) the date, venue and duration of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) a clear written statement that: each Shareholder is entitled to attend the Shareholders' meeting in person, or appoint proxies who need not be Shareholders of the Company, to attend and vote on such Shareholder's behalf;
- (iv) the date of record for the determination of Shareholders who are entitled to attend the Shareholders' meeting;
- (v) name and telephone number of permanent contact person;
- (vi) time and procedures for voting online or by other means.
- (vii) other requirements set forth in laws, regulations, departmental rules, securities regulatory rules of the jurisdiction where the Company's shares are listed, and these Articles of Association.

Convening of Shareholders' Meetings

All Shareholders registered on the equity registration date, or their proxies, shall have the right to attend the Shareholders' meeting, speak at the meeting and exercise voting rights in accordance with the applicable laws, regulations, the securities regulatory rules of the listing venue of the Company's shares and the provisions of the Articles of Association. Shareholders may attend the Shareholders' meeting in person, or appoint a proxy to attend and speak at the meeting and to vote within the scope of authorization.

Individual Shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents. Proxies attending the meeting shall present their personal identity cards and the power of attorney issued by the Shareholder.

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Corporate Shareholders or other institutional Shareholder shall be represented by its legal representative or proxies authorized by its legal representative or executive partner. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the power of attorney issued by the legal representative or executive partner.

If the Shareholder is a recognized clearing house (or their proxies), the Shareholder may authorize one or more persons as it deems appropriate to act as its representative at any Shareholders’ meeting or creditors’ meeting; However, if more than one person is authorized, the power of attorney shall specify the number and class of shares to which each such person’s authority relates, and the power of attorney shall be signed by an authorized representative of the recognized clearing house. The person so authorized may exercise rights on behalf of the recognized clearing house (or its proxies) (without presenting a share certificate, notarized power of attorney, and/or further evidence of formal authorization) and shall be entitled to the same statutory rights as other Shareholders, including the right to speak and vote, as if such person were an individual Shareholder of the company.

A proxy form issued by a Shareholder to authorize another person to attend the Shareholders’ meeting shall specify the following:

- (i) The name of the principal, the class and number of shares held by the principal;
- (ii) The name of the proxy;
- (iii) Specific instructions of the Shareholder, including instructions to cast an affirmative, negative or abstention vote on each matter under consideration included in the agenda of the Shareholders’ meeting; for overseas corporate Shareholders that do not have a company seal, the proxy form may be signed by a duly authorized person;
- (iv) The date of issue and the validity period of the proxy form;
- (v) The signature (or seal) of the appointing Shareholder; if the appointing Shareholder is a corporate Shareholder, the corporate seal shall be affixed.
- (vi) A statement in the proxy form indicating whether, in the absence of specific instructions from the Shareholder, the proxy may vote at his/her discretion;
- (vii) Other requirements stipulated by laws, regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Voting and Resolutions of the Shareholders’ Meeting

Resolutions of the Shareholders’ meeting include ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders’ meeting shall be passed by one-half or above of the voting rights held by Shareholders (including their proxies) attending and entitled to vote at the Shareholders’ meeting. A special resolution at a Shareholders’ meeting shall be passed by two-thirds or above of the voting rights held by Shareholders (including their proxies) attending and entitled to vote at the Shareholders’ meeting.

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The following matters shall be passed by an ordinary resolution at a Shareholders’ meeting:

- (i) The work report of the Board of Directors;
- (ii) The profit distribution plan and the plan for making up losses proposed by the Board of Directors;
- (iii) The appointment and removal of members of the Board of Directors (including the removal of a Director before the expiry of his/her term, provided that such removal shall not affect any claim for damages such Director may have under any contract), as well as their remuneration and the method of payment thereof;
- (iv) Resolutions on the appointment, removal or non-renewal of the appointment of an accounting firm, or the remuneration of an accounting firm;
- (v) Other matters other than those that shall be passed by a special resolution as stipulated by laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares, or the Articles of Association.

