
APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Articles of Association is considered and approved at the general meeting of the Company, which shall come into effective and be implemented upon the [REDACTED] of the [REDACTED] shares of the Company and from the date of its [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange. The following information is only a summary, not covering all the information that may be material to potential [REDACTED].

GENERAL PROVISIONS

The Company is a joint stock company with perpetual existence.

All assets of the Company shall be divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they subscribed for. The Company shall be liable for its debts to the extent of all of its assets.

From the effective date of the Articles of Association, the Articles of Association shall be a legally binding document which regulates the Company’s organization and acts, governs the rights and obligations between the Company and the shareholders, and amongst the shareholders themselves, and shall be a legally binding document governing on the Company, its shareholders, directors and senior management. Pursuant to the Articles of Association, a shareholder may take legal actions against the other shareholders; a shareholder may take legal actions against the Company’s directors and senior management; a shareholder may take legal actions against the Company; and the Company may take legal actions against its shareholders, directors and senior management.

SHARES

Issuance of Shares

The shares of the Company shall take the form of share certificates

The shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Capital Increase

The Company may, based on its operational and developmental needs, increase its capital in accordance with applicable laws, administrative regulations, and subject to a resolution of the general meeting, by any of the following methods:

- i. issuing shares to non-specific objects;

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- ii. issuing shares to specific objects;
- iii. allotment bonus shares to existing shareholders;
- iv. converting the reserve funds to share capital;
- v. other methods permitted by the laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are listed and the stock exchange.

Capital Reduction

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company shall not acquire its shares, except under one of the following circumstances:

- i. reducing the registered capital of the Company;
- ii. merging with other companies that hold shares in the Company;
- iii. using the shares for employee shareholding schemes or as share incentives;
- iv. acquiring the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- v. using the shares to satisfy the conversion of those corporate bonds convertible into share certificates issued by the Company;
- vi. safeguarding corporate value and shareholders’ equity as the Company deems necessary.

Subject to compliance with the applicable securities regulatory rules of the place where the Company’s shares are [REDACTED], the Company may acquire its own shares through public and centralized trading or by other methods recognized by laws, administrative regulations, and the securities regulatory authorities of the place where the Company’s shares are listed and the stock exchange. The Company shall also comply with the provisions of applicable laws, regulations, and the securities regulatory rules of the place where the Company’s shares are listed.

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In the event that the Company acquires its own shares under the circumstances set forth in (I) and (II) above, this shall be resolved at a general meeting of shareholders; in the event that the Company acquires its own shares under the circumstances set forth in (III), (V) and (VI) above, subject to compliance with the rules of the securities regulatory authorities of the place where the Company’s shares are listed, this shall be resolved at a board meeting with more than two-thirds of directors present.

After the Company acquires its own shares, under the circumstance in (I) above, the shares so acquired shall be cancelled within 10 days from the date of acquisition. In the case of (II) or (IV) above, the shares so acquired shall be transferred or cancelled within 6 months. In the event that the Company acquires its own shares under the circumstances set forth in (III), (V) or (VI) above, the shares so acquired shall not exceed 10% of the total issued shares of the Company, and they shall be transferred or cancelled within 3 years.

Notwithstanding the foregoing, where laws, regulations and the securities regulatory authorities of the place where the Company’s shares are listed have otherwise prescribed relevant matters concerning share repurchase, the Company shall also comply with such relevant regulations. The repurchase of the Company’s H shares shall comply with the Listing Rules and other relevant laws, regulations and regulatory requirements of the place where the Company’s H shares are listed.

Transfer of Shares

The shares of the Company may be transferred in accordance with the laws.

The Company shall not accept any of its own shares as the subject of pledges.

Shares issued prior to the Company’s [REDACTED] of shares shall not be transferred for a period of 1 year from the date of [REDACTED] and trading of the Company’s shares on the stock exchange.

The directors and senior management of the Company shall declare to the Company the numbers of the shares of the Company held by them and the changes thereof and shall not transfer in a given year during their terms of office determined at the time of their assumption of office more than 25% of the total number of shares of the Company they hold. The shares of the Company held by the said person shall not be transferred within 1 year from the date of [REDACTED] and trading of the Company’s shares. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within 6 months from his/her termination of the office. Where the securities regulatory rules of the place where the Company’s shares are [REDACTED] have otherwise prescribed restrictions on the transfer of the Company’s shares, such relevant regulations shall also be complied with.

