

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1501)

- (1) REPORT OF THE DIRECTORS FOR THE YEAR 2022**
 - (2) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022**
 - (3) ANNUAL REPORT FOR THE YEAR 2022**
 - (4) AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2022**
 - (5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2022**
 - (6) ANNUAL FINANCIAL BUDGET FOR THE YEAR 2023**
 - (7) REMUNERATION OF DIRECTORS FOR THE YEAR 2023**
 - (8) REMUNERATION OF SUPERVISORS FOR THE YEAR 2023**
 - (9) RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2023**
 - (10) APPOINTMENT OF DOMESTIC AUDITOR FOR THE YEAR 2023**
 - (11) PROPOSED AMENDMENTS TO THE SHARE INCENTIVE SCHEME**
 - (12) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
 - (13) GENERAL MANDATE TO ISSUE SHARES**
- AND**
- (14) NOTICES OF ANNUAL GENERAL MEETING, H SHAREHOLDERS' CLASS MEETING AND DOMESTIC SHAREHOLDERS' CLASS MEETING**

Notices convening the AGM, H Shareholders' Class Meeting and Domestic Shareholders' Class Meeting of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:00 p.m., on Thursday, 18 May 2023 at 2:30 p.m. (or immediately after the conclusion or adjournment of the AGM) and on Thursday, 18 May 2023 at 2:45 p.m. (or immediately after the conclusion or adjournment of the H Shareholders' Class Meeting) are set out on pages AGM-1 to AGM-4, AGM-5 to AGM-6 and AGM-7 to AGM-8 of this circular, respectively. The accompanying form of proxy(s) for use at the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting is/are also enclosed. Such form of proxy(s) is/are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kdi-int.com).

Whether or not you are able to attend the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting, you are requested to complete the accompanying form of proxy(s) in accordance with the instructions printed thereon and return it to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting or any adjournment thereof. Completion and return of the accompanying form of proxy(s) will not preclude Shareholders from attending and voting in person at the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be) if they so wish and in such event, the accompanying form of proxy(s) shall be deemed to be revoked.

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

“AGM”	the annual general meeting of the Company to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:00 p.m., or any adjournment thereof (as the case may be) and notice of which is set out on pages AGM-1 to AGM-4 of this circular
“Articles” or “Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board” or “Board of Directors”	the board of Directors
“Class Meetings”	the H Shareholders’ Class Meeting and/or the Domestic Shareholders’ Class Meeting
“Company”	Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 1501)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Domestic Shareholders’ Class Meeting”	the Domestic Shareholders’ class meeting of the Company to be held on Thursday, 18 May 2023 at 2:45 p.m. (or immediately after the conclusion or adjournment of the H Shareholders’ Class Meeting) and notice of which is set out on pages AGM-7 to AGM-8 of this circular
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)

DEFINITIONS

“H Shareholders’ Class Meeting”	the H Shareholders’ class meeting of the Company to be held on Thursday, 18 May 2023 at 2:30 p.m. (or immediately after the conclusion or adjournment of the AGM) and notice of which is set out on pages AGM-5 to AGM-6 of this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Board by the Shareholders at the AGM to issue not exceeding 10% of the respective number of Domestic Shares and H Shares in issue as at the date of passing of the relevant special resolution set out in the notice of the AGM, and make corresponding amendments to the Articles of Association as and when deemed appropriate
“Latest Practicable Date”	12 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Mandatory Provisions”	the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System
“New PRC Regulations”	the “Decision of the State Council to Repeal Certain Administrative Regulations and Documents” issued by the State Council of the PRC on 17 February 2023 and the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies” and related guidelines issued by the CSRC on 17 February 2023
“PRC”	the People’s Republic of China but excluding, for the purposes of this circular only, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan region
“PRC Company Law”	the Company Law of the PRC, as the same may be amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC Guidelines on AoA”	the Guidelines for the Articles of Association of Listed Companies issued by the CSRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Incentive Scheme”	the share incentive scheme approved by the Shareholders on 17 December 2020
“Special Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

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LETTER FROM THE BOARD



Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code : 1501)

Executive Directors:

Dr. Liang Dongke

(Chairman and General Manager)

Mr. Lin Sen

Registered office, headquarters and

principal place of business in the PRC:

Block 2, No. 925 Jin Yuan Yi Road

Jiading District, Shanghai

the PRC

Non-executive Directors:

Mr. Zhang Weixin

Ms. Chen Hongqin

Dr. Song Yuan

Mr. Wang Ruiqin

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square

1 Matheson Street, Causeway Bay

Hong Kong

Independent Non-executive Directors:

Mr. Jian Xigao

Mr. Hui Hung Kwan

Mr. Xu Congli

14 April 2023

To the Shareholders:

Dear Sir or Madam,

- (1) REPORT OF THE DIRECTORS FOR THE YEAR 2022**
 - (2) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022**
 - (3) ANNUAL REPORT FOR THE YEAR 2022**
 - (4) AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2022**
 - (5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2022**
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LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you the notices of AGM and Class Meetings, which are set out on pages AGM-1 to AGM-4 and AGM-5 to AGM-8 of this circular, respectively and to provide you with information reasonably necessary to enable you to make informed decision on whether to vote on those resolutions to be proposed at the AGM and/or Class Meetings as described below.

At the AGM, ordinary resolutions concerning the following matters of the Company will be proposed to consider and approve (1) the report of the Directors for the year 2022; (2) the report of the Supervisory Committee for the year 2022; (3) the annual report of the Company for the year 2022; (4) the audited financial statements of the Group for the year 2022; (5) the profit distribution plan of the Company for the year 2022; (6) the annual financial budget of the Group for the year 2023; (7) the remuneration plan for Directors for the year 2023; (8) the remuneration plan for Supervisors for the year 2023; (9) the re-appointment of international auditor of the Company for the year 2023; (10) the appointment of domestic auditor of the Company for the year 2023; and (11) the proposed amendments to the Share Incentive Scheme.

At the AGM, the special resolutions will also be proposed to consider and approve (1) the proposed amendments to the Articles of Association; and (2) the grant of the Issue Mandate to the Board to issue Shares.

At the H Shareholders' Class Meeting, a special resolution will be proposed to consider and approve the proposed amendments to the Articles of Association.

At the Domestic Shareholders' Class Meeting, a special resolution will be proposed to consider and approve the proposed amendments to the Articles of Association.

MATTERS TO BE RESOLVED AT THE AGM AND/OR CLASS MEETINGS

(1) Report of the Directors for the year 2022

An ordinary resolution will be proposed at the AGM to approve the report of the Directors for the year 2022. The full text of the report of the Directors for the year 2022 is set out in the Company's 2022 annual report.

(2) Report of the Supervisory Committee for the year 2022

An ordinary resolution will be proposed at the AGM to approve the report of the Supervisory Committee for the year 2022. The full text of the report of the Supervisory Committee for the year 2022 is set out in the Company's 2022 annual report.

(3) The annual report of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to approve the Company's annual report for the year 2022.

LETTER FROM THE BOARD

(4) The audited financial statements of the Group for the year 2022

An ordinary resolution will be proposed at the AGM to approve the Group's audited financial statements for the year 2022. The audited financial statements which were prepared in compliance with the Hong Kong Financial Reporting Standards and the full text of the independent auditor's report for the year 2022 is set out in the Company's 2022 annual report.

(5) The profit distribution plan for the year 2022

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company.

On 20 March 2023, the Board recommended the payment of the proposed final dividend of RMB0.24 per Share (equivalent to HK\$0.27 per Share) (inclusive of applicable tax) for the year ended 31 December 2022. Subject to the approval of the proposed final dividend by the Shareholders at the AGM to be held on Thursday, 18 May 2023, the proposed final dividend will be distributed on or about Wednesday, 28 June 2023 to the Shareholders whose names appear on the register of members of the Company on Saturday, 3 June 2023 (the "**Record Date**").

The final dividend distribution shall be calculated based on the total number of Shares in issue as of the Record Date and the final cash dividend distribution shall be based on RMB0.24 per Share (equivalent to HK\$0.27 per Share) (inclusive of applicable tax). In order to qualify for the final dividend, the Shareholders must lodge all share certificates accompanied by the transfer documents with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), before 4:30 p.m. on Thursday, 25 May 2023. For the purpose of ascertaining the Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Monday, 29 May 2023 to Saturday, 3 June 2023, both days inclusive, during which period no transfer of Shares will be effected.

The final dividend will be denominated and declared in RMB. The Domestic Shareholders will be paid in RMB and the H Shareholders will be paid in Hong Kong dollar. The exchange rate for the final dividend to be paid in Hong Kong dollar will be the mean of the exchange rate of Hong Kong dollar to RMB as announced by the People's Bank of China during the five business days prior to the date of the Board meeting for the declaration of the final dividend.

In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) which was passed by the Standing Committee of the National People's Congress on 16 March 2007 and amended on 24 February 2017 and 29 December 2018 (the latest amendment which has taken effect on the even date), and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder,

LETTER FROM THE BOARD

including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such Shareholders. If H Shareholders intend to change its Shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of the Record Date.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries (regions) which had an agreed tax rate of 10% for the cash dividends to them with the PRC under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In that case, if the relevant individual H Shareholders wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual H Shareholders are residents of the countries which had an agreed tax rate of 20% with the PRC, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

(6) The annual financial budget of the Company for the year 2023

In response to the strategic development and business expansion, the Company intends to set a budget of capital expenditure amounting to approximately RMB175.0 million for the year 2023, amongst which (a) approximately RMB60.0 million will be used to set up a research and development center and additional facilities in Jiading, Shanghai, the PRC; (b) approximately RMB52.0 million will be used to purchase additional and replace existing production equipment; (c) approximately RMB8.0 million will be used for construction and decoration of the factory located in Zhuhai, the PRC; and (d) approximately RMB55.0 million will be used for the construction of the Shandong INT Innovative Medical Instruments Industrial Park in Rizhao, the PRC.

An ordinary resolution will be proposed at the AGM to approve the Company's annual financial budget for the year 2023.

LETTER FROM THE BOARD

(7) Remuneration plan for Directors for the year 2023

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Directors for the year ending 31 December 2023 formulated in accordance with the Company's internal policies and relevant regulatory requirements.

Each of the independent non-executive Directors will be entitled to an annual remuneration of RMB120,000 (before tax) from the Company for the year 2023.

The executive Directors, Dr. Liang Dongke and Mr. Lin Sen, and the non-executive Directors, Dr. Song Yuan and Mr. Wang Ruiqin, shall not receive any Directors' fees for their roles as Directors, but shall be entitled to remuneration based on their other employment positions in the Company and in accordance with the Company's internal policies.

Except for the independent non-executive Directors and executive Directors and non-executive Directors holding other employment positions in the Company, other Directors shall not be entitled to any remuneration from the Company.

(8) Remuneration plan for Supervisors for the year 2023

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Supervisors for the year ending 31 December 2023 formulated in accordance with the Company's internal policies and relevant regulatory requirements.

The Supervisors, namely Ms. Ma Huifang and Ms. Chen Jie, shall not receive any remuneration for their roles as Supervisors, but shall be entitled to remuneration, based on their other employment positions and in accordance with the Company's internal policies. The remaining Supervisor, namely Mr. Shen Xiaoru, shall not be entitled to any remuneration from the Company.

(9) Re-appointment of international auditor of the Company for the year 2023

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of KPMG as international auditor of the Company for the year 2023, for a term until the conclusion of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration

(10) Appointment of domestic auditor of the Company for the year 2023

Reference is made to the announcement of the Company dated 20 March 2023 in relation to, among others, the proposed change of domestic auditor of the Company. The Board, after considering the fact that BDO China Shu Lun Pan Certified Public Accountants LLP and KPMG has been serving as its domestic auditor and international auditor, respectively, the Company proposed to change its domestic auditor in the year of 2023 in order to ensure business synergy between domestic and international auditors and enhance the efficiency. On 20 March 2023, the Board has resolved to propose the appointment of KPMG Huazhen LLP as the domestic auditor for the year 2023, to carry out annual audit for the financial statements of the Company for the year ending 31 December 2023.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the AGM to consider and approve the appointment of KPMG Huazhen LLP as domestic auditor of the Company for the year 2023 for a term until the conclusion of the next annual general meeting of the Company, and to authorized the Board to determine its remuneration.

(11) Proposed Amendments to the Share Incentive Scheme

The Company adopted the Share Incentive Scheme at the extraordinary general meeting on 17 December 2020. Principal terms of the Share Incentive Scheme are set out in the circular of the Company dated 6 November 2020. The purpose of the Share Incentive Scheme is to recognize and further encourage devotion of management staff at all levels and core personnel of the Group.

The Directors propose to seek approval from the Shareholders at the AGM for certain amendments to the Share Incentive Scheme to, among other things (i) amend the performance target provision of the Share Incentive Scheme in order to extend the Review Period to the fourth financial year ending 31 December 2023 and (ii) bring the Share Incentive Scheme in alignment with the Listing Rules and make certain minor housekeeping amendments to the Share Incentive Scheme for the purpose of clarifying existing practice and making consequential amendments (collectively the “**Proposed Amendments to the Share Incentive Scheme**”). The Proposed Amendments to the Share Incentive Scheme shall apply to the outstanding restricted share units to be granted under the Share Incentive Scheme with effect from the date of the AGM. Please refer to the announcement of the Company dated 30 December 2022 for details.

As the Proposed Amendments to the Share Incentive Scheme are considered to be material in nature, the Proposed Amendments to the Share Incentive Scheme will be subject to approval by the Shareholders at the AGM. Accordingly, an ordinary resolution will be proposed at the AGM to consider and approve the Proposed Amendments to the Share Incentive Scheme.

Details of the Proposed Amendments to the Share Incentive Scheme are set out in Appendix I to this circular. The English version of the Share Incentive Scheme is an unofficial translation of the Chinese version. In the event of any inconsistency between the Chinese and English version, the Chinese version shall prevail.

(12) Proposed Amendments to the Articles of Association

Reference is made to the announcement of the Company dated 10 April 2023 in relation to the amendments to the Articles of Association. The Board proposed to make certain amendments to the Articles of Association in relation to, among other things, the additions, deletions and adjustments of the PRC Companies Law and other regulations. More specifically, the Company’s currently effective Articles of Association incorporated the Mandatory Provisions, which provides the standard provisions required to be included in PRC issuers’ articles of association as required under the Special Regulations. In particular, the Mandatory Provisions provides that a PRC issuer’s articles of association must include

LETTER FROM THE BOARD

provisions to deem holders of domestic shares and H shares as different classes of shareholders if applicable stock exchange rules so require and imposes the class meeting requirements for change or abrogation of the rights of a class of shareholders.

On 17 February 2023, the State Council and the CSRC announced the implementation of the New PRC Regulations which took effect from 31 March 2023. On the same date, the Special Regulations and the Mandatory Provisions were repealed. Under the New PRC Regulations, (i) the Mandatory Provisions shall cease to apply and the Company as a PRC issuer shall formulate the Articles of Association in line with the PRC Guidelines on AoA in place of the Mandatory Provisions; and (ii) holders of domestic shares and H shares are no longer deemed to be different classes of shareholders, thus the class meeting requirement applicable to holders of domestic shares and H shares are no longer necessary and removed.

Against the aforesaid PRC regulatory background, the Board proposed to make amendments to the Articles of Association consequential to the New PRC Regulations, and it is of the view that the proposed amendments (including the removal of the class meeting requirement from the Articles of Association following the repeal of the Mandatory Provisions) will not compromise protection of the H Shareholders and will not have material impact on measures relating to shareholder protection, as Domestic Shares and H Shares are regarded as one class of ordinary shares under PRC law, and the substantive rights attached to these two kinds of shares of Shares (including voting rights, dividends and asset distribution upon liquidation) are the same. After the proposed amendment to the Articles of Association takes effect, the Company will continue to comply with the Listing Rules to meet the core shareholder protection standards through compliance with PRC laws in combination with its constitutional documents pursuant to Appendix 3 of the Listing Rules and will further monitor its on-going compliance with these standards and notify the Stock Exchange if it becomes unable to comply with any of these standards.

Details regarding the proposed amendments to the Articles of Association are set out in Appendix II to this circular. Except for the proposed amendments mentioned in Appendix II, other provisions of the Articles of Association remain unchanged.

The English version of the Articles is an unofficial translation of the Chinese version. In the event of any inconsistency between the Chinese and English version, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are subject to the consideration by the Shareholders at the AGM, H Shareholders at the H Shareholders' Class Meeting and/or Domestic Shareholders at the Domestic Shareholders' Class Meeting, respectively, by way of special resolution and will take effect upon approval at the AGM and the Class Meetings and the consequential amendments to the Listing Rules in light of the regulation changes in the PRC becoming effective.

LETTER FROM THE BOARD

(13) Grant of general mandate to the Board of Directors to Issue Shares

A special resolution will be proposed at the AGM that the Board be granted the Issue Mandate to exercise the power of the Company to allot, issue or otherwise deal with new Shares (other than pursuant to the issue of Shares by conversion of the surplus reserve into the share capital in accordance with the PRC Company Law and the Articles of Association) not exceeding 10% of the respective number of Domestic Shares and/or H Shares in issue as of the date of passing this special resolution, and to authorize the Board to make amendments to the Articles of Association as it thinks fit so as to reflect the new share capital structure upon the allotment or issue of additional shares pursuant to such mandate.