The following matters shall be passed by a special resolution at a Shareholders’ meeting:

- (i) An increase or decrease in the Company’s registered capital;
- (ii) The demerger, division, merger, dissolution and liquidation (including the voluntary winding up) of the Company;
- (iii) Amendments to the Articles of Association;
- (iv) The purchase or sale of material assets by the Company, or the provision of guarantees to others, within one year where the amount involved exceeds 30% of the Company’s latest audited total assets;
- (v) Equity incentive plans;
- (vi) The repurchase by the Company of its shares for the purposes of reducing the Company’s registered capital, or merging with another company holding shares of the Company;
- (vii) Other matters as stipulated by laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares, or the Articles of Association, as well as other matters which are determined by an ordinary resolution of the Shareholders’ meeting to have a material impact on the Company and therefore require approval by a special resolution.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares represent, with each share carrying one vote.

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Pursuant to applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the securities regulatory rules of the listing venue of the Company’s shares, if any Shareholder is required to abstain from voting or is restricted to voting only in favor or only against on any particular resolution, any vote cast by such Shareholder (or its proxy) in violation of such provisions or restrictions shall be excluded from the voting results.

Where material issues affecting the interests of minority Shareholders are considered at the Shareholders’ Meeting, the votes of minority Shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

Shares of the Company held by the Company itself shall have no voting rights, and such shares shall not be counted in the total number of voting shares present at a Shareholders’ meeting. Where the securities regulatory rules of the place where the Company’s shares otherwise provided, such provisions shall prevail.

If a Shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law of the People’s Republic of China, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the Shareholders’ meeting.

The Board of the Company, independent directors, Shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the CSRC may publicly solicit Shareholders’ voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting Shareholders’ voting rights. It is prohibited to solicit Shareholders’ voting rights for consideration or in any disguised form of consideration. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except as required by law.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. No one shall serve as a director of the Company if any of the following circumstances exists:

- (i) Having no capacity for civil conduct or having limited capacity for civil conduct;
- (ii) Having been sentenced to criminal penalties for corruption, bribery, embezzlement, misappropriation of property or undermining the socialist market economic order, or having been deprived of political rights due to a crime, and less than 5 years have elapsed since the expiration of the execution of the sentence; or if on probation, less than 2 years have elapsed since the expiration of the probation period;

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- (iii) Having served as a director, factory manager or president of a company or enterprise that has been bankrupt and liquidated, and having been personally liable for the bankruptcy of that company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of that company or enterprise;
- (iv) Having served as the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to violations of law, 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 that company or enterprise;
- (v) Being listed by the People’s Court as a dishonest judgement debtor due to failure to repay a large-amount debt when due;
- (vi) Being subjected by the CSRC to measures prohibiting entry into the securities market, where the term of such prohibition has not yet expired;
- (vii) Being publicly identified by a securities regulatory authority as unsuitable to act as a director or senior management of a listed company, where the term of such unsuitability has not yet expired;
- (viii) Other circumstances stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the listing venue of the Company’s shares.

Any election or appointment of a director in violation of the provisions above shall be invalid. If a Director becomes subject to any of the circumstances listed in the provisions above during their term of office, the Company shall terminate their position.

Directors other than representatives of employees shall be elected or replaced by the Shareholders’ meeting, and may be removed from their position before the expiry of their term. The term of office of each Board of Directors is three years. Directors may be re-elected for consecutive terms upon expiry of their term.

The term of a Director shall commence on from the date of assuming office until the expiration of the current Board of Directors’ term. If the Directors are not timely re-elected upon the expiration of their term, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the listing venue of the Company’s shares, and the Articles of Association until the newly elected Directors assume office.

A director may concurrently hold a senior management position; provided that the total number of directors who concurrently serve as senior management personnel and employee representative directors shall not exceed one-half of the total number of directors of the Company.