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SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The shareholders of the Company shall be entitled to the following rights:

- i. to receive distribution of dividends and other forms of benefits in proportion to their shareholdings;
- ii. to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the general meeting and exercise corresponding right to speak and voting right;
- iii. to supervise the business operations of the Company, put forward proposals or raise enquiries;
- iv. to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations, other relevant regulations and the Articles of Association;
- v. to inspect and copy the Articles of Association, register of shareholders, minutes of general meetings, resolutions of the Board meetings and financial accounting reports, for shareholders who meet the prescribed requirements, to inspect the accounting books and accounting vouchers of the Company;
- 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;
- vii. with respect to shareholders who voted against any resolution adopted at any general meetings on the merger or division of the Company, to request the Company to buy back the shares held by them;
- viii. other rights as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.

Where the content of a resolution of the general meeting or the meeting of the Board of the Company violates laws or administrative regulations, the shareholders shall be entitled to request the People’s Court to hold it invalid.

If the convening procedure or voting method of a general meeting or board meeting violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall be entitled to request the People’s Court to revoke the resolution within 60 days from the date it was made, except for those with only minor defects in the convening procedure or voting method of the Board meetings and those without material impact on resolutions.

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Where directors (other than members of the Audit Committee) or senior management violate any laws, administrative regulations or the Articles of Association in the performance of their duties and cause losses to the Company, shareholders holding 1% or more of the Company’s shares individually or jointly for 180 consecutive days or more shall have the right to request in writing that the Audit Committee file a lawsuit with the People’s Court. Where members of the Audit Committee violate any laws, administrative regulations or the Articles of Association in the performance of their duties and cause losses to the Company, the aforesaid shareholders may request in writing that the Board file a lawsuit with the People’s Court.

In the event that the Audit Committee or the Board refuses to file a lawsuit after receiving the shareholders’ written request specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receipt of such request, or in an emergency where failure to immediately file a lawsuit will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right to directly file a lawsuit with the People’s Court in their own names for the interests of the Company.

In the event that any person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified hereinbefore may file an action with the People’s Court pursuant to the provisions of the preceding two paragraphs.

The shareholders of the Company shall have the following obligations:

- i. to comply with the laws, administrative regulations, and the Articles of Association;
- ii. to pay subscription monies according to the number of shares subscribed and the method of subscription;
- iii. not to withdraw shares unless required by the laws and regulations;
- iv. not to abuse their shareholders’ rights to harm the legitimate interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the legitimate interests of any creditor of the Company;
- v. any other obligations imposed by the laws, administrative regulations and the Articles of Association.

Shareholders who abuse their rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders who abuse the Company’s status as an independent legal entity and the limited liability of shareholders to evade debts and thereby materially prejudice the interests of the Company’s creditors shall bear joint and several liability for the Company’s debts.

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Restriction on Rights of the Controlling Shareholders

The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed, and shall safeguard the interests of the Company.

The Company’s Controlling Shareholders and Actual Controllers shall comply with the following provisions:

- i. to exercise shareholder rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other shareholders;
- ii. to strictly fulfill the public statements and commitments made and not to change or exempt them without authorization;
- iii. to strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of major events that have occurred or are about to occur;
- iv. not to occupy the Company’s funds in any way;
- v. not to force, instruct, or require the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- vi. not to use the Company’s undisclosed major information to seek benefits, not to disclose the Company’s undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, and market manipulation;
- vii. not to damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment, etc.;
- viii. to ensure the Company’s asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company’s independence in any way; and
- ix. other provisions stipulated by laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are [REDACTED] and the stock exchange.