The number of Domestic Shares and H Shares in issue of the Company as at the Latest Practicable Date was 63,786,608 Domestic Shares and 104,213,392 H Shares, respectively. Assuming that the number of Shares remains unchanged as at the date of passing this special resolution, the Board will be allowed under the Issue Mandate to issue a maximum of 6,378,660 Domestic Shares and 10,421,339 H Shares, subject to the passing of the special resolution approving the grant of the Issue Mandate to the Board. Meanwhile, the Board is authorized to make necessary amendments to the Articles of Association so as to reflect the new share capital structure upon the allotment or issue of additional Shares pursuant to such mandate.

The Directors believe that it is in the best interests of the Company and the Shareholders to grant the Issue Mandate to the Board to issue new Shares. Whilst it is not possible to anticipate in advance any special circumstances in which the Board might think it appropriate to issue Shares, the ability to do so would give the Directors the flexibility to capture the opportunity if it so arises.

The Issue Mandate would expire on the earlier of: (a) the conclusion of the next annual general meeting following the passing of this special resolution; or (b) the expiration of 12 months after the passing of this special resolution; or (c) the date on which the authorization set out in this special resolution are revoked or amended by a special resolution in a general meeting of the Company.

THE AGM AND CLASS MEETINGS

Notices convening the AGM, H Shareholders' Class Meeting and Domestic Shareholders' Class Meeting to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:00 p.m., on Thursday, 18 May 2023 at 2:30 p.m. (or immediately after the conclusion or adjournment of the AGM) and on Thursday, 18 May 2023 at 2:45 p.m. (or immediately after the conclusion or adjournment of the H Shareholders' Class Meeting) are set out on pages AGM-1 to AGM-4, AGM-5 to AGM-6 and AGM-7 to AGM-8 of this circular, respectively. The accompanying form of proxy(s) for use at the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting is/are also enclosed. Such form of proxy(s) is/are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kdl-int.com).

LETTER FROM THE BOARD

Whether or not you are able to attend the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting, you are requested to complete the accompanying form of proxy(s) in accordance with the instructions printed thereon and return it to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting or any adjournment thereof. Completion and return of the accompanying form of proxy(s) will not preclude Shareholders from attending and voting in person at the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be) if they so wish and in such event, the accompanying form of proxy(s) shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, H Shareholders' Class Meeting and/or Domestic Shareholders' Class Meeting, the register of members of the Company will be closed from Tuesday, 18 April 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Monday, 17 April 2023.

For the purpose of determining the identity of the Shareholders who are entitled to receive the proposed final dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Monday, 29 May 2023 to Saturday, 3 June 2023, both days inclusive, during which period no transfer of Shares will be registered. All transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Thursday, 25 May 2023.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of Shareholders at the AGM and the Class Meetings must be taken by poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it has in the same manner.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that each ordinary resolution and special resolution to be proposed at the AGM and the Class Meetings is in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favour of all the resolutions to be proposed at the AGM and the Class Meetings.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
Shanghai Kindly Medical Instruments Co., Ltd.*
上海康德萊醫療器械股份有限公司
Dr. Liang Dongke
Chairman

* *For identification purposes only*

Shanghai Kindly Medical Instruments Co., Ltd.
Employee Share Incentive Scheme
(~~Second~~Third Amendment Draft)

I. PURPOSE OF THE SHARE INCENTIVE SCHEME

In order to further establish and improve the incentive mechanism of Shanghai Kindly Medical Instruments Co., Ltd. (hereinafter referred to as the “**Company**”), fully mobilize the enthusiasm of the Company’s management personnel and core backbone personnel at all levels, continuously introduce various excellent technological and senior management talents, and promote the realization of the Company’s overall strategic goals at the same time, under the premise of fully protecting the interests of shareholders and pursuant to the current relevant laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and the Articles of Association etc., this employee share incentive scheme (hereinafter referred to as the “**Incentive Scheme**” or the “**Scheme**”) is formulated.

II. VALIDITY PERIOD OF THE INCENTIVE SCHEME

The validity period of this Scheme is from the date when this Scheme is approved at the general meeting to the date when all restricted shares granted under this Scheme are unlocked or repurchased and cancelled, the longest period of which shall not exceed 10 years. Subject to Section XI of this Incentive Scheme, this Incentive Scheme will remain effective until the termination date, except that the provisions of this Incentive Scheme will continue to be effective with respect to matters such as those to the extent necessary for unlocking and registration of any restricted shares that have been granted before the termination or in accordance with the provisions of this Incentive Scheme.

III. ADMINISTRATION OF THE INCENTIVE SCHEME

As the highest authority of the Company, the general meeting is responsible for reviewing and approving the implementation, modification and termination of this Incentive Scheme. The general meeting may authorize the Board of Directors or its authorized persons to handle matters related to this Incentive Scheme.

The Board of Directors is the executive management organization of this Incentive Scheme and is responsible for the implementation of this Incentive Scheme. The Remuneration Committee under the Board of Directors (hereinafter referred to as the “**Remuneration Committee**”) is responsible for drafting and revising this Incentive Scheme and submitting it to the Board of Directors for review. After the Board of Directors approves the Incentive Scheme, it will submit it to the general meeting for review. The Board of Directors may handle other matters related to this Incentive Scheme within the scope of the authorization of the general meeting, including but not limited to deciding on the grant, repurchase and cancellation, and unlocking of the restricted shares.

III.V. SHARE INCENTIVE METHOD AND SOURCE OF SHARES

1. Share Incentive Method

The incentive method of this Incentive Scheme is that (1) the Company issues domestic shares (namely shares of the Company not issued and listed on ~~the~~ Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) to the employee shareholding platform (in the form of limited partnership, hereinafter referred to as “**Partnership**” or “**Employee Shareholding Platform**”), and the grantees will indirectly hold domestic shares under this Incentive Scheme by holding the partnership interest in the Employee Shareholding Platform; and (2) the Company directly issues domestic shares to grantees in the form of private placement of domestic shares.

2. Source of Shares

The Company will issue additional domestic shares to the Employee Shareholding Platform or the grantees as the source of shares for this Incentive Scheme.

The Company’s existing shareholders do not have pre-emptive right to subscribe for the domestic shares issued under this Incentive Scheme.

IV. SCHEME MANDATE LIMIT; PROPOSED NUMBER OF GRANTS; LIMIT OF GRANT TO INDIVIDUAL GRANTEEES; ISSUANCE IN INSTALLMENTS; CAPITAL CONTRIBUTION AND USE OF PROCEEDS

1. Scheme Mandate Limit

The maximum total number of shares that may be issued in respect of all options and awards to be granted under this Incentive Scheme and other share schemes of the Company is 5,000,000 (including 5,000,000)(hereinafter the “**Scheme Mandate Limit**”), which represents 7.84% of the relevant class of shares of the Company in issue as at the date of approval of this Scheme and does not exceed 10% of the relevant class of shares of the Company in issue as at the date of approval of this Scheme. For the purpose of calculating the Scheme Mandate Limit, restricted shares lapsed and not granted pursuant to the terms of this Scheme will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

2. Proposed Number of Grants

The total number of domestic shares to be granted to the ~~employee shareholding platform grantees~~ under this Incentive Scheme shall not exceed 5,000,000 shares (including 5,000,000), representing ~~3.01–2.98%~~ of the Company’s current total issued shares of ~~166,000,000~~ 168,000,000 shares and 2.92% of the total shares after the Company completes the aforesaid direct issuance of 5,000,000 domestic shares. The final number of domestic shares issued by the Company under this direct issuance will be based on the number of the non-publicly issued domestic shares actually subscribed by the proposed grantees.

3. Limit of Grant to Individual Grantees

Where any grant of domestic shares to a grantee would result in the shares issued and to be issued in respect of all options and awards granted to such grantee (excluding any options and awards lapsed in accordance with the terms of this Incentive Scheme or any other share schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued shares of the Company, such grant must be separately approved by shareholders of the Company at the general meeting, with such grantee and his/her close associates (or associate if the grantee is a connected person) abstaining from voting, and the Company must send a circular to the shareholders.

24. Issuance in Installment

According to Measures for Supervision and Administration of Unlisted Public Companies and other relevant laws and regulations, application for the initial issuance of 2,000,000 domestic shares ~~and~~ have been submitted to the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) for approval, and the CSRC has approved the issuance of no less than 1,000,000 shares (including 1,000,000), and the remaining shall be issued in whole or in part at the election by the Board of Directors of the Company within 12 months from the date of approval by the CSRC.

In addition to the initial 2,000,000 shares that have already been issued, the Board of Directors of the Company will elect to file to the CSRC with respect to the remaining 3,000,000 domestic shares, in whole or in part, in accordance with the Measures for Supervision and Administration of Unlisted Public Companies and other relevant laws and regulations and will elect to issue such shares within 12 months after the CSRC approval in whole or in part.

Domestic shares not issued within the validity period prescribed in the CSRC approval documents will lapse automatically and will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit, and will be re-classified as the remaining unissued domestic shares and will be re-filed with the CSRC for further issuance.

35. Capital Contribution

According to the arrangement of issuance in installments, the payment arrangement for the issuance of domestic shares under this Incentive Scheme is: the subscribers of the issuance of domestic shares shall make payment of capital contribution according to the issued and actually subscribed shares as resolved by the Board of Directors after the CSRC approval, and the specific payment timeline shall be determined by the general manager of the Company, ~~and the deadline of which~~ shall be no later than completion of the share registration with the China Securities Depository and Clearing Corporation Limited.

46. Use of Proceeds

All the funds raised from the issuance of shares hereunder are intended to be used to replenish working capital, improve the Company's financial situation, enhance the Company's profitability and anti-risk capabilities, so as to ensure the realization of the Company's future development strategy and business goals.

VI. SCOPE OF GRANTEES AND RESPECTIVE NUMBER OF INTEREST GRANTED

1. Basis of Determining the Grantees

i. Legal Basis of Determining the Grantees

The grantees under this Incentive Scheme will be determined in accordance with the PRC Company laws and other relevant laws, regulations and normative documents, the Listing Rules and the Articles of Associations and based on the Company's actual situation.

ii. Role Basis of Determining the Grantees

The grantees under this Incentive Scheme include the directors, supervisors, senior management, core management personnel, mid-level management personnel, core technical (business) personnel and other key ~~personnel~~ employees who work in the Company (including subsidiaries). The list of grantees shall be made by the ~~Board of Directors~~ Remuneration Committee and shall be verified and confirmed by the Supervisory Committee of the Company.

2. Number of the Grantees

The proposed grantees involved under this Incentive Scheme are expected not to exceed 100 persons.

Except for the directors, supervisors and senior management of the Company and its subsidiaries, all other grantees must also meet the following requirements:

- (1) Core management personnel and middle-level management personnel have served in the Company or its subsidiaries for at least three years and their job ranks equal to or are above level 30;
- (2) Core technical (business) personnel and other backbone employees have served in the Company or its subsidiaries for at least five years and they job ranks equal to or are above level 16;
- (3) The grantees do not have the following circumstances:
 - (i) receiving administrative punishment from the CSRC or public condemnations from the Stock Exchange due to violation of laws and regulations in the past three years;

- (ii) ~~persons who seriously violate~~ serious violation of the management disciplines of the Company;
- (iii) other circumstances that the ~~Board of Directors~~ Remuneration Committee considers to be inappropriate to be qualified as grantees.

3. List of Grantees and Distribution of Interest Proposed to be Granted

~~See appendix 1.~~

The number of ~~participants~~ grantees will be finally determined based on the grant and actual payment situation.

After this Incentive Scheme is approved at the general meeting, the Board may, according to the authorization of the general meeting, adjust the grantees and the interest to be distributed within the scope of the grantees, and may also implement incentives for employees who meet the incentive conditions.

VII. PRINCIPLE OF DETERMINING THE PRICE

The price of the domestic shares granted under this Incentive Scheme shall be determined based on the fundamental purpose of “promoting the development of the Company, safeguarding the shareholders’ interest and stabilizing the core team” and shall be determined based on the principle of “focused incentive and effective incentive”.

In order to promote the continuous stable and rapid development of the Company’s overall operations and safeguard the interests of shareholders, the Company must continue to build and consolidate equity incentives, a system that effectively promotes the Company’s development and at the same time, grasp the core strength and team in the Company’s development and provide good and effective incentives. On the basis of the Company’s performance as the core assessment indicator, the Company has determined the grantees for this Incentive Scheme, including directors, supervisors, senior management, core management personnel, mid-level management personnel, core technical (business) personnel and other key employees of the Company (including subsidiaries). Among them, some grantees bear the major responsibilities of formulating the Company’s development strategy and leading the Company’s moving direction; some grantees are directly in charge of the Company’s business sector and management work; and some grantees undertake important work of the Company and play a decisive role in the development of the Company. The Company believes that, on the basis of compliance with laws and regulations, providing incentives to these core personnels at a lower incentive cost, can truly enhance the work enthusiasm and sense of responsibility of the grantees, and effectively unify the interests of the grantees and the Company and its shareholders, such that the incentive targets can be reliably achieved.

In light of the foregoing purposes, on the basis of completion of financial auditing and assets evaluation, and under the principle that the issuance price shall not be lower than the net assets per share of the Company as of 31 December 2019, taking into account the actual cost factors such as amount of capital contribution required to be paid by the grantee in order to acquire the relevant restricted shares and tax obligations etc., the Company decided to

determine the grant price of the restricted shares to be RMB12 per domestic share (hereinafter referred to as the “**Grant Price**”), and calculate the price of each partnership interest based on the total interest of the Employee Shareholding Platform.

VIII. Lock-up Period and Unlocking Arrangement

The lock-up period for the 2,000,000 shares granted in the first phase of this Incentive Scheme is 60 months (hereinafter referred to as the “**First Lock-up Period**”), commencing from the date of completion of the registration of the granted shares with the China Securities Depository and Clearing Corporation Limited. The lock-up period for the 3,000,000 shares granted subsequently is the same as that of the first grant, and the unlocking date is the same with that of the first grant.

During the lock-up period, if the domestic shares of the Company are listed on a stock exchange, the shares or partnership interest acquired by the grantees through this ~~Employee Incentive~~ Scheme shall not be transferred upon the listing of the domestic shares of the Company, and the lock-up period will be extended until the expiry of 36 months of the listing of the Company’s domestic shares (or the lock-up period after the listing of the domestic shares pursuant to the latest laws and regulations at that time),

During the lock-up period, the grantees/Partnership shall not sell or transfer the domestic shares of the Company acquired through this ~~Employee~~-Incentive Scheme. In the meantime, the partners of the Partnership shall not dispose in any way (including but not limited to transfer, entrust to hold, set encumbrance) the domestic shares of the Company acquired through this ~~Employee~~-Incentive Scheme or the corresponding partnership interest or any related rights or interest, nor can it be used to secure or repay debts. Upon expiry of the lock-up period, the grantees may reduce shareholding in the Company/partnership interest in accordance with the relevant regulations of the securities regulatory department and the stock exchange.

During the lock-up period, shares obtained through capital reserve, bonus issue, placing and share allotment to existing shareholders during additional issuance by the grantees due to the shares/Partnership interest granted under this ~~Employee~~-Incentive Scheme shall be locked at the same time, with the same end date of the lock-up period as that of the shares granted.

If the grantees meet the conditions stipulated under this Incentive Scheme and achieve the performance assessment targets, and there is no circumstance that is not permitted for grantees set forth in this ~~Employee Incentive~~ Scheme, then the lock-up will be fully lifted upon expiry of the lock-up period, and the grantees holding partnership interest may, pursuant to the requirements under this ~~Employee~~-Incentive Scheme and the partnership agreement of the Partnership, individually or jointly with other partners, apply in writing to transfer all or part of the partnership interest so as to indirectly transfer the shares in the Company to realize investment gain, and the general partner shall cooperate accordingly.