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Board of Directors

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

- (i) To convene Shareholders’ meetings and to report on its work at the Shareholders’ meetings;
- (ii) To implement resolutions of the Shareholders’ meetings;
- (iii) To decide on the Company’s business plans and investment proposals;
- (iv) To formulate the Company’s profit distribution plans and loss recovery plans;
- (v) To formulate plans for the Company’s increase or reduct 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 external investments, acquisition or disposal of assets, asset mortgages, external guarantees, financial assistance, entrusted wealth management, connected transactions, derivative transactions, securities investments, and external donations, within the scope authorized by the Shareholders’ meeting;
- (viii) To decide on the establishment of the Company’s internal management structure;
- (ix) To appoint or dismiss the President of the Company and the Secretary to the Board of Directors; based on the President’s nomination, to appoint or dismiss other senior management officers such as the Vice Presidents and Chief Financial Officer, and to decide on matters relating to their remuneration, rewards and penalties;
- (x) To formulate the Company’s basic management systems;
- (xi) To draft amendments to 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 engaged to audit the Company;
- (xiv) To receive work reports from the President of the Company and to review the President’s work;
- (xv) Other functions and powers as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the listing venue of the Company’s shares, or as granted by the Shareholders’ meeting.

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The Board of Directors shall have a Chairman. The Chairman of the Board of Directors shall be elected by a majority of all Directors of the Board of Directors.

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

- (i) To preside over Shareholders’ meetings and to convene and preside over meetings of the Board of Directors;
- (ii) To supervise and inspect the implementation of resolutions of the Board of Directors;
- (iii) To sign material documents of the Board of Directors and other documents that shall be signed by the Chairman of the Company;
- (iv) Other functions and powers granted by the Board of Directors.

The Board of Directors shall hold at least four meetings each year, convened by the chairman, with written notice provided to all Directors at least 14 days before the meeting.

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.

If a Director has a connected relationship with an enterprise or individual involved in a matter under consideration by the Board of Directors, such Director shall promptly report in writing to the Board of Directors. The Director with such a connected relationship shall not vote on such resolution or act as a proxy for another Director to vote. The Board meeting may be held with the attendance of more than half of the non-related Directors, and resolutions shall require the approval of more than half of the non-related Directors. If the number of non-related Directors attending the Board meeting is less than three, the matter shall be submitted to the Shareholders’ meeting for consideration. Where laws, regulations or the securities regulatory rules of the listing venue of the Company’s shares have other provisions regarding Directors’ attendance at Board meetings and voting rights, such provisions shall prevail.

SENIOR MANAGEMENT

The Company shall have one President and two to nine Vice Presidents, who shall be appointed or dismissed by the Board of Directors. The President, Vice Presidents, Chief Financial Officer and the Secretary to the Board of Directors constitute the senior management of the Company.

The President shall be accountable to the Board of Directors and shall exercise the following powers and duties:

- (i) To preside over the Company’s production, operation and management, to organise the implementation of resolutions of the Board of Directors, and to report to the Board of Directors;

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- (ii) To organize the implementation of the Company’s annual business plans and investment proposals;
- (iii) To draft proposals for the establishment of the Company’s internal management structure;
- (iv) To draft the Company’s basic management systems;
- (v) To formulate the Company’s specific rules and regulations;
- (vi) To propose to the Board of Directors the appointment or dismissal of the Vice Presidents and the Chief Financial Officer of the Company;
- (vii) To decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;
- (viii) Other functions and powers granted by the securities regulatory rules of the listing venue of the Company’s shares, the Articles of Association, and the Board of Directors.

The president shall attend meetings of the Board of Directors.

The Company has a Secretary to the Board of Directors, who is responsible for the preparation of the meetings of the Shareholders’ meeting and the Board of the Company, the custody of documents, the management of the Company’s Shareholder information, and handling matters related to information disclosure, etc.

The Secretary to the Board of Directors shall comply with laws, administrative regulations, departmental rules, securities regulatory rules of the jurisdiction where the Company’s shares are listed, and the relevant provisions of these Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION, AND AUDIT

Financial and Accounting Systems

The Company formulates the financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the listing venue of the Company’s shares, and the provisions of relevant authorities.