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General Rules of the General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- i. to elect and replace directors who are not appointed by employee representatives and decide on matters relating to the remuneration of directors and supervisors;
- ii. to consider and approve reports of the Board;
- iii. to consider and approve profit distribution plans and loss recovery plans of the Company;
- iv. to decide on any increase or reduction of the registered capital of the Company;
- v. to decide on the issuance of corporate bonds;
- vi. to decide on merger, division, dissolution, liquidation and change of form of the Company;
- vii. to amend the Articles of Association;
- viii. to decide on the engagement or dismissal of the accounting firm of the Company;
- ix. to consider and approve the guarantees as provided below;
- x. to consider the purchase or disposal of substantial assets of the Company with an amount exceeding 30% of the latest audited total assets of the Company within one year;
- xi. to consider the change of the [REDACTED];
- xii. to consider using the shares for employee shareholding schemes or as share incentives;
- xiii. to consider other matters which are required to be determined at the general meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

The following external guarantee offered by the Company shall be considered and approved by a general meeting:

- i. guarantee where the amount of a single guarantee exceeds 10% of the audited net assets of the latest period;
- ii. guarantee provided after the aggregate amount of guarantees offered by the Company and its controlling subsidiaries exceeds 50% of the Company’s latest audited net assets;
- iii. guarantee provided for the guaranteed party whose asset-liability ratio exceeds 70%;
- iv. guarantee amount within a consecutive 12-month period exceeds 30% of the company’s audited total assets of the latest period;

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- v. guarantee provided to shareholders, de facto controllers and their connected parties;
- vi. the total amount of external guarantees provided by the company exceeds any guarantees provided after 30% of the total assets in the latest audited period;
- vii. other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the stock exchange where the company’s shares are listed, or the company’s Articles of Association that shall be decided by the shareholders’ meeting.

General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be held once every year and within 6 months from the close of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within 2 months upon the occurrence of the following events:

- i. the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number as specified in the Articles of Association;
- ii. when the number of independent non-executive directors falls below the statutory minimum;
- iii. the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- iv. on request by the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company;
- v. when the Board considers it is necessary;
- vi. when the audit committee proposes to convene;
- vii. other circumstances as stipulated by the laws, administrative regulations departmental rules or the Articles of Association.

Convening of General Meetings

General meetings shall be called by the Board in accordance with the laws.

Approved by more than half of all independent non-executive directors, the independent non-executive directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to a proposal by an independent non-executive director to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal. Where the Board agrees to convene the extraordinary general meeting, a convening notice will be issued within 5 days after the resolution of the Board is made; where the Board disagrees to convene the extraordinary general meeting, it shall give the reasons and make an announcement.

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The audit committee shall have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be made to the Board in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

Where the Board agrees to convene the extraordinary general meeting, a convening notice will be issued within 5 days after the resolution of the Board is made, and the changes made to the original proposal in the notice shall be approved by the audit committee.

Where the Board disagrees to convene the extraordinary general meeting, or fails to reply within 10 days upon the receipt of such proposal, the Board will be deemed as not being able to perform or not to perform its duty to convene a general meeting, and the audit committee may convene and preside over such meeting on their own.

The shareholder(s) severally or jointly holding 10% or more of the voting shares of the Company shall have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be made to the Board in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

Where the Board agrees to convene the extraordinary general meeting, a convening notice shall be issued within 5 days after the resolution of the Board is made, and the changes made to the original proposal in the notice shall be approved by the relevant shareholders.

Where the Board disagrees to convene the extraordinary general meeting, or fails to reply within 10 days upon receipt of such proposal, the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company shall have the right to propose to the audit committee to convene an extraordinary general meeting and such proposal shall be made to the audit committee in writing.

Where the audit committee agrees to convene the extraordinary general meeting, a convening notice shall be issued within 5 days upon receipt of the proposal, and the changes made to the original proposal in the notice shall be approved by the relevant shareholders.

Where the audit committee fails to issue the notice of the general meeting within the prescribed period, the audit committee will be deemed as not being able to convene or not to preside over the general meeting, and the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company for 90 or more consecutive days may convene and preside over such meeting on their own.

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Notices of General Meetings

The convener will notify each shareholder in writing (including by announcement) at least 21 days (excluding the day of the meeting) prior to the annual general meeting. For an extraordinary general meeting, shareholders will be notified by announcement at least 15 days (excluding the day of the meeting) prior to the meeting.

Proposals of General Meetings

The Board, the supervisory committee, and shareholder(s) severally or jointly holding more than 1% of the voting shares of the Company shall have the right to make a proposal to the Company at a general meeting of the Company.