VIII. PERFORMANCE COMMITMENT OF GRANTEES

During the lock-up period, the grantees shall, in addition to comply with the lock-up period requirement under Section VIII of this Scheme, fulfill the relevant performance commitment. The performance commitment period are the ~~three~~four accounting years from 2020 to ~~2022~~2023, and the grantees will be assessed in each accounting year (each year is called “**Assessment Year**”). The Company is entitled to repurchase and cancel the shares/partnership interest held by the grantees that do not meet the performance assessment target in the Assessment Year, and some domestic shares that have not yet been granted due to issuance in installments will be terminated and automatically lapsed. The detailed repurchase method shall be that the general partner of the Partnership shall repurchase according to the grant price of the domestic shares (the “**Repurchase Price**”) under this Incentive Scheme (if repurchasing the partnership interest in the Employee Shareholding Platform, the repurchase price shall be calculated based on the total number of domestic shares held by the grantee and the total amount of the partnership interest). Except for violation of the lock-up period arrangement, the Company shall no longer repurchase or shall terminate such part of partnership interest that have achieved performance target. The detailed performance assessment arrangement for the grantees are as follows:

Arrangement for fulfilment of performance commitment	Assessment Year	Performance target	Proportion of shares corresponding to that assessment period
First assessment period	2020	Based on the net profit in 2019, the growth rate of net profit in 2020 shall not be less than 20%	30%
Second assessment period	2021	Based on the net profit in 2019, the growth rate of net profit in 2021 shall not be less than 40%	30%
Third assessment period	2022	Based on the net profit in 2019, the growth rate of net profit in 2022 shall not be less than 60%	40% ==
<u>Fourth assessment period</u>	<u>2023</u>	<u>Based on the net profit in 2019, the growth rate of net profit in 2023 shall not be less than 60%</u>	<u>40%</u>

The net profit under this Scheme shall be net profit attributed to shareholders of the listed issuer in the consolidated financial statements audited by an accounting firm with securities business qualifications in accordance with PRC accounting principles after excluding the equity incentive expenses of the Company and its subsidiaries (including current cost of amortization of equity incentives and related fees paid to relevant professional institutions). If there is circumstance that affects the net profit under this Incentive Scheme that is not caused by the grantees, the Company’s Board of Directors has the right to decide whether to eliminate such relevant impact (if any).

APPENDIX I	PROPOSED AMENDMENTS TO THE SHARE INCENTIVE SCHEME
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The assessment at the individual level of the grantees shall be implemented based on the internal performance assessment system of the Company. The individual assessment results for the grantees can be classified into four levels: “excellent”, “good”, “pass” and “fail”.

Performance assessment	Excellent	Good	Pass	Fail
Achievement ratio of performance commitment	100%	80%	60%	0%

The achievement ratio of performance commitment for individual grantee in the current year = proportion of incentive shares of the grantee corresponding to the assessment period for the current year × achievement ratio of performance commitment

The specific assessment content for each grantee shall be implemented according to the “target responsibility letter” signed by the grantee each year.

IX. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE GRANTEES

1. Rights and Obligations of the Company

- (1) The Company has the right to interpret and implement this Incentive Scheme, conduct performance assessment on the grantees, and supervise and review whether the grantees are qualified to achieve their performance commitment. If the grantees fail to meet the performance commitment conditions stipulated under this Incentive Scheme, with the approval of the general manager of the Company, the domestic shares/partnership interest that have been granted to the grantees but have not yet met the assessment requirements for the current year and thereby achieving performance commitment conditions, can be repurchased by the Company/general partner of the Partnership or other designated parties, and the domestic shares that have not yet been granted due to issuance in installment shall be terminated, without having to obtain the approval of the other partners of the Partnership.
- (2) With respect to the repurchase matters under this Incentive Scheme, the repurchase fees shall be borne by the Company/general partner of the Partnership. The partnership interest repurchased by the general partner of the Partnership shall be temporarily held by the general partner of the Partnership, and as resolved by the Remuneration Committee, may be granted to other eligible employees of the Company / general partner of the Partnership. If the partnership interest repurchased by the Company is not subsequently used to as incentives, the interest arising from exercising such partnership interest in the future shall belong to the Company. ~~If the domestic shares directly granted to the grantees fail to meet the assessment requirement for the year, the Company is entitled to grant such shares to other eligible employees of the Company or repurchase and cancel them.~~
- (3) The Company has right to require the grantees to work for the Company according to the requirements imposed on the positions they are employed. If the grantees are not qualified for the positions they are employed or fail to pass the assessment, or

the grantees violate laws, violate professional ethics, disclose the Company's confidential information, breach the Company's rules and regulations, neglect or derelict duties which seriously damage the Company's interest or reputation, upon approval of the Company's general manager, the Company/general partner of the partnership may repurchase the shares corresponding to the Company's shares/partnership interest that are granted but not met the assessment requirement to achieve the performance target at the Repurchase Price.

- (4) The Company shall withhold the personal income tax and other taxes payable by the grantee according to the relevant national taxation laws and regulations.
- (5) The Company undertakes not to provide loans and any other form of financial assistance (including providing guarantee for loans) to the grantees to obtain the relevant restricted shares under this Incentive Scheme.
- (6) The Company shall disclose the information disclosure documents related to this Incentive Scheme in a timely, true, accurate and complete manner in accordance with relevant laws, regulations and normative documents, and ensure that there are no false records, misleading statements or material omissions, and promptly perform the relevant reporting obligations under this Incentive Scheme.
- (7) Other relevant rights and obligations stipulated in laws, administrative regulations and normative documents.

2. Rights and Obligations of the Grantees

- (i) The grantees shall be diligent and responsible, abide by professional ethics and make due contribution to the development of the Company according to the requirements imposed on the positions that they are employed with.
- (ii) The grantees have the right to unlock according to the provisions of this Incentive Scheme.
- (iii) The source of fund for the grantees is self-raised funds of the grantees.
- (iv) The shares/partnership interest granted to the grantees under this Incentive Scheme shall not be transferred or used for guarantee or repayment of debts during the lock-up period; shares/partnership interest unlocked after expiry of the lock-up period can be freely transferred in accordance with the relevant requirements of the securities supervision department and the stock exchange, and shall be entitled to the same interest (including rights arising from winding up of the Company), in all aspects, as the existing fully-paid shares already issued on the unlocking date or (if the unlocking date is a day when the Company suspend share transfer registration) the first date of re-opening share transfer registration. Shares unlocked after expiry of the lock-up period are not entitled to voting rights before the name of the grantee is officially registered on the register of members of the Company.

- (v) Shares/partnership interest granted to the grantees shall be entitled to their due rights after the grant date, including but not limited to dividend rights and voting rights of such domestic shares etc. However, dividend shares, shares obtained through capital reserve, placing and share allotment to existing shareholders during additional issuance by the grantees due to the shares/partnership interest granted under this Incentive Scheme shall be ~~restricted for sale~~ locked-up at the same time, shall not be transferred to institutions/natural persons other than the general partner of the partnership, with the same end date of the lock-up period of such shares as that of the shares granted.
- (vi) The grantees shall pay personal income tax and other taxes and fees in accordance with national taxation laws and regulations for the benefits obtained from this Incentive Scheme.
- (vii) The grantees undertake that if there are false records, misleading statements or material omissions (if any) in the information disclosure documents provided to the Company which result in non-compliance with the granting arrangements, the grantees shall return all benefits obtained through the Incentive Scheme to the Company after the relevant information disclosure documents are confirmed to have false record, misleading statements or material omissions.
- (viii) The cash dividends obtained by the grantees from the granted domestic shares will be enjoyed by the grantees after withholding and paying the personal income tax. If the part of the domestic shares fails to achieve the corresponding performance target, the corresponding cash dividends will no longer be recovered by the Company.
- (ix) If the grantee violates the competition restriction/prohibition agreement (if any), the grantee should return all benefits gained due to participation of the Incentive Scheme to the Company and if causing any loss to the Company, he should also be liable for compensation to the Company; and the domestic shares/partnership interest (whether the unlocking conditions are met or not) obtained by the grantee under the Incentive Scheme shall be repurchased by the Company/general partner of the partnership at the Repurchase Price.
- (x) Other Relevant Rights and Obligations Prescribed by Laws, Administrative Regulations, Normative Documents and This Incentive Scheme.

3. Other Explanations

Disputes between the Company and the grantee shall be resolved according to the provisions of this Incentive Scheme; if the provisions are unclear, the parties shall negotiate and resolve them in accordance with national laws and the principle of fairness and reasonableness; if the negotiation fails, the disputes shall be submitted to competent people's court in the Company's place of registration for settlement through litigation.

The Company's determination of the grantee of this Incentive Scheme does not constitute a commitment to the employee's employment period. The Company will still determine the employment relationship with the employee based on the labor contract or engagement agreement signed with the grantee.

XI. MODIFICATION AND TERMINATION OF THE INCENTIVE SCHEME

1. Modification Procedures for this Incentive Scheme

If the Company can modify this Incentive Scheme before it is considered and approved at the general meeting, such modification needs to be reviewed and approved by the Board of Directors. If the Company proposes to modify this Incentive Scheme after it is considered and approved at the general meeting, the modification proposal shall be submitted to the general meeting for consideration and approval, except for modifications that are authorized by the general meeting. Any revisions to the terms of this Incentive Scheme which are of a material nature or any modifications under Rule 17.03 of the Listing Rules (to the advantage of the grantee) shall be considered and approved by the shareholders at the general meeting.

2. Termination Procedures for this Incentive Scheme

If the Company intends to terminate this Incentive Scheme before it is considered and approved at the general meeting, it shall be subject to the consideration and approval by the Board of Directors and shall be disclosed. If the Company terminates the implementation of this Incentive Scheme after it is approved at the general meeting, it shall be submitted to the Board of Directors and the general meeting for approval and shall be disclosed. If this Incentive Scheme is terminated after the approval by the Board of Directors and the general meeting and before its expiry of its validity period, then the granted and unlocked domestic shares shall be repurchased and cancelled by the Company upon termination of the Incentive Scheme, and the domestic shares that have not been granted shall no longer be granted and shall automatically lapse.

3. Dealing with Changes to Personal Circumstances of the Grantees

(i) Change to Positions of the Grantees

- (1) If the position of the grantee changes, but the grantee still works in the Company or its subsidiaries, the shares/partnership interest that have been granted will still be carried out in accordance with the procedures stipulated in this Incentive Scheme, and the Company shall determine whether to continue to grant the ungranted part of the domestic shares due to issuance in installments.
- (2) The grantees who violate laws, violates professional ethics, discloses the Company's confidential information, neglects or derelict duties etc., thereby causing damage to the interest or reputation of the Company and leading to change of positions, or terminates labor relationship with the Company due to the aforesaid reasons, then the shares/partnership interest (if any) within the lock-up period shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price, and the domestic shares that are not yet granted due to issuance in

installments shall be terminated and no longer to granted. In the meantime, the grantees shall return all benefits arising from exercising of interest and shall compensate the Company for any losses caused.

(ii) Resignation of the Grantees

- (1) If the contract of the grantee expires and is not renewed or the grantee resigns voluntarily, and if the lock-up period has expired, then the shares/partnership interest held by the grantee shall not be dealt with; if the lock-up period has not expired, whether or not the performance target has been fulfilled, the shares/partnership interest held by the grantee shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price, and the domestic shares that have not yet been granted due to issuance in installments shall be terminated and no longer be granted.
- (2) If the grantee passively resigns due to Company layoffs and other reasons and there is no performance assessment failure, negligence, violation of laws and disciplines etc., if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the shares/partnership interest held by the grantee shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to installment issuance shall be terminated and no longer be granted.
- (3) If the grantee resigns because of violating law, violating professional ethics, disclosing the Company's confidential information, negligence or dereliction of duty and other acts that damage the Company's interests or reputation, or the Company terminates the labor relationship with the grantee due to the aforementioned reasons, the shares/partnership interest still within the lock-up period shall be all repurchased by the Company/general partner of the Partnership at the Repurchase Price, and some domestic shares that have not been granted due to the issuance in installments shall be terminated and no longer be granted. At the same time, the grantees should also return all the benefits they have gained from exercising their rights and interests to the Company, and if they cause losses to the company, they should also be liable for compensation to the Company.

(iii) Retirement of the grantee

- (1) If the grantee is re-employed after retirement; the shares/partnership interests that have been granted shall be implemented fully in accordance with the procedures stipulated under this Scheme before retirement.
- (2) If the Company requests for continued employment but the grantee refuses or the grantee retires and resigns, then upon expiry of the lock-up period, the shares/partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, whether or not the performance target is fulfilled, the shares/partnership interest can be purchased by the Company/general partner of the

Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installments shall be terminated and no longer be granted.

(iv) Incapacity to Work of the Grantee

- (1) If the grantee resigns due to work-related injury and incapacity to work, if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the shares/partnership interest held by the grantee shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installments shall be terminated and no longer be granted.
- (2) If the grantee resigns due to non-work-related injury and incapacity to work, if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the shares/partnership interest held by the grantee shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price, and some domestic shares that have not been granted due to installment issuance shall be terminated and no longer be granted.

(v) Decease of the Grantee

- (1) If the grantee deceases due to performance of duties, if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with, the shares/partnership interest that have fulfilled the performance target will not be dealt with, and the shares/partnership interest that have not fulfilled the performance target shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and the repurchase payment amount shall be received by his designated property heir or legal heir, and some domestic shares that have not been granted due to issuance in installments will be terminated and no longer be granted.
- (2) If the grantee deceases due to other reasons, if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with, the shares/partnership interest that have fulfilled the performance target will not be dealt with, and the shares/partnership interest that have not fulfilled the performance target shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price. The repurchase payment amount shall be received by his designated property heir or legal heir, and some domestic shares that have not been granted due to issuance in installment will be terminated and no longer be granted.

(vi) Change of control of the subsidiary that the grantee works in

If the grantee works in the Company’s holding subsidiary, and if the Company loses control over the subsidiary and the grantee still stays in such company, if the lock-up period has expired, the shares/partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the shares/partnership interest that have met the performance target shall not be dealt with, and the shares/partnership interest that have not met the performance target shall be repurchased by the Company/general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installment shall be terminated and no longer be granted.

(vii) Change of Eligibility of the Grantee

If the grantees are no longer eligible for being a grantee due to one of the following circumstances, if the lock-up period has expired, their shares/partnership interest will not be dealt with; if the lock-up period has not expired, the shares/partnership interest that have fulfilled the performance target will not be dealt with, and the shares/partnership interest that have not fulfilled the performance target will be repurchased by the Company/general partner of the Partnership at the Repurchase Price, and some of the domestic shares that have not yet been granted due to issuance in installment shall be terminated and no longer be granted:

- (1) receiving administrative punishment from the CSRC or public condemnations from the Stock Exchange due to violation of laws and regulations in the past three years;
- (2) serious violation of the management disciplines of the Company;
- (3) other circumstances that the ~~Board of Directors~~ Remuneration Committee considers to be inappropriate to be qualified as grantees.

4. ~~Other Changes in the Company’s Circumstances~~

If the Company undergoes changes of control, merger, divisions or termination of listing, it will not affect the continuing implementation of this Incentive Scheme.

The Remuneration Committee shall determine other unspecified circumstances and determine how to deal with it.

5. Repurchase and Cancellation

If the Company cancels any unlocked restricted shares granted to the grantee, and grants new restricted shares to the same grantee, such new restricted shares can only be issued within the Scheme Mandate Limit. The repurchased and cancelled restricted shares shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

XII. ACCOUNTING TREATMENT AND PERFORMANCE IMPACT CALCULATION

1. Accounting Treatment Method

(i) *Grant Date*

“Bank deposit”, “share capital” and “capital reserve — share capital premium” will be recognized according to the share grant to the grantees made by the Company; at the same time, liabilities (treated as treasury stock acquisitions) will be recognized for repurchase obligations.

(ii) *Each Balance Sheet Date within the ~~Restricted~~ Lock-up Period*

According to the accounting standards, on each balance date during the ~~restricted lock-up~~ period, based on the best estimate of the number of exercisable equity instruments, the fair value of the equity instruments on the grant date and the unlocked proportion of restricted shares in each installment, the services obtained from and provided by the employees shall be recorded into costs or expenses, and “capital reserve — other capital reserved” will be recognized at the same time, without recognizing its subsequent changes in fair value.

(iii) *~~Unlocking Day of Removing Restriction~~*

On the ~~unlocking day of removing restriction~~, if the ~~unlocking conditions for removing restrictions~~ are met, then the lock-up can be lifted, and liabilities will be recorded with respect to “treasury shares” at the time of carry-over repurchase and with respect to repurchase obligations on the grant date, and if there is any difference, then the “capital reserve — share capital premium” shall be adjusted accordingly. If all or part of the shares are not ~~removed restrictions~~ ~~unlocked~~ and therefore lapse or become invalid, the relevant liabilities will be offset with respect to the fulfilled repurchased obligations and then the relevant interest shall be offset when the share capital is cancelled.

(iv) *Fair Value of the Restricted Shares and Determination Method*

According to the relevant provisions of “Accounting Standards for Enterprises No. 11 — Share-based Payments” and “Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments”, the unit cost of restricted shares = fair value of the restricted shares – grant price, and the fair value of restricted shares is estimated using the market approach.

2. Estimated Impact of Restricted Shares on the Operating Performance in Each Period

The Company grants 5,000,000 restricted shares to the grantees. According to the fair value of the restricted shares based on the data obtained through valuation under the market approach, it is estimated that the total equity expenses for the grant will be approximately RMB10,000,000, and the total amount of such expenses as the incentive costs of the Company for this Incentive Scheme will be confirmed in installment in accordance with the unlocked proportion of ~~removal of restrictions~~ during the implementation of this Incentive Scheme.