The Company shall submit and disclose its annual reports to the local offices of the CSRC and the Stock Exchange within 4 months from the ending date of each financial year, and its interim reports to the local office of the CSRC and the Stock Exchange within 2 months from the ending date of the first half of each financial year.

The above mentioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, rules issued by the China Securities Regulatory Commission, and the securities regulatory rules of the listing venue of the Company’s shares.

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The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company’s funds shall not be deposited in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company’s statutory reserve fund. If the cumulative amount of the Company’s statutory reserve fund exceeds 50% of the Company’s registered capital, further allocation may be waived.

When the Company’s statutory reserve is not sufficient to make up for the Company’s losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a Shareholders’ meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve funds, the remaining profits after-taxation shall be distributed in proportion to the number of shares held by the Shareholders, except as otherwise provided by the Articles of Association for non-proportionate distribution.

If the Shareholders’ meeting resolves to distribute any profits to the Shareholders in violation of the Company Law, the Shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the Shareholders, as well as any directors, and senior management officers responsible for the violation, shall be liable for compensation.

The Company’s own shares held by the Company shall not participate in the distribution of profits.

The Company’s reserve funds shall be used to cover the Company’s losses, expand the Company’s production and operation, or convert into additional capital.

When using the reserve funds to cover the Company’s losses, the discretionary reserve funds and the statutory reserve funds shall be used first; if the losses cannot be fully covered, the capital reserve funds may be used in accordance with regulations.

When converting the statutory reserve funds into additional registered capital, the remaining statutory reserve funds shall not be less than 25% of the Company’s registered capital before the conversion.

Internal Audit

The Company implements an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work.

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

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Appointment of Accounting Firms

The Company shall appoint an accounting firm that complies with the provisions of laws and regulations and the regulatory rules of the place where the shares of the Company are listed to conduct accounting statement audits, net asset verification, and other related consulting services, with a term of one year, which may be renewed.

The appointment or dismissal of the Company’s accounting firm shall be decided by the Shareholders’ meeting. The Board of Directors shall not appoint the accounting firm prior to a decision by the Shareholders’ meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not refuse, conceal or misstate any information.

The audit fee payable to the accounting firm shall be determined by the Shareholders’ meeting.

When the Company intends to dismiss or not to renew the appointment of an accounting firm, it shall give 30 days’ prior notice to the accounting firm. When a Shareholders’ meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the Shareholders’ meeting whether the Company has improper circumstances.

NOTICES AND ANNOUNCEMENTS

Notices

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

- (i) By hand;
- (ii) By mail;
- (iii) By announcement;
- (iv) By other forms as stipulated by the regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Announcements

The Company designates the websites of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, as well as at least one newspaper that meets the conditions stipulated by the CSRC, as the media for publishing company announcements and other information requiring disclosure.

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

Merger, Division, Capital Increase, and Capital Reduction

The Company’s merger may be in the form of an absorption merger or a consolidation merger. When one company absorbs other companies, it is an absorption merger, and the absorbed companies shall be dissolved. When two or more companies merge to form a new company, it is a consolidation merger, and all the merging companies shall be dissolved.

In the event of a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution and make a public announcement in accordance with regulations within 30 days.

The creditors may, within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification, request the Company to settle its debts or provide corresponding guarantees.

At the time of the merger, claims and debts of the merger parties shall be succeeded by the company which subsists after the merger or the newly-established company.

In the event of a company division, the Company’s assets shall be divided accordingly. The Company shall prepare a balance sheet and inventory of assets in the event of division. The Company shall notify its creditors within 10 days from the date of the division resolution and make a public announcement in accordance with regulations within 30 days.