The shareholder(s) severally or jointly holding more than 1% of the voting shares of the Company may make provisional proposals in writing to the convener of a general meeting 10 days prior to such meeting. The convener shall issue a supplementary notice of the general meeting and announce the contents of such provisional proposals within 2 days upon receipt thereof. However, this shall not apply if the provisional proposal violates laws, administrative regulations or the Articles of Association, or if it does not fall within the scope of authority of the general meeting.

Except as provided by the preceding paragraph and laws, administrative regulations, the convener of a general meeting shall not amend the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

Proposals which are not specified in the notice of the general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the general meeting.

Holding of General Meetings

All shareholders or their proxies recorded in the register on the record date shall have the right to attend general meetings, and they are entitled to speak and vote at general meetings in accordance with the relevant laws, regulations and the Articles of Association. Shareholders may attend general meetings in person or appoint their proxies to attend and vote on their behalf.

Individual shareholders attending the meeting in person shall present his/her identification card or other valid documents or proof of his/her identification and certificate of shareholding. In the case of attendance by proxies, they shall present his/her valid identification documents and the proxy forms from the shareholders.

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A corporate shareholder shall be represented by its legal representative or an agent entrusted by the legal representative to attend the meeting and vote at the meeting. When the legal representative attends the meeting, he/she shall present his/her identity card, a valid certificate proving his/her qualification as the legal representative; when an agent is entrusted to attend the meeting, the agent shall present his/her identity card, the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

Shareholders that do not have the status of an independent legal person shall be represented at the meeting by their person-in-charge (or in the case of a partnership, the executive partner or general partner, hereinafter the same) or a proxy entrusted by such person-in-charge. Where the person-in-charge attends the meeting, he/she shall present his/her identity card and valid proof evidencing his/her qualification as the person-in-charge; where a proxy is entrusted to attend the meeting, the proxy shall present his/her identity card and a written power of attorney lawfully issued by the person-in-charge of the shareholder.

Voting and Resolutions at General Meetings

The resolutions of general meetings shall be divided into ordinary resolutions and special resolutions. Ordinary resolutions of a general meeting shall be approved by more than one half of the voting rights held by the shareholders (including proxies thereof) present at the general meeting. special resolutions of a general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders (including proxies thereof) present at the general meeting.

The following matters shall be approved by ordinary resolutions at the general meeting:

- i. work reports of the Board;
- ii. profit distribution plans and loss recovery plans drafted by the Board;
- iii. appointment or dismissal of the members of the Board, and determination of the remuneration of the Board;
- iv. annual reports of the Company;
- v. matters other than those approved by special resolution as stipulated by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be approved by special resolutions at the general meeting:

- i. the increase or decrease of the registered capital of the Company;
- ii. division, spin-off, merger, termination, dissolution, liquidation and change in the form of the Company;

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- iii. amendments to the Articles of Association;
- iv. purchase and disposal of substantial assets by the Company within one year, or a guaranteed amount exceeding 30% of the latest audited total assets of the Company;
- v. equity incentive plan;
- vi. other matters as required by the laws, administrative regulations or the Articles of Association, and confirmed by an ordinary resolution at a general meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Where matters relating to connected transactions are considered at the general meeting, the connected shareholders and their associates shall not be involved in voting, and the voting shares they represent shall not be counted in the total number of valid voting rights. The voting particulars of the non-connected persons shall be fully disclosed in the announcement on the resolution of the general meeting.

DIRECTORS AND THE BOARD

Directors

Directors of the Company shall be natural persons. The following person may not serve as a director of the Company:

- i. a person without capacity or with limited capacity for civil conduct;
- ii. a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, where less than five years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served, or where less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;
- iii. a person who served as a director, or factory director or general manager, and who assumed personal liability for the bankruptcy liquidation of a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;
- iv. a person who served as a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law, and who assumed personal liability for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;
- v. a person who has a relatively large amount of debts which have fallen due but have not been settled and was listed as a dishonest person subject to enforcement by the People’s Court;

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- vi. a person who is banned by the CSRC from entering into the securities market for a period which has not yet expired;
- vii. persons who have been publicly identified by a stock exchange as unsuitable to serve as directors, senior management members, etc. of a listed company, where such identification is still effective (or “**where the relevant period has not yet expired**”);
- viii. other contents required by the laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed.

Directors shall be elected or replaced at a general meeting and he/she may be dismissed at a general meeting before the expiry of his/her term of office. Directors serve a term of office of 3 years for each session. A director may be re-elected and reappointed upon the expiry of his/her term of office.