APPENDIX I PROPOSED AMENDMENTS TO THE SHARE INCENTIVE SCHEME

According to the provision of the accounting standards, the specific amount should be based on the fair value of the shares calculated on the actual Grant Date. Assuming the shares are granted in April 2021, the amortized costs of restricted shares from 2021 to 2026 is as follows:

Unit : RMB 0'000

	2021	2022	2023	2024	2025	2026
Amortized costs of restricted shares	225	300	300	300	300	75

Notes:

1. The above fees are estimated costs, and the actual cost is related to the grant price, the grant date, the closing price on the grant date, the number of grants and the best estimate of the number of equity instruments that can be unlocked;
2. Shareholders should note the potential dilution effect of the above share-based payment expenses;
3. The final impact of the above amortization expenses forecasts on the operating performance of the Company is subject to the audit report issued by accounting firm;
4. Any discrepancy in the mantissa between the total number and the sum of each detailed number in the above table are due to rounding.

The costs of this Incentive Scheme will be listed under costs and expenses. Based on the current information, without taking into account the positive effect of this Incentive Scheme on the Company's performance, the Company estimates that, the cost amortization under this Incentive Scheme will have an impact on the net profit of each year within the validity period. Considering the positive impact of this Incentive Scheme on the Company's operation and development, thereby stimulating the enthusiasm of management and business teams, improving operation efficiency, and reducing operating costs, the Company's performance improvement brought by this Incentive Scheme will be higher than the fee increases brought by it.

3. Distribution of Accumulated Profit Before Issuance

The accumulated and undistributed profit before this issuance shall be shared by the new and existing shareholders in accordance with their respective shareholding percentage after the registration of this issuance is completed. If the issue is in installments, the accumulated and undistributed profits before each issuance shall be shared by the new and existing shareholders in accordance with their respective shareholding percentage after the registration of such issuance is completed.

XIII. NUMBER OF GRANTS AND METHODS AND PROCEDURES FOR PRICE ADJUSTMENT

1. Adjustment Mechanism for Number of Grants

In the event of capitalisation issue, ~~rights issue,~~ bonus issue, sub-division, ~~share allotment or consolidation of shares~~ or reduction of share capital of the Company prior to the completion of registration of shares granted under this Incentive Scheme, the Board of Directors of the Company has the right to determine whether to adjust the number of share grants and to submit to the general meeting for approval (if required).

2. Adjustment Mechanism for Grant Price

In the event of capitalisation issue, ~~rights issue,~~ bonus issue, sub-division, ~~share allotment or consolidation of shares~~ or reduction of capital of the Company prior to the completion of registration of shares granted under this Incentive Scheme, the Board of Directors of the Company has the right to determine whether to adjust the grant price of the restricted shares and to submit to the general meeting for approval (if required).

3. Any adjustment under this Section XIII must give a grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but no such adjustment may be made to the extent that a share would be issued at less than its nominal value. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this Section XIII(3). The issue of securities as consideration in a transaction may not be regarded as a circumstances requiring adjustment.