When the Company reduces its registered capital, it shall prepare a balance sheet and inventory of assets. The Company shall notify its creditors within 10 days from the date on which the resolution to reduce the registered capital is adopted at the Shareholders’ meeting, and make a public announcement in accordance with regulations within 30 days. Creditors have the right, within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification, to request the Company to settle its debts or provide corresponding guarantees.

In the event of a company merger or division, where changes occur to the registered items, the Company shall complete the modification registration with the company registration authority in accordance with the law; in the event of dissolution, the Company shall complete company deregistration in accordance with the law; in the event of the establishment of a new company, the Company shall complete company establishment registration in accordance with the law.

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

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Dissolution and Liquidation

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

- (i) The term of operation stipulated in the Articles of Association has expired or circumstances for dissolution specified in the Articles of Association arise;
- (ii) The Shareholders' meeting resolves to dissolve the Company;
- (iii) The Company needs to be dissolved due to a merger or division;
- (iv) The business license is revoked or the Company is ordered to close down or be deregistered according to the law;
- (v) Where the Company faces serious difficulties in operation and management and its continued existence would cause significant losses to shareholders' interests, and no other solutions can be found, Shareholders holding 10% or more of the Company's total voting rights may request the people's court to dissolve the Company.

The Company shall, within 10 days of the occurrence of the reason(s) for dissolution stipulated in the preceding paragraph, publicize the reason(s) for dissolution through the National Enterprise Credit Information Publicity System.

If the Company is in the situation described in items (i) and (ii) of the preceding paragraph and has not yet distributed property to its Shareholders, it may continue to exist by amending the Articles of Association or by adopting a resolution at a Shareholders' meeting.

Any amendment to the Articles of Association or resolution of the Shareholders' meeting made in accordance with the provisions of the preceding paragraph shall be passed by two-thirds or more of the voting rights held by Shareholders present at the Shareholders' meeting.

If the Company is dissolved due to the circumstances specified in items (i), (ii), (iv) or (v) of the preceding paragraph, it shall be liquidated. The Directors are the persons with liquidation obligations for the Company and shall form a liquidation committee within fifteen days from the date of occurrence of the dissolution event to conduct the liquidation. The liquidation committee shall be composed of Directors, unless the Shareholders' meeting resolves to appoint other persons. If the persons with liquidation obligations fail to perform their liquidation duties in a timely manner, causing losses to the Company or its creditors, they shall be liable for compensation.

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

- (i) Liquidate the Company's assets, and prepare a balance sheet and inventory of assets respectively;

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- (ii) Notify and announce to creditors;
- (iii) Handle the Company’s outstanding business related to liquidation;
- (iv) Settle outstanding taxes and taxes incurred during the liquidation process;
- (v) Clear up the creditor’s rights and debts;
- (vi) Dispose of the Company’s residual assets after debt repayment;
- (vii) Represent the Company in civil litigation activities.

The liquidation committee shall notify creditors within 10 days from the date of its establishment and make a public announcement in accordance with regulations within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification.

After liquidating of the Company’s assets and preparing the balance sheet and inventory of assets, if the liquidation committee finds that the Company’s assets are insufficient to repay its debts, it shall apply to the people’s court for bankruptcy liquidation in accordance with the law. After the people’s court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator appointed by the people’s court.

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

AMENDMENT TO THE ARTICLES OF ASSOCIATION

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

- (i) Subsequent to amendments to the Company Law, relevant laws, administrative regulations, the Hong Kong Listing Rules and the securities regulatory rules of the listing venue of the Company’s shares, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, the Hong Kong Listing Rules and the securities regulatory rules of the listing venue of the Company’s shares;
- (ii) The Company’s circumstances change and are inconsistent with the matters recorded in the Articles of Association;
- (iii) The Shareholders’ meeting resolves to amend the Articles of Association.

If any amendment to the Articles of Association adopted by a resolution of the Shareholders’ meeting requires approval from the competent authority, such amendment shall be submitted to the competent authority for approval; if any amendment involves the Company’s registration particulars, the Company shall complete the formalities for alteration of registration in accordance with the law.