A Director may resign before the expiration of their term. A Director’s resignation shall take effect on the date the Company receives the written resignation report, and the Company shall disclose the relevant information no later than 2 trading days. If the resignation of a Director results in the number of board members falling below the statutory minimum, or where the resignation of an independent non-executive director results in the proportion of independent non-executive directors on the Board or its special committees failing to comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or these Articles of Association, or results in the absence of an accounting professional among the independent non-executive directors, then before the newly elected director takes office, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Directors assume office.

Duties of Directors

Directors shall comply with the laws, administrative regulations and the Articles of Association, and bear the following duties of loyalty to the Company:

- i. not to take advantage of his/her position to accept bribes or other illegal income;
- ii. not to misappropriate the Company’s property or misappropriate Company funds;
- iii. not to deposit the Company’s funds in accounts opened in his/her own name or in the name of any other individual;
- iv. not to enter into contracts or conduct transactions with the Company either directly or indirectly, unless he/she has reported to the Board of Directors or the general meeting and obtained approval by a resolution of the Board of Directors or the general meeting in accordance with the provisions of these Articles of Association;

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- v. not to take advantage of his/her position to seek for himself/herself or others business opportunities that belong to the Company, unless he/she has reported to the Board of Directors or the general meeting and obtained approval by a resolution of the general meeting, or unless the Company cannot utilize such business opportunities according to laws, administrative regulations or these Articles of Association;
- vi. not to engage in, for himself/herself or for others, any business that is similar to that of the Company, unless he/she has reported to the Board of Directors or the general meeting and obtained approval by a resolution of the general meeting;
- vii. not to accept and keep for himself/herself commissions resulting from transactions between others and the Company;
- viii. not to disclose the secrets of the Company without authorization;
- ix. not to use his/her connected (related) relationship to damage the interests of the Company;
- x. other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed and these Articles of Association.

Directors shall comply with laws, administrative regulations and these Articles of Association, and shall owe a duty of diligence to the Company:

- i. to exercise the rights granted by the Company in a prudent, serious and diligent manner to ensure that the Company’s commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that its commercial activities do not exceed the scope of business stipulated in the business license;
- ii. to treat all shareholders fairly;
- iii. to keep abreast of the operation and management status of the Company in a timely manner;
- iv. to sign written confirmation opinions on the periodic reports of the Company, and ensure that the information disclosed by the Company is truthful, accurate and complete;
- v. to truthfully provide relevant information and materials to the Audit Committee, and not to obstruct the Audit Committee from exercising its powers;
- vi. other duties of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed and these Articles of Association.

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The Board

The Company shall set up a board of directors, which shall be accountable to the general meeting. There shall be one Chairman and there may be a Vice Chairman. The Chairman and the Vice Chairman (if any) shall be elected by the Board of Directors by more than half of all directors. The members of the Board of Directors of the Company shall include no less than three independent non-executive directors and no less than one employee representative.

The Board exercises the following functions and powers:

- i. to convene general meetings and report on work to the general meeting;
- ii. to implement the resolutions of the general meeting;
- iii. to determine the business plans and investment plans of the Company;
- iv. to formulate the profit distribution plans and loss recovery plans of the Company;
- v. to formulate plans for increasing or decreasing the registered capital of the Company, the issuance of bonds or other securities, as well as the listing plan of the Company;
- vi. to formulate plans for major acquisitions, purchases of the company’s own shares, merger, division, dissolution or change of form of the Company;
- vii. to decide on matters such as the Company’s external investment, acquisition and sale of assets, asset mortgage, external guarantees, entrusted wealth management, connected (related) transactions, and external donations within the scope authorized by the general meeting;
- viii. to decide on the setup of the internal management organization of the Company;
- ix. to decide on the appointment or dismissal of the Company’s Manager, Secretary to the Board and other senior management personnel, and decide on matters relating to their remuneration and rewards and punishments; to decide on the appointment or dismissal of the Company’s Deputy Manager, person in charge of finance and other senior management personnel based on the nomination of the Manager, and decide on matters relating to their remuneration and rewards and punishments;
- x. to set the basic management systems of the Company;
- xi. formulate the plan for the amendment of the company’s Articles of Association ;
- xii. manage the company’s information disclosure matters;
- xiii. propose to the shareholders’ meeting to hire or replace the accounting firm that audits the company;

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- xiv. listen to the work report of the company’s manager and inspect the manager’s work;
- xv. other functions and powers authorized by the laws, administrative regulations, departmental rules, the Articles of Association or granted by the general meeting.