~~XIII~~XIV. MISCELLANEOUS

- (1) Disputes between the Company and the grantees shall be resolved in accordance with the provisions of this Incentive Scheme; if the provisions are unclear, the parties shall negotiate and resolve them in accordance with national laws and the principles of fairness and reasonableness; if the negotiation fails, the disputes shall be submitted to the people's court with competent jurisdiction in the place where the Company is domiciled for settlement.
- (2) This Incentive Scheme shall become effective after being considered and approved at the general meeting of the Company.
- (3) This Incentive Scheme shall be interpreted by the Board of Directors of the Company.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Note: In the marginal notes of the Articles of Association, “Company Law” represents the Company Law of the People’s Republic of China; “Mandatory Provisions” represents the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on August 27, 1994; “Letter of Supplementary Opinions” represents the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1) jointly promulgated by the overseas listing department of the CSRC and the production system department of the former State Commission for Restructuring the Economic System on April 3, 1995; “Opinions on Regulated Operation and In-depth Reform” represents the Opinions on Further Assistance in Regulated Operation and In-depth Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by the former State Economic and Trade Commission and the CSRC on March 29, 1999; “Main Board Listing Rules” or “Hong Kong Stock Exchange Listing Rules” represents the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “Appendix 3 to the Main Board Listing Rules” represents Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “Appendix 13D to the Main Board Listing Rules” represents Part D of Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and “Appendix 14 to the Main Board Listing Rules” represents Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</p>	<p>Note: In the marginal notes of the Articles of Association, “Company Law” represents the Company Law of the People’s Republic of China; “Mandatory Provisions” represents the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on August 27, 1994; “Letter of Supplementary Opinions” represents the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1) jointly promulgated by the overseas listing department of the CSRC and the production system department of the former State Commission for Restructuring the Economic System on April 3, 1995; “Guide to the Articles of Association” represents the Guide to the Articles of Association of Listed companies; “Opinions on Regulated Operation and In-depth Reform” represents the Opinions on Further Assistance in Regulated Operation and In-depth Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by the former State Economic and Trade Commission and the CSRC on March 29, 1999; “Main Board Listing Rules” or “Hong Kong Stock Exchange Listing Rules” represents the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “Appendix 3 to the Main Board Listing Rules” represents Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “Appendix 13D to the Main Board Listing Rules” represents Part D of Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and “Appendix 14 to the Main Board Listing Rules” represents Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 1</p> <p>Shanghai Kindly Medical Instruments Co., Ltd.* (hereinafter referred to as the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and other relevant laws and administrative regulations of the PRC.</p> <p>.....</p>	<p>Article 1</p> <p>Shanghai Kindly Medical Instruments Co., Ltd.* (hereinafter referred to as the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and other relevant laws and administrative regulations of the PRC.</p> <p>.....</p>
<p>Article 5</p> <p>The Company is a joint stock limited company with perpetual existence and is an independent legal entity. The Company shall bear liability for the debts of the Company with all its assets, while the shareholders shall bear liability for the Company to the extent of the shares they subscribe.</p>	<p>Article 5</p> <p>The Company is a joint stock limited company with perpetual existence and is an independent legal entity. The Company shall bear liability for the debts of the Company with all its assets, while all the assets of the Company are divided into equal shares, and the shareholders shall bear liability for the Company to the extent of the shares they subscribe.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 6	Article 6
<p>These Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders’ general meeting of the Company and shall become effective on the date when the overseas listed foreign shares, upon approval by the relevant departments of the PRC and the relevant regulatory authorities, are listed and traded on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”). From the date when these Articles of Association take effect, these Articles of Association constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.</p>	<p>These Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders’ general meeting of the Company and shall become effective on the date of the resolution of the General meeting of the Company. when the overseas listed foreign shares, upon approval by the relevant departments of the PRC and the relevant regulatory authorities, are listed and traded on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”). From the date when these Articles of Association take effect, these Articles of Association constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.</p>
Article 7	Article 7
<p>.....</p> <p>Pursuant to these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management of the Company.</p> <p>.....</p>	<p>.....</p> <p>Pursuant to these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management of the Company; the Company may institute legal proceedings against directors, supervisors and senior management of the Company.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 8	Article 8
<p>The Company may invest in other limited liability companies, joint stock limited companies or other entities, and the Company’s liabilities to an invested entity shall be limited to the amount of its capital contribution to such invested entity.</p> <p>The Company shall not become a capital contributor that shall bear the joint and several liabilities for the debts of the entities it invests in, unless it is otherwise provided for by laws.</p>	<p>The Company may invest in other limited liability companies, joint stock limited companies or other entities, and the Company’s liabilities to an invested entity shall be limited to the amount of its capital contribution to such invested entity.</p> <p>The Company shall not become a capital contributor that shall bear the joint and several liabilities for the debts of the entities it invests in, unless it is otherwise provided for by laws.</p>
	(new add)
	<p>The Company shall establish Communist Party organizations and carry out Party activities in accordance with the Constitution of the Communist Party of China. The company provides necessary conditions for the activities of the Party organization.</p>
Article 12	Article 12
<p>There shall, at all times, be ordinary shares in the Company. With the approval of the company approval authority authorized by the State Council, the Company may create different classes of shares when needed.</p> <p>If the Company creates any other class of shares, it shall specify the priority of rights concerning each class of shares in distribution of dividends or any other forms of distributions. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with “without voting right”. If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with “restricted voting right” or “limited voting right”.</p>	<p>There shall, at all times, be ordinary shares in the Company. With the approval of the company approval authority authorized by the State Council, the Company may create different classes of shares when needed.</p> <p>If the Company creates any other class of shares, it shall specify the priority of rights concerning each class of shares in distribution of dividends or any other forms of distributions. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with “without voting right”. If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with “restricted voting right” or “limited voting right”.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 14</p> <p>.....</p> <p>Domestic shares and overseas listed shares issued by the Company shall have the same right in any distribution of dividend or other forms of distributions. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Company.</p>	<p>Article 14</p> <p>.....</p> <p>Domestic shares and overseas listed shares issued by the Company shall have the same right in any distribution of dividend or other forms of distributions. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Company.</p>
<p>Article 15</p> <p>The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council.</p> <p>Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan Region who subscribe for shares of the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.</p>	<p>Article 15</p> <p>The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council.</p> <p>Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan Region who subscribe for shares of the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.</p>
<p>Article 17</p> <p>Foreign shares issued by the Company to list in the Hong Kong Stock Exchange shall be called H Shares. H Shares are overseas listed foreign shares.</p> <p>.....</p>	<p>Article 17</p> <p>Foreign shares issued by the Company to list in the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) the Hong Kong Stock Exchange shall be called H Shares. H Shares are overseas listed foreign shares.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 18	Article 18
<p>The Company, at the time of its establishment, issued 18,300,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:</p> <p>Shanghai Kindly Enterprise Development Group Co., Ltd. subscribed for and held 10,000,000 shares, representing 54.6448% of the total number of ordinary shares issued by the Company at the time of its establishment;</p> <p>Liang Dongke subscribed for and held 1,666,666 shares, representing 9.1074% of the total number of ordinary shares issued by the Company at the time of its establishment;</p> <p>Lin Sen subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment;</p> <p>Wang Ruiqin subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment;</p> <p>Chen Xing subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment;</p> <p>Huang Chubin subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment.</p>	<p>The Company, at the time of its establishment, issued 18,300,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:</p> <p>Shanghai Kindly Enterprise Development Group Co., Ltd. subscribed for and held 10,000,000 shares, representing 54.6448% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015;</p> <p>Liang Dongke subscribed for and held 1,666,666 shares, representing 9.1074% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015;</p> <p>Lin Sen subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015;</p> <p>Wang Ruiqin subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015;</p> <p>Chen Xing subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015;</p> <p>Huang Chubin subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment, in monetary form, and was fully funded on September 21, 2015.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 20	Article 20
<p>The Board of the Company may make arrangements for separate issuance of domestic shares and overseas listed shares in accordance with the issuance scheme approved by the securities regulatory authorities under the State Council.</p> <p>According to the aforesaid scheme for separate issuance of domestic shares and overseas listed shares, the Company may issue the shares within 15 months after approval by the securities regulatory authorities under the State Council or within the validity period of the documents approved thereby.</p>	<p>The Board of the Company may make arrangements for separate issuance of domestic shares and overseas listed shares in accordance with the issuance scheme approved by the securities regulatory authorities under the State Council.</p> <p>According to the aforesaid scheme for separate issuance of domestic shares and overseas listed shares, the Company may issue the shares within 15 months after approval by the securities regulatory authorities under the State Council or within the validity period of the documents approved thereby.</p>
Article 21	Article 21
<p>If the Company separately issues overseas listed shares and domestic shares within the total number specified in the scheme for issuance, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities under the State Council.</p>	<p>If the Company separately issues overseas listed shares and domestic shares within the total number specified in the scheme for issuance, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities under the State Council.</p>
Article 23	Article 23
<p>Unless otherwise specified by the laws and administrative regulations of the state and the securities regulatory authorities of the place where the Company's shares are listed, the fully paid shares of the Company may be transferred freely without any lien attached. Transfer of overseas listed shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company. If fees shall be charged for the relevant registration, such fees shall not exceed the maximum fees stipulated by the Hong Kong Stock Exchange in its Listing Rules from time to time.</p>	<p>Unless otherwise specified by the laws and administrative regulations of the state and the securities regulatory authorities of the place where the Company's shares are listed, the fully paid shares of the Company may be transferred freely without any lien attached. Transfer of overseas listed shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company. If fees shall be charged for the relevant registration, such fees shall not exceed the maximum fees stipulated by the Hong Kong Stock Exchange in its Listing Rules from time to time.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	The Company or its subsidiaries (including subsidiaries of the Company) shall not provide any assistance in the form of gifts, funds, guarantees, compensation or loans to persons who purchase or propose to purchase shares of the Company.
Article 24	Article 24
<p>The Company may increase capital by the following ways in light of its business and development needs and in accordance with the relevant laws and regulations, these Articles of Association and special resolutions made at shareholders' general meetings:</p> <p>(I) offering new shares to non-given investors;</p> <p>(II) placing new shares to existing shareholders;</p> <p>(III) distributing new shares to existing shareholders;</p> <p>(IV) issuing new shares to specific investors;</p> <p>(V) transferring reserve funds to increase share capital;</p> <p>(VI) any other ways stipulated by laws and administrative regulations and approved by the relevant regulatory authorities.</p> <p>.....</p>	<p>The Company may increase capital by the following ways in light of its business and development needs and in accordance with the relevant laws and regulations, these Articles of Association and special resolutions made at shareholders' general meetings:</p> <p>(I) public offering new shares to non-given investors;</p> <p>(II) private offering placing new shares to existing shareholders;</p> <p>(III) distributing stock dividends new shares to existing shareholders;</p> <p>(IV) issuing new shares to specific investors;</p> <p>(IV) transferring reserve funds to increase share capital;</p> <p>(V) any other ways stipulated by laws and administrative regulations and approved by the relevant regulatory authorities.</p> <p>.....</p>
Article 27	Article 27
<p>The Company may, upon approval by the relevant competent authorities of the state, repurchase its outstanding shares under the following circumstances in accordance with laws, administrative regulations, Listing Rules, departmental rules and these Articles of Association:</p>	<p>The Company may, upon approval by the relevant competent authorities of the state, repurchase its outstanding shares under the following circumstances in accordance with laws, administrative regulations, Listing Rules, departmental rules and these Articles of Association: The company shall not purchase its shares. However, one of the following circumstances shall be excluded:</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(I) cancellation of shares for decrease of the registered capital of the Company;</p> <p>(II) merger with other companies holding shares of the Company;</p> <p>(III) awarding shares to employees of the Company;</p> <p>.....</p>	<p>(I) cancellation of shares for decrease of the registered capital of the Company;</p> <p>(II) merger with other companies holding shares of the Company;</p> <p>(III) awarding shares to employees of the Company using the shares in employee stock ownership plans or equity incentive schemes;</p> <p>.....</p>
Article 28	Article 28
<p>The Company may, for reasons in (I), (II) or (IV) of Article 27 of these Articles of Association, repurchase its shares in any of the following ways with approval from the relevant competent authority of the state:</p> <p>(I) making a pro rata general offer of repurchase to all its shareholders;</p> <p>(II) repurchasing shares through public trading on a stock exchange;</p> <p>(III) repurchasing shares by an off-market agreement;</p> <p>(IV) any other circumstances permitted by the laws and administrative regulations and approved by the regulatory authorities.</p> <p>.....</p>	<p>The Company may, for reasons in (I), (II) or (IV) of Article 27 of these Articles of Association, repurchase its shares in any of the following ways with approval from the relevant competent authority of the state:</p> <p>(I) making a pro rata general offer of repurchase to all its shareholders;</p> <p>(II) repurchasing shares through public trading on a stock exchange;</p> <p>(III) repurchasing shares by an off-market agreement;</p> <p>(IV) any other circumstances permitted by the laws and administrative regulations and approved by the regulatory authorities. The Company may purchase its own shares through open centralized trading or other means recognized by laws, administrative regulations and the CSRC.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 29</p> <p>Repurchase of the Company’s shares for reasons set out in (I) to (II) of Article 27 of these Articles of Association shall be subject to resolution at a shareholders’ general meeting. Repurchase of the Company’s shares for reasons set out in (III), (V) or (VI) of Article 27 of these Articles of Association shall be subject to resolution at a Board meeting at which more than two thirds of the directors are present.</p> <p>In repurchasing shares by an off-market agreement, the Company shall obtain prior approval at a shareholders’ general meeting in accordance with these Articles of Association. With prior approval at a shareholders’ general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.</p> <p>The contract for repurchasing shares as referred to in the preceding paragraph includes, but is not limited to, an agreement to undertake share repurchase obligations and obtain share repurchase rights. The Company shall not transfer the contract for repurchasing its shares or any of its rights thereunder.</p>	<p>Article 29</p> <p>Repurchase of the Company’s shares for reasons set out in (I) to (II) of Article 27 of these Articles of Association shall be subject to resolution at a shareholders’ general meeting. Repurchase of the Company’s shares for reasons set out in (III), (V) or (VI) of Article 27 of these Articles of Association shall be subject to resolution at a Board meeting at which more than two thirds of the directors are present in accordance with the provisions of these articles of Association or the authorization of the shareholders’ meeting.</p> <p>In repurchasing shares by an off-market agreement, the Company shall obtain prior approval at a shareholders’ general meeting in accordance with these Articles of Association. With prior approval at a shareholders’ general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.</p> <p>The contract for repurchasing shares as referred to in the preceding paragraph includes, but is not limited to, an agreement to undertake share repurchase obligations and obtain share repurchase rights. The Company shall not transfer the contract for repurchasing its shares or any of its rights thereunder.</p>
<p>Article 30</p> <p>The price of shares which the Company has the right to repurchase for redemption shall not exceed a specific price limit if the repurchase is not made through the market or by tender. If the repurchase is made by tender, tender shall be available to all shareholders on equal conditions.</p>	<p>Article 30</p> <p>The price of shares which the Company has the right to repurchase for redemption shall not exceed a specific price limit if the repurchase is not made through the market or by tender. If the repurchase is made by tender, tender shall be available to all shareholders on equal conditions.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 33	Article 33
<p>Unless the Company is under liquidation, the Company shall observe the following provisions when repurchasing its outstanding shares:</p> <p>(I) If the Company repurchases its shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares;</p> <p>(II) If the Company repurchases its shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares; the part above the par value shall be processed as follows:</p> <p>1. deducted from the book balance of distributable profit of the Company if the shares repurchased were issued at par value;</p> <p>2. deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares if the shares repurchased were issued above par value; but the amount deducted from the proceeds from issue of new shares shall not exceed the total premium obtained at the time of issue of the old shares repurchased and shall not exceed the amount (including premium from issue of new shares) in the premium account (or capital reserve account) of the Company at the time of repurchase;</p> <p>(III) The monies paid by the Company for the following purposes shall be deducted from the distributable profit of the Company:</p> <p>1. acquisition of the rights to repurchase its shares;</p>	<p>Unless the Company is under liquidation, the Company shall observe the following provisions when repurchasing its outstanding shares:</p> <p>(I) If the Company repurchases its shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares;</p> <p>(II) If the Company repurchases its shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares; the part above the par value shall be processed as follows:</p> <p>1. deducted from the book balance of distributable profit of the Company if the shares repurchased were issued at par value;</p> <p>2. deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares if the shares repurchased were issued above par value; but the amount deducted from the proceeds from issue of new shares shall not exceed the total premium obtained at the time of issue of the old shares repurchased and shall not exceed the amount (including premium from issue of new shares) in the premium account (or capital reserve account) of the Company at the time of repurchase;</p> <p>(III) The monies paid by the Company for the following purposes shall be deducted from the distributable profit of the Company:</p> <p>1. acquisition of the rights to repurchase its shares;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>2. variation of any contracts for the repurchase of its shares;</p> <p>3. release from its obligations under any repurchase contracts.</p> <p>(IV) After the aggregate par value of the cancelled shares is deducted from the registered capital of the Company pursuant to relevant provisions, the amount deducted from the distributable profit for paying the par value of the shares repurchased shall be stated in the premium account (or capital reserve account) of the Company. In respect of redeemable shares that the issuer is entitled to repurchase:</p> <p>(1) the price shall not exceed a specific price limit if such shares are not repurchased through the market or by tender; and</p> <p>(2) if the repurchase is made by tender, tender shall be available to all shareholders on equal conditions.</p>	<p>2. variation of any contracts for the repurchase of its shares;</p> <p>3. release from its obligations under any repurchase contracts.</p> <p>(IV) After the aggregate par value of the cancelled shares is deducted from the registered capital of the Company pursuant to relevant provisions, the amount deducted from the distributable profit for paying the par value of the shares repurchased shall be stated in the premium account (or capital reserve account) of the Company. In respect of redeemable shares that the issuer is entitled to repurchase:</p> <p>(1) the price shall not exceed a specific price limit if such shares are not repurchased through the market or by tender; and</p> <p>(2) if the repurchase is made by tender, tender shall be available to all shareholders on equal conditions.</p>
Chapter 5	Chapter 5
Article 34	Article 34
<p>The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares.</p> <p>The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.</p> <p>The provisions herein do not apply to the circumstances set out in Article 36 of these Articles of Association.</p>	<p>The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares.</p> <p>The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.</p> <p>The provisions herein do not apply to the circumstances set out in Article 36 of these Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 35</p> <p>Financial assistance referred to in this chapter includes (but is not limited to):</p> <p>(I) gift;</p> <p>(II) guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfillment of obligations by the obligor), compensation (excluding compensation arising from the Company’s own error), termination or waiver of rights;</p> <p>(III) provision of loan or execution of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract; and</p> <p>(IV) provision of any other form of financial assistance when the Company is insolvent or has no net assets or its net assets are likely to decrease significantly.</p> <p>Obligations as referred to herein include the obligations undertaken by the obligor for concluding a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor alone or jointly with others) or for changing his/her financial position in any other form.</p>	<p>Article 35</p> <p>Financial assistance referred to in this chapter includes (but is not limited to):</p> <p>(I) gift;</p> <p>(II) guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfillment of obligations by the obligor), compensation (excluding compensation arising from the Company’s own error), termination or waiver of rights;</p> <p>(III) provision of loan or execution of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract; and</p> <p>(IV) provision of any other form of financial assistance when the Company is insolvent or has no net assets or its net assets are likely to decrease significantly.</p> <p>Obligations as referred to herein include the obligations undertaken by the obligor for concluding a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor alone or jointly with others) or for changing his/her financial position in any other form.</p>
<p>Article 36</p> <p>The following acts are not deemed as prohibited under Article 34:</p> <p>(I) the Company provides the relevant financial assistance for the interest of the Company and the said financial assistance is not mainly intended to repurchase the Company’s shares or the said financial assistance is part of a general plan of the Company;</p>	<p>Article 36</p> <p>The following acts are not deemed as prohibited under Article 34:-</p> <p>(I) the Company provides the relevant financial assistance for the interest of the Company and the said financial assistance is not mainly intended to repurchase the Company’s shares or the said financial assistance is part of a general plan of the Company;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(II) the Company distributes its properties as dividends in accordance with the law;</p> <p>(III) the Company distributes shares as dividends;</p> <p>(IV) the Company decreases its registered capital, repurchases its shares and adjusts its equity structure in accordance with these Articles of Association;</p> <p>(V) the Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and</p> <p>(VI) the Company provides loans for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>	<p>(II) the Company distributes its properties as dividends in accordance with the law;</p> <p>(III) the Company distributes shares as dividends;</p> <p>(IV) the Company decreases its registered capital, repurchases its shares and adjusts its equity structure in accordance with these Articles of Association;</p> <p>(V) the Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and</p> <p>(VI) the Company provides loans for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>
Article 38	Article 38
<p>Shares of the Company may be transferred, presented, inherited and pledged pursuant to relevant laws, administrative regulations and these Articles of Association. Transfer instruments and other documents in relation to the ownership of shares shall be registered with the share registry entrusted by the Company.</p>	<p>Shares of the Company may be transferred, presented, inherited and pledged pursuant to relevant laws, administrative regulations and these Articles of Association. Transfer instruments and other documents in relation to the ownership of shares shall be registered with the share registry entrusted by the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 39</p> <p>Shares shall be signed by the chairman of the Board. Other relevant senior management members of the Company shall also sign the shares if required by the stock exchange on which the Company's shares are listed. The shares shall come into effect after affixing or printing of the Company's seal on the shares. After the Company's seal is affixed to or printed on the shares, authorization of the Board is required. The signature of the chairman or other relevant senior management members of the Company may also be printed on the shares.</p> <p>Issue or trading of the shares of the Company in a non-paper form shall comply with other provisions of the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.</p>	<p>Article 39</p> <p>Shares shall be signed by the chairman of the Board. Other relevant senior management members of the Company shall also sign the shares if required by the stock exchange on which the Company's shares are listed. The shares shall come into effect after affixing or printing of the Company's seal on the shares. After the Company's seal is affixed to or printed on the shares, authorization of the Board is required. The signature of the chairman or other relevant senior management members of the Company may also be printed on the shares.</p> <p>Issue or trading of the shares of the Company in a non-paper form shall comply with other provisions of the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.</p>
<p>Article 40</p> <p>The Company shall establish a register of shareholders recording the following matters:</p> <p>(I) names, addresses (domiciles), occupations or nature of shareholders;</p> <p>(II) type and number of shares held by the shareholders;</p> <p>(III) monies paid or payable for the shares held by the shareholders;</p> <p>(IV) serial numbers of the shares held by the shareholders;</p> <p>(V) date on which the shareholders are registered as shareholders;</p> <p>(VI) date on which the shareholders cease to be shareholders.</p> <p>The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.</p>	<p>Article 40</p> <p>The Company shall establish a register of shareholders recording the following matters:</p> <p>(I) names, addresses (domiciles), occupations or nature of shareholders;</p> <p>(II) type and number of shares held by the shareholders;</p> <p>(III) monies paid or payable for the shares held by the shareholders;</p> <p>(IV) serial numbers of the shares held by the shareholders;</p> <p>(V) date on which the shareholders are registered as shareholders;</p> <p>(VI) date on which the shareholders cease to be shareholders.</p> <p>The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 41	Article 41
<p>Subject to these Articles of Association and all the other applicable provisions, once the shares of the Company are transferred, the name of the transferee shall be listed in the register of shareholders as the holder of the said shares.</p> <p>All transfer instruments and other documents relating to or affecting the ownership of any overseas listed shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange from time to time in the Listing Rules.</p> <p>Where two or more persons are registered as joint holders of any shares, they shall be deemed as joint holders of the said shares subject to the following restrictions:</p> <p>(I) the restricted number of holders jointly registered shall not exceed four if the Company is entitled to restrict the number of shareholders of joint holder account;</p> <p>(II) all joint holders of any shares shall jointly and severally assume obligations for all amounts payable for relevant shares;</p> <p>(III) if one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and</p>	<p>Subject to these Articles of Association and all the other applicable provisions, once the shares of the Company are transferred, the name of the transferee shall be listed in the register of shareholders as the holder of the said shares.</p> <p>All transfer instruments and other documents relating to or affecting the ownership of any overseas listed shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange from time to time in the Listing Rules.</p> <p>Where two or more persons are registered as joint holders of any shares, they shall be deemed as joint holders of the said shares subject to the following restrictions:-</p> <p>(I) the restricted number of holders jointly registered shall not exceed four if the Company is entitled to restrict the number of shareholders of joint holder account;</p> <p>(II) all joint holders of any shares shall jointly and severally assume obligations for all amounts payable for relevant shares;</p> <p>(III) if one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(IV) among the joint holders of any shares, only the joint holder that is listed first in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy authorization form, but if more than one joint holder attends the shareholders' general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the register of shareholders.</p>	<p>(IV) among the joint holders of any shares, only the joint holder that is listed first in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy authorization form, but if more than one joint holder attends the shareholders' general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the register of shareholders.</p>
Article 42	Article 42
<p>.....</p> <p>Where the original and copies of the register of holders of overseas listed shares are inconsistent, the original shall prevail.</p>	<p>.....</p> <p>Where the original and copies of the register of holders of overseas listed shares are inconsistent, the original shall prevail.</p> <p>That the register of holders of overseas listed shares shall be open for inspection by shareholders but the Company may be permitted to close the register of holders of overseas listed shares on terms equivalent to section 632 of the Companies Ordinance (Cap.622) of Hong Kong.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 43	Article 43
<p>The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:</p> <p>(I) Register of shareholders kept at the domicile of the Company, save as specified in (II) and (III) herein;</p> <p>(II) Register of holders of overseas listed shares of the Company kept at the overseas stock exchange;</p> <p>(III) Register of shareholders that the Board decides to keep at other places for the purpose of listing the shares of the Company.</p>	<p>The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:-</p> <p>(I) Register of shareholders kept at the domicile of the Company, save as specified in (II) and (III) herein;</p> <p>(II) Register of holders of overseas listed shares of the Company kept at the overseas stock exchange;</p> <p>(III) Register of shareholders that the Board decides to keep at other places for the purpose of listing the shares of the Company.</p>
Article 44	Article 44
<p>The respective parts of the register of shareholders shall not overlap each other. In the event of transfer of shares registered in a specific part of the register of shareholders, the said shares shall not be registered in any other part of the register of shareholders in the duration of registration of the said shares.</p> <p>Any change or correction of any part of the register of shareholders shall comply with the relevant laws of the location where the said part is kept.</p>	<p>The respective parts of the register of shareholders shall not overlap each other. In the event of transfer of shares registered in a specific part of the register of shareholders, the said shares shall not be registered in any other part of the register of shareholders in the duration of registration of the said shares.</p> <p>Any change or correction of any part of the register of shareholders shall comply with the relevant laws of the location where the said part is kept.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 45	Article 45
<p>All transfers of overseas listed shares shall be executed with a written transfer instrument in a general or common format or any other format acceptable to the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the written transfer instrument may be signed under hand, or (if the transferor or the transferee is a company) by the corporate seal. Where the transferor or transferee of the Company's shares is a recognized clearing house (hereinafter referred to as the "Recognized Clearing House") as defined under the laws of Hong Kong or its agents, the written transfer instrument may be signed in a machine-printed form.</p> <p>All overseas listed shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with these Articles of Association. However, the Board may refuse to recognize any transfer instrument without providing any reason, unless:</p> <p>(I) the transfer instrument and other documents relating to or likely affecting the ownership of any shares shall be registered, and the payment therefore shall not exceed the maximum payment specified in the Listing Rules by the Hong Kong Stock Exchange from time to time;</p> <p>(II) the transfer instrument only involves overseas listed shares listed in Hong Kong;</p> <p>(III) the stamp tax payable on the transfer instrument has been paid;</p> <p>(IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;</p>	<p>All transfers of overseas listed shares shall be executed with a written transfer instrument in a general or common format or any other format acceptable to the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the written transfer instrument may be signed under hand, or (if the transferor or the transferee is a company) by the corporate seal. Where the transferor or transferee of the Company's shares is a recognized clearing house (hereinafter referred to as the "Recognized Clearing House") as defined under the laws of Hong Kong or its agents, the written transfer instrument may be signed in a machine-printed form.</p> <p>All overseas listed shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with these Articles of Association. However, the Board may refuse to recognize any transfer instrument without providing any reason, unless:-</p> <p>(I) the transfer instrument and other documents relating to or likely affecting the ownership of any shares shall be registered, and the payment therefore shall not exceed the maximum payment specified in the Listing Rules by the Hong Kong Stock Exchange from time to time;</p> <p>(II) the transfer instrument only involves overseas listed shares listed in Hong Kong;</p> <p>(III) the stamp tax payable on the transfer instrument has been paid;</p> <p>(IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;</p> <p>(VI) the Company does not have any lien over the relevant shares; and</p> <p>(VII) no transfer shall be made to minors or persons of unsound mind or others under legal disability.</p> <p>Where the Board refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notification of refusal in relation to registration of transfer of shares within two months from the date on which the application for the transfer is officially filed. All transfer instruments shall be maintained at the statutory address of the Company or such places as the Board may designate from time to time.</p>	<p>(V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;</p> <p>(VI) the Company does not have any lien over the relevant shares; and</p> <p>(VII) no transfer shall be made to minors or persons of unsound mind or others under legal disability.</p> <p>Where the Board refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notification of refusal in relation to registration of transfer of shares within two months from the date on which the application for the transfer is officially filed. All transfer instruments shall be maintained at the statutory address of the Company or such places as the Board may designate from time to time.</p>
Article 46	Article 46
<p>Shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company.</p> <p>The directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of all the shares they hold in the Company per annum during their terms of office; the aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if overseas listed shares are involved.</p>	<p>Shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. The shares issued by the Company before its public offering shall not be transferred within one year from the date when the Company's shares are listed and traded at the stock exchange.</p> <p>The directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of all the shares they hold in the Company per annum during their terms of office; the aforesaid persons shall not transfer their shares in the Company within one year from the date when the Company's shares are listed and traded at the stock exchange; the aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if overseas listed shares are involved.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>If shareholders, directors, supervisors and senior management of the Company who hold more than 5% of the Company’s shares sell their shares of the Company or other securities with equity nature within six months after purchase, or buy them again within six months after sale, the profits derived therefrom shall belong to the Company, and the board of directors of the Company shall recover their gains. However, the securities company holds more than 5% of the shares due to the purchase of the remaining stocks after the underwriting, and other circumstances as prescribed by the CSRC are excluded.</p> <p>Stocks held by directors, supervisors, senior managers and natural person shareholders or other securities with equity nature as mentioned in the preceding paragraph, including stocks held by their spouses, parents and children or other securities with equity nature held by other people’s accounts.</p> <p>If the board of directors fails to comply with the provisions of the first paragraph of this Article, the shareholders shall have the right to request the board of directors to comply within 30 days. If the board of directors of the company fails to do so within the above-mentioned time limit, the shareholders shall have the right to bring a suit directly to the People’s Court in their own name for the benefit of the company.</p> <p>If the board of directors of the company fails to comply with the provisions of the first paragraph of this Article, the liable director shall be jointly and severally liable according to law.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 54	Article 54
Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in the register of shareholders.	The Company shall establish the list of shareholders according to the certificate provided by the securities registration authority. The list of shareholders is sufficient evidence to prove that the shareholders hold the shares of the company. Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in the register of shareholders.
	(new add)
	When the company holds a general meeting of shareholders, distributes dividends, liquidates and engages in other acts that need to confirm the identity of shareholders, the board of directors or the convenor of the general meeting of shareholders shall determine the date of registration of shares, and the shareholders registered after the close of the stock registration day shall be the shareholders who enjoy the relevant rights and interests.
Article 55	Article 55
Holders of ordinary shares of the Company shall have the following rights: (V) to obtain relevant information in accordance with these Articles of Association, including: 1. to obtain a copy of these Articles of Association, subject to payment of a charge; 2. to inspect and copy, subject to payment of a reasonable charge: (1) a copy of register of all classes of shareholders;	Holders of ordinary shares of the Company shall have the following rights: (V) to obtain relevant information in accordance with these Articles of Association, including: 1. to obtain a copy of these Articles of Association, subject to payment of a charge; 2. to inspect and copy, subject to payment of a reasonable charge; (1) a copy of register of all classes of shareholders;