The Board of Directors of the Company shall establish other special committees such as the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and Development Committee, which shall perform their duties in accordance with these Articles of Association and the authorization of the Board of Directors. The proposals of the special committees shall be submitted to the Board of Directors for deliberation and decision. The members of the special committees shall be composed entirely of directors. In the Nomination Committee and the Remuneration and Appraisal Committee, independent non-executive directors shall constitute the majority and serve as conveners. The working rules of the special committees shall be formulated by the Board of Directors.

The chairman of the Board exercises the following functions and powers:

- i. to preside over general meetings, and preside over the Board meetings;
- ii. to supervise and inspect the implementation of the resolutions of the Board;
- iii. other functions and powers that the Board prudently grant to the chairman of the Board.

Board meetings shall be classified into regular meetings and extraordinary meetings. Shareholders representing one-tenth or more of the voting rights, one-third or more of the directors, or the Audit Committee may propose to convene an interim meeting of the Board of Directors. The Chairman shall convene and preside over a Board meeting within 10 days after receiving such proposal.

A Board meeting may be held only when a majority of the directors are present at the meeting. A resolution of the Board meeting must be approved with affirmative votes of a majority of all directors.

SENIOR MANAGEMENT

The Company shall have one general manager, several vice- managers, one chief financial officer and one secretary to the Board of whom shall be appointed or dismissed by the Board.

Each term of office of the general manager is 3 years and is renewable upon re-election of the Board.

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

- i. to be in charge of the production and operational management of the Company, organize the enforcement of resolutions of the Board and report to the Board on work;

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- ii. to organize the implementation of the annual operation plans and investment schemes of the Company;
- iii. to formulate the structure scheme of the internal management department of the Company;
- iv. to formulate the basic management system of the company;
- v. to formulate the specific rules and regulations of the Company;
- vi. to propose to the Board the appointment or dismissal of the chief financial officer of the Company and other senior management;
- vii. to decide on the appointment or dismissal of responsible management personnel except those whose appointment or dismissal shall be determined by the Board;
- viii. other functions and powers authorized by the Articles of Association or the Board.

AUDIT COMMITTEE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members. Among them, two (2) shall be Independent Directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and assessing internal and external audit activities, and overseeing internal control.

The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

- (i) disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;
- (ii) engagement or dismissal of the accounting firm responsible for the Company’s audit;
- (iii) appointment or dismissal of the Company’s chief financial officer;
- (iv) changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards; and
- (v) other matters as prescribed by laws, administrative regulations, the securities regulatory rules where the Company’s shares are listed, and the Articles of Association.

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Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements of the relevant authorities of China.

The Company shall prepare financial reports at the end of each accounting year, which shall be audited by an accounting firm in accordance with the law.

The Company adopts the Gregorian calendar year system for its accounting year, i.e., from January 1 to December 31 of each Gregorian calendar year constitutes one accounting year.

The aforesaid annual reports and interim reports shall be prepared in accordance with the provisions of relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and departmental rules.

The Company shall prepare, publish and distribute annual reports and interim reports in accordance with the provisions of relevant laws and regulations and the Listing Rules.

The financial reports of the Company shall be kept at the Company for inspection by shareholders at least 21 days before the annual general meeting is held. Every shareholder of the Company is entitled to receive the financial reports mentioned in this Chapter.

The Company shall send the aforesaid reports by prepaid mail to each holder of overseas-listed foreign shares at least 21 days before the annual general meeting is held. The address of the recipient shall be the address registered in the register of shareholders. Subject to compliance with laws, administrative regulations and the listing rules of the place where the Company is [REDACTED], the Company may do so in the form of an announcement (including publication via the Company's website).

The Company shall not establish any other accounting books except for the statutory ones. No assets of the Company shall be deposited in any account opened in the name of any individual.

Profit Distribution

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

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

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

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

The shares of the Company held by it are not entitled to any profit distribution.