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(2) personal particulars of each of directors, supervisors, general manager and other senior management members of the Company, including:</p> <p>(a) present name and alias and any former name and alias;</p> <p>(b) principal address (domicile);</p> <p>(c) nationality;</p> <p>(d) primary and all other part-time occupations and positions;</p> <p>(e) identity document and numbers thereof.</p> <p>(3) report on the state of the issued share capital of the Company;</p> <p>(4) latest audited financial statements of the Company, and the reports of the Board, auditors, and the Supervisory Committee;</p> <p>(5) special resolutions of the Company;</p> <p>(6) report (with a breakdown of domestic shares and foreign shares) showing the quantity and par value, aggregate costs incurred, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year;</p> <p>(7) minutes of shareholders' general meetings (for shareholders' inspection only);</p> <p>(8) register of corporate bonds, minutes of shareholders' general meetings (for shareholders' inspection only), special resolutions of shareholders' general meetings, resolutions of the Board and resolutions of the Supervisory Committee of the Company;</p>	<p>(2) personal particulars of each of directors, supervisors, general manager and other senior management members of the Company, including:</p> <p>(a) present name and alias and any former name and alias;</p> <p>(b) principal address (domicile);</p> <p>(c) nationality;</p> <p>(d) primary and all other part-time occupations and positions;</p> <p>(e) identity document and numbers thereof.</p> <p>(3) report on the state of the issued share capital of the Company;</p> <p>(4) latest audited financial statements of the Company, and the reports of the Board, auditors, and the Supervisory Committee;</p> <p>(5) special resolutions of the Company;</p> <p>(6) report (with a breakdown of domestic shares and foreign shares) showing the quantity and par value, aggregate costs incurred, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year;</p> <p>(7) minutes of shareholders' general meetings (for shareholders' inspection only);</p> <p>(8) register of corporate bonds, minutes of shareholders' general meetings (for shareholders' inspection only), special resolutions of shareholders' general meetings, resolutions of the Board and resolutions of the Supervisory Committee of the Company;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(9) copy of the latest annual inspection report filed with the State Administration for Industry & Commerce of the People’s Republic of China or other competent authorities;</p> <p>Except for documents mentioned in (2), the Company shall keep all documents stated in (1) to (9) above and any other applicable documents at its domicile in Hong Kong according to the requirements of the Main Board Listing Rules for the inspection of the public and holders of overseas listed shares free of charge.</p> <p>The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel.</p> <p>(VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;</p> <p>(VII) to require the Company to repurchase its shares held by the dissident shareholders when they cast votes against the proposal for merger or division at the shareholders’ general meeting of the Company;</p> <p>(VIII) for shareholder(s) severally or jointly holding more than 3% shares of the Company, to submit written provisional proposals to the Board 10 days before a shareholders’ general meeting is convened;</p> <p>(IX) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or these Articles of Association.</p>	<p>(9) copy of the latest annual inspection report filed with the State Administration for Industry & Commerce of the People’s Republic of China or other competent authorities;</p> <p>Except for documents mentioned in (2), the Company shall keep all documents stated in (1) to (9) above and any other applicable documents at its domicile in Hong Kong according to the requirements of the Main Board Listing Rules for the inspection of the public and holders of overseas listed shares free of charge.</p> <p>The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel. to inspect these Articles of Association, the register of shareholders, the corporate bond stubs, the minutes of the general meeting of shareholders, the resolutions of the board of directors, the resolutions of the supervisory committee, and the financial reports of the Company;</p> <p>(VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;</p> <p>(VII) to require the Company to repurchase its shares held by the dissident shareholders when they cast votes against the proposal for merger or division at the shareholders’ general meeting of the Company;</p> <p>(VIII) for shareholder(s) severally or jointly holding more than 3% shares of the Company, to submit written provisional proposals to the Board 10 days before a shareholders’ general meeting is convened;</p> <p>(IXVIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or these Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>Where a shareholder wishes to consult the relevant information or obtain materials mentioned in the preceding article, the shareholder shall provide the Company with written documents proving the type and quantity of the Company's shares held by the shareholder, and the Company shall provide such documents at the request of the shareholder after verifying the identity of the shareholder.</p>
	(new add)
	<p>If the resolution of the general meeting of shareholders or the board of directors of the company violates any law or administrative regulations, the shareholders shall have the right to request the people's court to validate the resolution.</p> <p>If the convening procedure or voting method of the general meeting of shareholders or the board of directors violates laws, administrative regulations or the articles of Association, or the content of the resolution violates the articles of Association, the shareholders shall have the right to request the people's court to cancel the resolution within 60 days from the date of making the resolution.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>If a director or senior manager violates laws, administrative regulations or the provisions of the Articles of Association while performing his duties, thereby causing losses to the Company, the shareholder who holds more than 1% of the company’s shares individually or in combination for more than 180 consecutive days shall have the right to request the Board of Supervisors in writing to bring a lawsuit to the people’s court; If the Board of supervisors violates laws, administrative regulations or the provisions of the Articles of Association while performing the duties of the Company and causes losses to the Company, the shareholders may request the board of supervisors in writing to bring a lawsuit to the people’s court.</p> <p>If the board of Supervisors or the Board of directors refuses to bring a suit after receiving the written request of a shareholder as specified in the preceding paragraph, or fails to bring a suit within 30 days from the date of receiving the request, or if the circumstances are urgent and failure to bring a suit immediately will cause irreparable damage to the interests of the company, the shareholder as specified in the preceding paragraph shall have the right to bring a suit directly to the people’s court in his own name for the interests of the company.</p> <p>Where any other person infringes upon the lawful rights and interests of the company and causes losses to the company, the shareholders mentioned in the first paragraph of this Article may bring a suit to the People’s Court in accordance with the provisions of the preceding two paragraphs.</p>
	(new add)
	<p>Where a director or senior manager violates laws, administrative regulations or the provisions of the Articles of Association and damages the interests of a shareholder, the shareholder may bring a lawsuit in a people’s court.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 56	Article 56
<p> Holders of ordinary shares of the Company shall assume the following obligations:</p> <p>(I) to observe laws, administrative regulations and these Articles of Association;</p> <p>(II) to pay subscription monies as per the number of shares subscribed and the method of subscription;</p> <p>(III) to bear liability for the Company to the limit of the shares they hold;</p> <p>(IV) not to withdraw their fund contribution after approval and registration by the Company, unless required by laws and regulations;</p> <p>(V) to fulfil other obligations stipulated by laws, administrative regulations and these Articles of Association. Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.</p>	<p> Holders of ordinary shares of the Company shall assume the following obligations:</p> <p>(I) to observe laws, administrative regulations and these Articles of Association;</p> <p>(II) to pay subscription monies as per the number of shares subscribed and the method of subscription;</p> <p>(III) to bear liability for the Company to the limit of the shares they hold not to withdraw their shares, unless required by laws and regulations;</p> <p>(IV) not to withdraw their fund contribution after approval and registration by the Company, unless required by laws and regulations not abuse the rights of shareholders to harm the interests of the Company or other shareholders; and not abuse the right of the independent status of the Company and the limited liability of shareholders to harm the interests of the Company's creditors;</p> <p>(V) to fulfil other obligations stipulated by laws, administrative regulations and these Articles of Association.</p> <p>A shareholder of the Company who abuses the rights as a shareholder and causes losses to the company or other shareholders shall be liable for compensation according to law. Where a shareholder of the Company abuses the independent status of the company and the limited liability of the shareholder to evade debts and seriously damages the interests of the Company's creditors, the shareholder shall be jointly and severally liable for the debts of the Company.</p> <p>Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 57	Article 57
<p>In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:</p> <p>(I) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;</p> <p>(II) approving a director or supervisor (for his/her own or other person's benefit) to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p> <p>(III) approving a director or supervisor (for his/her own or other person's benefit) to deprive another shareholder of his/her personal interests, including (but not limited to) any right to distribution and voting right, but excluding the restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with these Articles of Association.</p>	<p>In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:</p> <p>(I) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;</p> <p>(II) approving a director or supervisor (for his/her own or other person's benefit) to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p> <p>(III) approving a director or supervisor (for his/her own or other person's benefit) to deprive another shareholder of his/her personal interests, including (but not limited to) any right to distribution and voting right, but excluding the restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with these Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 58	Article 58
<p>The term “controlling shareholder(s)” in these Articles of Association shall refer to the person(s) satisfying any of the following conditions:</p> <p>(I) any person acting alone or in concert with others has the power to elect more than half of the directors;</p> <p>(II) any person acting alone or in concert with others has the power to exercise or control the exercise of 30% or more of the Company’s voting rights;</p> <p>(III) any person acting alone or in concert with others holds 30% or more of the issued and outstanding shares of the Company;</p> <p>(IV) any person acting alone or in concert with others has actual control over the Company in any other manner.</p> <p>For the purpose of this Article, “acting in concert” represents the consensus reached between two or more persons by way of agreement, whether verbal or written, to acquire voting rights in the Company by any one of them, for the purpose of controlling or consolidating the control over the Company.</p>	<p>The term “controlling shareholder(s)” in these Articles of Association shall refer to the person(s) the shareholder(s) whose ordinary shares (including preferred shares with voting rights restored) account for more than 50% of the total shares of the Company; the shareholder(s) who holds less than 50% of the total shares but whose voting rights are sufficient to have a significant influence on the decisions of the general meeting.</p> <p>(I) any person acting alone or in concert with others has the power to elect more than half of the directors;</p> <p>(II) any person acting alone or in concert with others has the power to exercise or control the exercise of 30% or more of the Company’s voting rights;</p> <p>(III) any person acting alone or in concert with others holds 30% or more of the issued and outstanding shares of the Company;</p> <p>(IV) any person acting alone or in concert with others has actual control over the Company in any other manner.</p> <p>For the purpose of this Article, “acting in concert” represents the consensus reached between two or more persons by way of agreement, whether verbal or written, to acquire voting rights in the Company by any one of them, for the purpose of controlling or consolidating the control over the Company.</p>
	(new add)
	<p>If a shareholder holding more than five percent of the voting shares of the company pledges his shares, he shall submit a written report to the company as of the date on which such fact occurs.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>The controlling shareholder and actual controller of the company shall not use their association to harm the interests of the company. If any violation of the provisions causes losses to the Company, it shall be liable for compensation.</p> <p>The controlling shareholders and actual controllers of a company have obligations of good faith to the company and the shareholders of the company’s public shares. The controlling shareholder shall exercise the rights of investor strictly in accordance with the law. The controlling shareholder shall not harm the legitimate rights and interests of the company and the shareholders of public shares by means of profit distribution, asset reorganization, foreign investment, appropriation of funds, loan guarantee, etc., and shall not harm the interests of the company and the shareholders of public shares by using his controlling position.</p>
Article 60	Article 60
<p>The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>(I) to determine the business guidelines and investment plans of the Company;</p> <p>(II) to elect and replace directors and supervisors who are not representatives of the employees and to determine matters relating to remuneration of the directors and supervisors;</p> <p>(III) to consider and approve the reports of the Board;</p> <p>(IV) to consider and approve the reports of the Supervisory Committee;</p>	<p>The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>(I) to determine the business guidelines and investment plans of the Company;</p> <p>(II) to elect and replace directors and supervisors who are not representatives of the employees and to determine matters relating to remuneration of the directors and supervisors;</p> <p>(III) to consider and approve the reports of the Board;</p> <p>(IV) to consider and approve the reports of the Supervisory Committee;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
(V) to consider and approve the annual financial budgets and the final accounts of the Company;	(V) to consider and approve the annual financial budgets and the final accounts of the Company;
(VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;	(VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;
(VII) to resolve on increase or decrease of the registered capital of the Company;	(VII) to resolve on increase or decrease of the registered capital of the Company;
(VIII) to resolve on the Company’s issue of bonds, any class of shares, warrants and other similar securities;	(VIII) to resolve on the Company’s issue of bonds; any class of shares, warrants and other similar securities;
(IX) to resolve on the merger, division, dissolution and liquidation of the Company or changes in the form of the Company;	(IX) to resolve on the merger, division, dissolution and liquidation of the Company or changes in the form of the Company;
(X) to amend these Articles of Association;	(X) to amend these Articles of Association;
(XI) to consider proposals submitted by shareholder(s) severally or jointly holding more than 3% of the voting shares of the Company;	(XI) to consider proposals submitted by shareholder(s) severally or jointly holding more than 3% of the voting shares of the Company and approve the change in use of net proceeds;
(XII) to resolve on the appointment, reappointment or dismissal of accounting firms;	(XII) to resolve on the appointment, reappointment or dismissal of accounting firms;
(XIII) to consider and approve the external guarantees of the Company that require the approval by the shareholders’ general meetings;	(XIII) to consider and approve the external guarantees of the Company that require the approval by the shareholders’ general meetings;
(XIV) to consider the acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;	(XIV) to consider the acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;
(XV) to consider equity incentive schemes;	(XV) to consider equity incentive schemes or employee stock ownership plans;