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

The Company must appoint one or more receiving agents in Hong Kong for its H-share shareholders. The receiving agents shall collect and hold the dividends and other amounts payable by the Company in respect of the H-shares on behalf of the relevant H-share shareholders until payment is made to such H-share shareholders. The receiving agents appointed by the Company shall meet the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Engagement of Accounting Firms

The Company shall engage an accounting firm which complies with the laws and regulations to conduct accounting statements audit, net assets verification and other relevant consultancy services, which is subject to renewal.

The appointment of any accounting firm of the Company shall be subject to the approval of the general meeting, prior to which the Board shall not appoint any accounting firm.

When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. The Company shall notify the creditors within 10 days from the date of the resolution to merge and publish an announcement within 30 days in accordance with the requirements. The creditors may require the Company to settle the debts or provide appropriate guarantees within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

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In the event of a division, balance sheets and inventories of assets shall be prepared. The Company shall notify the creditors within 10 days from the date of the resolution to divide and publish an announcement within 30 days in accordance with the requirements.

The Company shall prepare balance sheets and inventories of assets when it needs to reduce its registered capital.

The Company shall notify the creditors within 10 days from the date of the resolution to reduce its registered capital and publish an announcement within 30 days in accordance with the requirements. The creditors may require the Company to settle the debts or provide appropriate guarantees within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the Company’s registration authority pursuant to the laws; where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws; where a new company is established, the Company shall apply for registration thereof in accordance with the laws.

Where the Company increases or reduces its registered capital, an application for modification of registration shall be made to the Company’s registration authority pursuant to the laws.

Dissolution and Liquidation

In any of the following circumstances, the Company shall be dissolved:

- i. the term of business operation set out in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- ii. a resolution for dissolution is passed at a general meeting;
- iii. dissolution is necessary due to a merger or division of the Company;
- iv. the business license is revoked, the Company is ordered to close or is eliminated according to the laws;
- v. the Company has experienced material difficulties in operation and management and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding 10% or more of the total voting rights of the Company may appeal to the People’s Court for dissolution of the Company.

The liquidation group shall be composed of directors, unless otherwise provided in these Articles of Association or unless the general meeting resolves to select other persons. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall be liable for compensation.

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The liquidation committee exercises the following functions and powers during the liquidation period:

- i. to sort out the assets of the Company and prepare balance sheets and inventories of assets respectively;
- ii. to notify creditors by notice or public announcements;
- iii. to deal with and settle any outstanding businesses of the Company;
- iv. to pay outstanding taxes as well as taxes arising in the course of liquidation;
- v. to settle claims and debts;
- vi. to allocate the remaining assets of the Company after the repayment of debts;
- vii. to represent the Company in any civil proceedings.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment and publish an announcement within 60 days in accordance with the requirements. The creditors shall declare their claims to the liquidation committee within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After sorting out the assets of the Company and preparing balance sheets and inventories of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or to the People’s Court for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the debts of the Company shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company shall continue to exist but shall not commence any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to the shareholders before repayment of its debts in full in accordance with the preceding paragraph.

If, after sorting out the assets of the Company and preparing balance sheets and inventories of assets, the liquidation committee discovers that the assets of the Company are insufficient to repay its debts in full, it shall apply to the People’s Court for bankruptcy in accordance with the laws.

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After the People’s Court has accepted that the Company is declared bankrupt, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People’s Court.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit to the general meeting or the People’s Court for confirmation. The liquidation committee shall submit the foregoing documents to the Company’s registration authority and apply for deregistration of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

- i. after amendment has been made to the Company Law or relevant laws, administrative regulation or the securities regulatory rules of the place where the Company’s shares are [REDACTED], the contents of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the Company’s shares are [REDACTED];
- ii. the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- iii. the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association approved by the general meetings are subject to the examination and approval by the competent authorities, such amendments shall be submitted to the competent authorities for approval. Where the amendments involve registration of the Company, the Company shall register relevant changes according to the laws.

NOTICES

The notices of the Company may be served as follows:

- i. delivered in person;
- ii. sent by mail;
- iii. made by announcement;
- iv. other forms stipulated by these Articles of Association by other means as specified by the securities regulatory authorities of the place where the Company’s shares are [REDACTED] or the Articles of Association.