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(XVI) to resolve on other matters to be resolved thereby as required by laws, administrative regulations, departmental rules and these Articles of Association;</p>	<p>(XVI) to resolve on other matters to be resolved thereby as required by laws, administrative regulations, departmental rules and these Articles of Association;</p>
<p>(XVII) to consider other matters as required by the listing rules of the stock exchange of the place where the Company’s shares are listed.</p>	<p>(XVII) to consider other matters as required by the listing rules of the stock exchange of the place where the Company’s shares are listed.</p>
<p>The shareholders’ general meeting may authorize or delegate the Board to handle the matters authorized or delegated by it, including but not limited to the following matters at the annual general meeting:</p>	<p>The shareholders’ general meeting may authorize or delegate the Board to handle the matters authorized or delegated by it, including but not limited to the following matters at the annual general meeting:</p>
<p>1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board to make corresponding amendments to these Articles of Association as it deems fit so as to reflect the new capital structure upon the allotment or issuance of shares;</p>	<p>1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board to make corresponding amendments to these Articles of Association as it deems fit so as to reflect the new capital structure upon the allotment or issuance of shares;</p>
<p>2. to authorize the Board, within the cap amount of debt issuance authorized by the shareholders’ general meeting, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instruments such as domestic short-term financial instruments, medium-term notes, corporate bonds, overseas USD bonds based on the needs for production, operation and capital expenditure as well as the market conditions, including (but not limited to) the determination of the value, interest rate, term, targeted group and use of proceeds of the bonds being actually issued, as well as the preparation, signing and disclosure of all necessary documents thereof subject to the aforementioned limit.</p>	<p>2. to authorize the Board, within the cap amount of debt issuance authorized by the shareholders’ general meeting, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instruments such as domestic short-term financial instruments, medium-term notes, corporate bonds, overseas USD bonds based on the needs for production, operation and capital expenditure as well as the market conditions, including (but not limited to) the determination of the value, interest rate, term, targeted group and use of proceeds of the bonds being actually issued, as well as the preparation, signing and disclosure of all necessary documents thereof subject to the aforementioned limit.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 61	Article 61
<p>The provision of any external guarantee of the Company shall be considered and passed by the Board. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved by the shareholders' general meeting.</p> <p>When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the said proposal, and the said proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.</p> <p>.....</p>	<p>The provision of any external guarantee of the Company shall be considered and passed by the Board. The guarantee offered by the Company to a shareholder or de facto controller and its related party of the Company shall be approved by the shareholders' general meeting.</p> <p>When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller and its related party, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the said proposal, and the said proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>The following guaranty acts of the Company shall be considered and approved by the shareholders' meeting.</p> <p>(1) any guarantee that the total amount of external guarantees of the Company and its subsidiaries controlled by the Company exceeds 50% of the audited net assets of the Company of the latest period;</p> <p>(2) any guarantee that the total amount of the Company's external guarantee exceeds 30% of the total audited assets of of the Company the latest period;</p> <p>(3) the amount guaranteed by the Company within one year exceeds 30% of the total audited assets of the Company in the latest period;</p> <p>(4) guarantees for items with an asset-liability ratio of more than 70%;</p> <p>(5) the amount of a single guarantee exceeds 10% of the audited net assets of the Company of the latest period;</p> <p>(6) guarantees provided to shareholders, actual controllers and their affiliates.</p>
Article 62	Article 62
<p>Without the prior approval of the shareholders' general meeting, the Company shall not enter into any contract with any party (other than a director, supervisor, general manager and other senior management member) regarding the transfer of the management of all or any major part of the Company's businesses to such party.</p>	<p>Without the prior approval of of by way of a special resolution at the shareholders' general meeting, the Company shall not enter into any contract with any party (other than a director, supervisor, general manager and other senior management member) regarding the transfer of the management of all or any major part of the Company's businesses to such party unless the Company is in crisis and other special circumstances.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 63	Article 63
<p>.....</p> <p>The extraordinary shareholders’ general meetings shall be convened as and when necessary. The Board shall convene an extraordinary shareholders’ general meeting within 2 months from the occurrence of any of the following circumstances:</p> <p>(I) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number required in these Articles of Association;</p> <p>(II) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;</p> <p>(III) where any shareholder(s) holding individually or collectively 10% or more of the Company’s shares request(s) in writing for the convening of an extraordinary shareholders’ general meeting;</p> <p>(IV) when deemed necessary by the Board or when requested by the Supervisory Committee;</p> <p>(V) when proposed by two or more of independent non-executive directors;</p> <p>(VI) other situations stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company’s shares are listed or these Articles of Association.</p> <p>In any of the circumstances referred to in (III), (IV) and (V) above, the matter for consideration proposed by the party requesting the convening of the extraordinary shareholders’ general meeting shall be included in the agenda of such meeting.</p>	<p>.....</p> <p>The extraordinary shareholders’ general meetings shall be convened as and when necessary. The Board Company shall convene an extraordinary shareholders’ general meeting within 2 months from the occurrence of any of the following circumstances:</p> <p>(I) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number required in these Articles of Association;</p> <p>(II) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;</p> <p>(III) where any shareholder(s) holding individually or collectively 10% or more of the Company’s shares request(s) in writing for the convening of an extraordinary shareholders’ general meeting;</p> <p>(IV) when deemed necessary by the Board or when requested by the Supervisory Committee;</p> <p>(V) when proposed by two or more of independent non-executive directors;</p> <p>(VI) other situations stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company’s shares are listed or these Articles of Association.</p> <p>In any of the circumstances referred to in (III) and (IV) and (V) above, the matter for consideration proposed by the party requesting the convening of the extraordinary shareholders’ general meeting shall be included in the agenda of such meeting.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 64	Article 64
<p>Shareholders requesting the convening of extraordinary shareholders' general meetings or class meetings shall follow the procedures listed below:</p> <p>(I) Two or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board to convene an extraordinary shareholders' general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary shareholders' general meeting or a class meeting as soon as possible after having received the aforesaid written request. The aforesaid shareholding shall be calculated as of the day on which the written request is made.</p> <p>(II) If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary shareholders' general meeting or class meeting.</p> <p>(III) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the shareholders' general meetings are to be convened by the Board.</p>	<p>Shareholders requesting the convening of extraordinary shareholders' general meetings or class meetings shall follow the procedures listed below:</p> <p>(I) Two or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board to convene an extraordinary shareholders' general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary shareholders' general meeting or a class meeting as soon as possible after having received the aforesaid written request. The aforesaid shareholding shall be calculated as of the day on which the written request is made.</p> <p>(II) If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary shareholders' general meeting or class meeting.</p> <p>(III) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the shareholders' general meetings are to be convened by the Board.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors and supervisors.</p>	<p>All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors and supervisors.</p>
	<p>(new add)</p>
	<p>The independent directors have the right to propose to the Board an extraordinary general meeting of shareholders. For the proposal of the independent directors to hold an extraordinary general meeting of shareholders, the Board of directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written feedback opinion agreeing or disagreeing to hold an extraordinary general meeting of shareholders within ten days after receiving the proposal. If the board of directors agrees to hold an extraordinary general meeting of shareholders, a notice of the convening of the general meeting of shareholders shall be issued within five days after the decision of the board of directors is made; If the board of directors does not agree to hold an extraordinary general meeting of shareholders, it shall give reasons and make a public announcement.</p>
	<p>(new add)</p>
	<p>The Supervisory Committee shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting of shareholders and shall do so in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether to agree or disagree with the convening of the extraordinary general meeting of shareholders within ten days after receiving the proposal.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>If the Board of Directors agrees to hold an extraordinary general meeting of shareholders, a notice of the convening of the general meeting of shareholders shall be issued within five days after the decision of the Board of Directors is made, and the changes to the original proposal in the notice shall be approved by the Supervisory Committee.</p> <p>If the board of directors does not agree to hold an extraordinary general meeting of shareholders, or fails to give feedback within ten days after receiving the proposal, it shall be deemed that the board of directors cannot perform or does not perform its duty to convene the meeting of the general meeting of shareholders, and the board of supervisors may convene and preside over the meeting on its own.</p>
	(new add)
	<p>A shareholder who holds more than 10% of the Company's shares individually or in total shall have the right to request the Board of Directors to hold an extraordinary general meeting of shareholders, and shall do so in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether to agree or disagree with the convening of an extraordinary general meeting of shareholders within ten days after receiving the request.</p> <p>If the Board of Directors agrees to hold an extraordinary general meeting of shareholders, it shall issue a notice to convene the general meeting of shareholders within five days after the resolution of the board of directors is made, and the change of the original request in the notice shall be approved by the relevant shareholders.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>If the Board of Directors does not agree to hold an extraordinary general meeting of shareholders, or fails to give feedback within ten days after receiving the request, the shareholders holding more than ten percent of the Company's shares individually or in total shall have the right to propose to the Supervisory Committee to hold an extraordinary general meeting of shareholders, and shall make a request to the board of Supervisors in writing.</p> <p>If the board of Supervisors agrees to hold an extraordinary general meeting of shareholders, it shall issue a notice to hold the general meeting of shareholders within five days after receiving the request, and the change of the original request in the notice shall be approved by the relevant shareholders.</p> <p>If the board of Supervisors fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee does not convene and preside over the shareholders' meeting. Shareholders who hold more than 10% of the Company's shares individually or collectively for more than 90 consecutive days may convene and preside over the meeting on their own.</p>
	(new add)
	<p>If the Supervisory Committee or a shareholder decides to convene a shareholders' meeting on its own, it shall notify the Board of Directors in writing and file with the stock exchange at the same time.</p> <p>Before the announcement of the resolution of the general meeting of shareholders, the shareholding ratio of summoned shareholders shall not be less than 10%.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>The Supervisory Committee or the convening shareholders shall, when issuing the notice of the general meeting of shareholders and the announcement of the resolution of the general meeting of shareholders, submit relevant certification materials to the stock exchange.</p>
	(new add)
	<p>The Board of Directors and the Secretary of the Board of Directors shall cooperate with the Supervisory Committee or the general meeting of shareholders convened by the shareholders themselves. The Board of Directors will provide a list of shareholders on the date of registration.</p>
	(new add)
	<p>The expenses necessary for the shareholders' meeting convened by the Supervisory Committee or shareholders themselves shall be borne by the Company.</p>
Article 65	Article 65
<p>When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the shareholders' general meeting shall issue a supplementary notice of the shareholders' general meeting to other shareholders within two days upon the receipt of such proposal and incorporate any matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting. The new agenda shall be tabled to the shareholders' general meeting for consideration.</p>	<p>When the Company convenes a shareholders' general meeting, the Board of Directors, the Supervisory Committee and any shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to put forward proposals to the Company. When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the shareholders' general meeting shall issue a supplementary notice of the shareholders' general meeting to other shareholders within two days upon the receipt of such proposal and incorporate any matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting. The new agenda shall be tabled to the shareholders' general meeting for consideration.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 68	Article 68
<p>The notice of a shareholders' general meeting shall meet the following criteria:</p> <p>(I) it shall be made in writing;</p> <p>(II) it shall specify the time, venue and date of the meeting;</p> <p>(III) it shall set out the matters to be considered at the meeting;</p> <p>(IV) it shall provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction shall be provided in detail together with copies of the proposed contract (if any), and the cause and effect of the such proposal shall be properly explained;</p>	<p>The notice of a shareholders' general meeting shall meetinclude the following criteriamatters:</p> <p>(I) it shall be made in writingspecify the time, venue and date of the meeting;</p> <p>(II) it shall specify the time, venue and date of the meetingset out the matters and proposals to be considered at the meeting;</p> <p>(III) it shall set out the matters to be considered at the meeting it shall contain conspicuously a statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;</p> <p>(IV) it shall provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction shall be provided in detail together with copies of the proposed contract (if any), and the cause and effect of the such proposal shall be properly explaineddisclose the date of registration of shareholders entitled to attend the shareholders' general meeting;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(V) it shall disclose the nature and degree of the material interest of any director, supervisor, general manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, general manager and other senior management member as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained;</p> <p>(VI) it shall set out the full text of any special resolution to be proposed at the meeting;</p> <p>(VII) it shall contain conspicuously a statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;</p> <p>(VIII) it shall specify the delivery time and place of the proxy form for voting at the meeting.</p>	<p>(V) it shall disclose the nature and degree of the material interest of any director, supervisor, general manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, general manager and other senior management member as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained the name and phone number of the permanent contact for the shareholders' general meeting;</p> <p>(VI) it shall set out the full text of any special resolution to be proposed at the meeting; disclose the voting times and procedures online or otherwise.</p> <p>(VII) it shall contain conspicuously a statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;</p> <p>(VIII) it shall specify the delivery time and place of the proxy form for voting at the meeting.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>If the shareholders’ general meeting intends to discuss the election of directors and supervisors, the notice of the shareholders’ general meeting will fully disclose the detailed information of the candidates of directors and supervisors, including at least the following:</p> <p>(1) educational background, work experience, part-time job and other personal circumstances;</p> <p>(2) whether it is associated with the Company or its controlling shareholders and actual controllers;</p> <p>(3) disclosing the amount of shares held by the Company;</p> <p>(4) whether it has been punished by the CSRC and other relevant departments and punished by the stock exchanges.</p> <p>Except for the cumulative voting system for the election of directors and supervisors, each candidate for director and supervisor shall submit a single proposal.</p>
	(new add)
	<p>No shareholders’ general meeting shall be adjourned or cancelled after notice of the shareholders’ general meeting has been given, and no proposal set out in the notice of the shareholders’ general meeting shall be cancelled without good reason. In case of delay or cancellation, the convenor shall make a public announcement and explain the reasons at least two working days before the scheduled meeting.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 70	Article 70
<p>Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:</p> <p>(I) have the same right as the shareholder to speak at the meeting;</p> <p>(II) have the right to individually or jointly demand a poll;</p> <p>(III) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.</p>	<p>Shareholders are entitled to speak at general meetings and to vote at general Meetings unless individual shareholders are required by the listing rules to waive their voting rights in respect of individual matters. Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:</p> <p>(I) have the same right as the shareholder to speak at the meeting;</p> <p>(II) have the right to individually or jointly demand a poll;</p> <p>(III) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.</p> <p>The clearing company shall have the right to appoint representatives or representatives of the Company to attend general meetings and creditor meetings of the Company and such representatives or representatives of the Company shall have the same legal rights as other shareholders, including the right to speak and vote.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 71	Article 71
<p>Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized.</p>	<p>Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized.</p> <p>If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid certificates or certificates to show his/her identity and stock account card; if an individual shareholder appoints a proxy to attend the meeting, the proxy shall present his/her identity card and the shareholder's power of attorney.</p> <p>The legal representative or the agent appointed by the legal representative shall attend the meeting. If the legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate to prove that he/she has the qualification of legal representative; if an agent is authorized to attend the meeting, the agent shall present his/her identity card and a written power of attorney issued by the legal representative of the corporate shareholder.</p>
Article 73	Article 73
<p>.....</p> <p>Where the shareholders' general meeting is attended by proxy, he/she shall produce the identification proof and letter of authorization signed by the appointer or its legal representative which indicates the date of appointing. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the identification proof and the copy of the notarized resolutions of the Board or other authorities of the legal person appointing the said legal representative or other certified copy permitted by the Company.</p>	<p>.....</p> <p>Where the shareholders' general meeting is attended by proxy, he/she shall produce the identification proof and letter of authorization signed by the appointer or its legal representative which indicates the date of appointing. Where corporate shareholder appoints its legal representative to attend the meeting, which shall be deemed to be present in person, the legal representative shall produce the identification proof and the copy of the notarized resolutions of the Board or other authorities of the legal person appointing the said legal representative or other certified copy permitted by the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 74	Article 74
<p>Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.</p>	<p>Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.</p>
Article 80	Article 80
<p>In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all the votes in the same way of pros, cons or abstention.</p>	<p>In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all the votes in the same way of pros, cons or abstention.</p> <p>Shareholders (including their proxy) shall exercise their voting rights by the number of voting shares they represent, and each share shall be entitled to one vote.</p> <p>When the shareholders’ general meeting deliberates major matters affecting the interests of small and medium-sized investors, votes on small and medium-sized investors shall be counted separately. The results of individual counting shall be publicly disclosed in a timely manner.</p> <p>The shares of the Company held by the Company have no voting rights, and such shares are not included in the total number of shares with voting rights at the shareholders’ meeting.</p> <p>If a shareholder’s purchase of a company’s voting shares violates the provisions of paragraph 1 and Paragraph 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not be allowed to exercise their voting rights within 36 months after the purchase, and shall not be included in the total number of shares with voting rights at the shareholders’ meeting.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>The board of directors, independent directors, shareholders holding more than one percent of the voting shares of a company, or investor protection organizations established in accordance with laws, administrative regulations or the provisions of the CSRC may solicit shareholders' voting rights in public. The solicitation of voting rights shall fully disclose the specific voting intention and other information to the solicitor. It is prohibited to solicit shareholders' voting rights by means of compensation or compensation in disguised form. Except for statutory conditions, the Company shall not put forward a minimum shareholding limit on the solicitation of voting rights.</p>
Article 81	Article 81
<p>If pros and cons are equal, the chairman of the meeting shall be entitled to an additional vote.</p>	<p>If pros and cons are equal, the chairman of the meeting shall be entitled to an additional vote.</p> <p>When the shareholders' general meeting considers related transactions, affiliated shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes; The announcement of the resolution of the general meeting of shareholders shall fully disclose the voting situation of non-affiliated shareholders.</p>
Article 82	Article 82
<p>The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:</p> <p>.....</p> <p>(IV) annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company;</p> <p>(V) matters other than those stipulated by laws, administrative regulations or these Articles of Association to be approved by special resolutions.</p>	<p>The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:</p> <p>.....</p> <p>(IV) annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company and final accounts of the Company;</p> <p>(V) annual report of the Company;</p> <p>(V) (VI) matters other than those stipulated by laws, administrative regulations or these Articles of Association to be approved by special resolutions.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 83	Article 83
<p>The following matters shall be approved by special resolutions at a shareholders' general meeting:</p> <p>(I) increase or reduction in share capital of the Company and the issue of any class of shares, warrants and other similar securities;</p> <p>(II) issue of corporate bonds of the Company;</p> <p>(III) division, merger, dissolution and liquidation of the Company;</p> <p>(IV) changes in the form of the Company;</p> <p>(V) acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;</p> <p>(VI) amendment to these Articles of Association;</p> <p>(VII) consideration and implementation of equity incentive scheme;</p> <p>(VIII) repurchase of shares of the Company;</p> <p>(IX) any other matter specified in the laws, administrative regulations or these Articles of Association and confirmed by an ordinary resolution at a shareholders' general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions;</p> <p>(X) other matters requiring adoption by special resolutions pursuant to the Listing Rules.</p>	<p>The following matters shall be approved by special resolutions at a shareholders' general meeting:</p> <p>(I) increase or reduction in share capital of the Company and the issue of any class of shares, warrants and other similar securities;</p> <p>(II) issue of corporate bonds of the Company;</p> <p>(III) division, merger, dissolution and liquidation of the Company (including voluntary winding-up);</p> <p>(IV) changes in the form of the Company;</p> <p>(V) acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;</p> <p>(VI) amendment to these Articles of Association;</p> <p>(VII) consideration and implementation of equity incentive scheme;</p> <p>(VIII) repurchase of shares of the Company;</p> <p>(IX) any other matter specified in the laws, administrative regulations or these Articles of Association and confirmed by an ordinary resolution at a shareholders' general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions;</p> <p>(X) other matters requiring adoption by special resolutions pursuant to the Listing Rules.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 86	Article 86
<p>The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a shareholders' general meeting are as follows:</p> <p>(I) shareholder(s) severally or jointly holding more than 3% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the shareholders' general meeting, but the number of nominees shall comply with these Articles of Association and shall not exceed the number of directors or supervisors to be elected. The said proposals shall be submitted to the Company at least 7 days before convening of the shareholders' general meeting.</p> <p>(II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in these Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board and the Supervisory Committee for examination respectively. After the Board or the Supervisory Committee examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the shareholders' general meeting through written proposal.</p>	<p>The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a shareholders' general meeting are as follows:</p> <p>(I) shareholder(s) severally or jointly holding more than 3% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the shareholders' general meeting, but the number of nominees shall comply with these Articles of Association and shall not exceed the number of directors or supervisors to be elected. The said proposals shall be submitted to the Company at least 7 days before convening of the shareholders' general meeting.</p> <p>(II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in these Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board and the Supervisory Committee for examination respectively. After the Board or the Supervisory Committee examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the shareholders' general meeting through written proposal.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(III) the written notice of the intention to nominate director candidates or supervisor candidates who are not employee representatives and the nominee’s will to accept the nomination, as well as relevant written documents about the information of the nominee shall be submitted to the Company at least 7 days before convening of the shareholders’ general meeting (The 7-day notice period shall start no earlier than the next day after the issue of the notice of the meeting for such election designated and end no later than 7 days prior to the shareholders’ general meeting). The Board and the Supervisory Committee shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.</p> <p>(IV) the period given by the Company to nominate director or supervisor candidates and nominees for submitting the aforesaid notice and documents (the period shall be calculated from the day following the date of issue of the notice of shareholders’ general meeting) shall not be less than 7 days.</p> <p>(V) the director or supervisor candidates shall be voted on separately at the shareholders’ general meeting.</p> <p>(VI) in the event of a temporary vacancy of director or supervisor, the Board or the Supervisory Committee shall propose to elect or replace one at the shareholders’ general meeting.</p>	<p>(III) the written notice of the intention to nominate director candidates or supervisor candidates who are not employee representatives and the nominee’s will to accept the nomination, as well as relevant written documents about the information of the nominee shall be submitted to the Company at least 7 days before convening of the shareholders’ general meeting (The 7-day notice period shall start no earlier than the next day after the issue of the notice of the meeting for such election designated and end no later than 7 days prior to the shareholders’ general meeting). The Board and the Supervisory Committee shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.</p> <p>(IV) the period given by the Company to nominate director or supervisor candidates and nominees for submitting the aforesaid notice and documents (the period shall be calculated from the day following the date of issue of the notice of shareholders’ general meeting) shall not be less than 7 days.</p> <p>(V) the director or supervisor candidates shall be voted on separately at the shareholders’ general meeting.</p> <p>(VI) in the event of a temporary vacancy of director or supervisor, the Board or the Supervisory Committee shall propose to elect or replace one at the shareholders’ general meeting.</p>
Article 88	Article 88
<p>If ballots are counted at a shareholders’ general meeting, the counting result shall be recorded in the meeting minutes.</p> <p>The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.</p>	<p>If ballots are counted at a shareholders’ general meeting, the counting result shall be recorded in the meeting minutes.</p> <p>The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 89	Article 89
Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within 7 days after receipt of reasonable expenses.	Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within 7 days after receipt of reasonable expenses.
	(new add)
	<p>The resolution of the shareholders' general meeting shall be published in a timely manner, and the announcement shall set forth the amount of shareholders and proxies present at the meeting, the total number of voting shares held and their proportion in the total number of voting shares of the Company, the voting method, the voting result of each proposal and the detailed contents of the resolutions approved.</p> <p>The company that issues overseas shares listed in China shall make statistics on the attendance and voting of domestic and overseas shareholders and make a public announcement respectively.</p>
	(new add)
	The shareholders' general meeting approves the proposal on cash distribution, stock delivery or capital reserve conversion to capital increase, the Company will implement the specific plan within two months after the shareholders' general meeting.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Chapter 9	Chapter 9
Article 90	Article 90
<p> Holders of different classes of shares are class shareholders.</p> <p> Class shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and these Articles of Association.</p> <p> Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with “without voting right”.</p> <p> If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with “restricted voting right” or “limited voting right”.</p>	<p>Holders of different classes of shares are class shareholders.</p> <p>Class shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and these Articles of Association.</p> <p>Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with “without voting right”.</p> <p>If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with “restricted voting right” or “limited voting right”.</p>
Article 91	Article 91
<p> Any proposed change or annulment by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a shareholders’ general meeting and a separate shareholders’ general meeting convened by the class shareholders so affected in accordance with Articles 93 to 97 of these Articles of Association.</p> <p> Where any change in domestic and overseas laws, administrative regulations and listing rules of the place of listing or any decision made by the domestic or overseas regulatory authority gives rise to change or annulment of the rights of class shareholders, approval by a shareholders’ general meeting or class meeting is unnecessary.</p>	<p>Any proposed change or annulment by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a shareholders’ general meeting and a separate shareholders’ general meeting convened by the class shareholders so affected in accordance with Articles 93 to 97 of these Articles of Association.</p> <p>Where any change in domestic and overseas laws, administrative regulations and listing rules of the place of listing or any decision made by the domestic or overseas regulatory authority gives rise to change or annulment of the rights of class shareholders, approval by a shareholders’ general meeting or class meeting is unnecessary.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Where the holders of domestic shares of the Company transfer their shares to overseas investors and list the said shares overseas or convert all or part of their domestic shares into overseas listed shares for listing and trading on overseas stock exchange(s), it shall not be deemed that the Company proposes to change or annul the rights of class shareholders.</p>	<p>Where the holders of domestic shares of the Company transfer their shares to overseas investors and list the said shares overseas or convert all or part of their domestic shares into overseas listed shares for listing and trading on overseas stock exchange(s), it shall not be deemed that the Company proposes to change or annul the rights of class shareholders.</p>
Article 92	Article 92
<p>The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:</p> <p>(I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;</p> <p>(II) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;</p> <p>(III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;</p> <p>(IV) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;</p> <p>(V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, preemptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;</p> <p>(VI) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of such class;</p>	<p>The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:</p> <p>(I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;</p> <p>(II) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;</p> <p>(III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;</p> <p>(IV) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;</p> <p>(V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, preemptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;</p> <p>(VI) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of such class;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;</p> <p>(VIII) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions;</p> <p>(IX) to issue rights to subscribe for, or to convert into, shares of such class or another class;</p> <p>(X) to increase the rights and privileges of the shares of another class;</p> <p>(XI) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and</p> <p>(XII) to amend or cancel provisions of this chapter.</p>	<p>(VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;</p> <p>(VIII) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions;</p> <p>(IX) to issue rights to subscribe for, or to convert into, shares of such class or another class;</p> <p>(X) to increase the rights and privileges of the shares of another class;</p> <p>(XI) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and</p> <p>(XII) to amend or cancel provisions of this chapter.</p>
Article 93	Article 93
<p>Where issues specified in (II) to (VIII), (XI) to (XII) of Article 92 of these Article of Associations are involved, the affected class shareholders, whether or not they are entitled to vote at shareholders' general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.</p> <p>Interested shareholder(s) as mentioned in the preceding paragraph shall refer to:</p> <p>(I) if the Company has made a repurchase offer to all shareholders on the same pro rata basis or made a repurchase of its shares by means of public transaction at the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, "interested shareholder(s)" shall refer to the controlling shareholders as defined in Article 58 of these Articles of Association;</p>	<p>Where issues specified in (II) to (VIII), (XI) to (XII) of Article 92 of these Article of Associations are involved, the affected class shareholders, whether or not they are entitled to vote at shareholders' general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.</p> <p>Interested shareholder(s) as mentioned in the preceding paragraph shall refer to:</p> <p>(I) if the Company has made a repurchase offer to all shareholders on the same pro rata basis or made a repurchase of its shares by means of public transaction at the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, "interested shareholder(s)" shall refer to the controlling shareholders as defined in Article 58 of these Articles of Association;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(II) if the Company has made a repurchase of its shares by means of agreement outside the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, “interested shareholder(s)” shall refer to the shareholders who are parties to such agreements;</p> <p>(III) in the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.</p>	<p>(II) if the Company has made a repurchase of its shares by means of agreement outside the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, “interested shareholder(s)” shall refer to the shareholders who are parties to such agreements;</p> <p>(III) in the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.</p>
Article 94	Article 94
<p>Resolutions of a class meeting shall be approved by votes representing more than two thirds of voting rights of shareholders of that class present at the meeting who, in accordance with Article 93 of these Articles of Association, are entitled to vote at the meeting.</p>	<p>Resolutions of a class meeting shall be approved by votes representing more than two thirds of voting rights of shareholders of that class present at the meeting who, in accordance with Article 93 of these Articles of Association, are entitled to vote at the meeting.</p>
Article 95	Article 95
<p>Where the Company convenes a class meeting, the time limit for issuing a written notice shall be the same as the written notice period for the non-class shareholders meeting to be convened on the same day of such class meeting. The written notice shall notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting. The duration of the aforesaid periods shall not include the day on which the meeting is convened.</p> <p>If the listing rules of the place where the Company’s shares are listed has special provisions, such provisions shall prevail.</p>	<p>Where the Company convenes a class meeting, the time limit for issuing a written notice shall be the same as the written notice period for the non-class shareholders meeting to be convened on the same day of such class meeting. The written notice shall notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting. The duration of the aforesaid periods shall not include the day on which the meeting is convened.</p> <p>If the listing rules of the place where the Company’s shares are listed has special provisions, such provisions shall prevail.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 96</p> <p>If a class meeting is convened by serving of notice, such notice needs to be delivered only to the shareholders entitled to vote thereat.</p> <p>Class meetings shall follow a procedure most similar to that for shareholders' general meetings, and the provisions in these Articles of Association concerning the procedure for shareholders' general meetings shall apply to class meetings.</p>	<p>Article 96</p> <p>If a class meeting is convened by serving of notice, such notice needs to be delivered only to the shareholders entitled to vote thereat.</p> <p>Class meetings shall follow a procedure most similar to that for shareholders' general meetings, and the provisions in these Articles of Association concerning the procedure for shareholders' general meetings shall apply to class meetings.</p>
<p>Article 97</p> <p>Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. Special voting procedures for class shareholders shall not apply in the following circumstances:</p> <p>(I) where the Company issues, either separately or concurrently, domestic shares and overseas listed shares in numbers not exceeding 20% of the number of domestic shares and overseas listed shares then in issue respectively in any twelve month period as approved by a special resolution of a shareholders' general meeting;</p> <p>(II) where the Company's plan for issuing domestic shares and overseas listed shares upon its establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities under the State Council;</p> <p>(III) where with approval of the securities regulatory authorities under the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors, or the holders of domestic shares of the Company are allowed to transfer their shares to overseas listed shares and list the said shares on overseas stock exchanges.</p>	<p>Article 97</p> <p>Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. Special voting procedures for class shareholders shall not apply in the following circumstances:</p> <p>(I) where the Company issues, either separately or concurrently, domestic shares and overseas listed shares in numbers not exceeding 20% of the number of domestic shares and overseas listed shares then in issue respectively in any twelve month period as approved by a special resolution of a shareholders' general meeting;</p> <p>(II) where the Company's plan for issuing domestic shares and overseas listed shares upon its establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities under the State Council;</p> <p>(III) where with approval of the securities regulatory authorities under the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors, or the holders of domestic shares of the Company are allowed to transfer their shares to overseas listed shares and list the said shares on overseas stock exchanges.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 99	Article 99
<p>.....</p> <p>The Company is entitled to dismiss any director (including managing director or other executive director) within his/her term of office by an ordinary resolution at the shareholders' general meeting provided that no provision is made otherwise in laws (however, the claim of such director for damage compensation under any contract shall not be affected).</p>	<p>.....</p> <p>The Company shareholder(s) is entitled to dismiss any director (including managing director or other executive director) within his/her term of office by an ordinary resolution at the shareholders' general meeting provided that no provision is made otherwise in laws (however, the claim of such director for damage compensation under any contract shall not be affected).</p>
Article 105	Article 105
<p>.....</p> <p>A director may serve concurrently as general manager or other senior management member, but the directors serving concurrently as such shall not be more than half of the directors of the Company.</p> <p>.....</p>	<p>.....</p> <p>A director may serve concurrently as general manager or other senior management member, but the directors serving concurrently and the directors represented by employees as such shall not be more than half of the directors of the Company.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 106	Article 106
<p>The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:</p> <p>(I) convening shareholders' general meetings, making proposals or motions to the shareholders' general meeting for adoption of relevant matters, and reporting its work to the shareholders' general meeting;</p> <p>.....</p> <p>(VI) formulating proposals for the increase or decrease of the registered capital of the Company, the issue of shares and corporate bonds or other securities, and the listing;</p> <p>(VII) formulating proposals for acquisition and disposal of material assets, repurchase of the Company's shares or merger, division, dissolution and changes in the form of the Company;</p> <p>.....</p> <p>(VIII) deciding on investment, acquisition or sale of assets, financing, connected transactions, etc. as specified in the Listing Rules;</p> <p>.....</p> <p>The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), in which approval of more than two thirds of the directors is required.</p> <p>.....</p>	<p>The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:</p> <p>(I) convening shareholders' general meetings, making proposals or motions to the shareholders' general meeting for adoption of relevant matters, and reporting its work to the shareholders' general meeting;</p> <p>.....</p> <p>(VI) formulating proposals for the increase or decrease of the registered capital of the Company, the issue of shares and corporate bonds or other securities, and the listing;</p> <p>(VII) formulating proposals for acquisition and disposal of material assets, repurchase of the Company's shares or merger, division, dissolution and changes in the form of the Company;</p> <p>.....</p> <p>(XVI) deciding on investment, acquisition or sale of assets, financing, connected transactions, entrusted financial management, donations, assets mortgage etc. as specified in the Listing Rules;</p> <p>.....</p> <p>The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), in which approval of more than two thirds of the directors is required.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>The Board of Directors shall determine the licensing rights of foreign investment, purchase and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, related transactions, donations, etc., and establish strict examination and decision-making procedures; For major investment projects, relevant experts and professionals shall be organized to conduct evaluation and report to the general meeting of shareholders for approval.</p>
Article 109	Article 109
<p>Board meetings shall be held at least 4 times a year, and shall be convened by the chairman. Written notice shall be given to all directors and supervisors at least 14 days before the meeting is held. In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>(I) proposed by shareholders representing more than one tenth of the voting rights;</p> <p>(II) proposed by more than one third of the directors jointly;</p> <p>(III) proposed by the chairman;</p> <p>(IV) proposed by more than two independent non-executive directors;</p> <p>(V) proposed by the Supervisory Committee;</p> <p>(VI) proposed by the general manager.</p>	<p>Board meetings shall be held at least 4 times a year, about once a quarter and shall be convened by the chairman. Written notice shall be given to all directors and supervisors at least 1410 days before the meeting is held. In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:</p> <p>(I) proposed by shareholders representing more than one tenth of the voting rights;</p> <p>(II) proposed by more than one third of the directors jointly;</p> <p>(III) proposed by the chairman;</p> <p>(IV) proposed by more than two independent non-executive directors;</p> <p>(V) proposed by the Supervisory Committee.</p> <p>(VI) proposed by the general manager.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 110</p> <p>A notice of Board meeting shall be served to all the directors, supervisors and the general manager 14 days in advance in the event of a regular meeting or 3 days in advance in the event of an extraordinary meeting. The responsible body of the Company shall serve a written meeting notice to all the directors, supervisors and the general manager by direct delivery, fax, express mail or other electronic communication means. If service is made indirectly, confirmation shall be made by telephone and the appropriate record thereof shall be made.</p> <p>.....</p>	<p>Article 110</p> <p>A notice of Board meeting shall be served to all the directors, supervisors and the general manager 14 days in advance in the event of a regular meeting or 3 days in advance in the event of an extraordinary meeting. The responsible body of the Company shall serve a written meeting notice to all the directors, supervisors and the general manager by direct delivery, fax, express mail or other electronic communication means. If service is made indirectly, confirmation shall be made by telephone and the appropriate record thereof shall be made. The notice of Board meeting shall include the following: (1) the date and place of the meeting; (2) the term of the meeting; (3) the matters and proposals; (4) the date of giving the notice.</p>
<p>Article 112</p> <p>A Board meeting shall be attended by more than half of the directors. In determining whether there is quorum for a meeting, directors with material interests in the relevant contracts, transactions or arrangements shall not be counted.</p> <p>.....</p> <p>A director who is associated with the enterprise involved in the matters discussed by the Board or has material interests in the relevant contracts, transactions or arrangements shall not exercise his own, or represent other directors to exercise voting right on such matters. Such Board meetings may not be held unless attended by more than half of all the non-associated Directors, and resolutions adopted at such meetings shall be passed by more than half of all the non-associated Directors. Where the number of the non-associated Directors attending the Board meetings is less than three, the matters shall be submitted to the shareholders' general meeting for deliberation.</p> <p>In the case of an equality of votes, the chairman shall have a casting vote.</p>	<p>Article 112</p> <p>A Board meeting shall be attended by more than half of the directors. In determining whether there is quorum for a meeting, directors with material interests in the relevant contracts, transactions or arrangements shall not be counted.</p> <p>.....</p> <p>A director who is associated with the enterprise involved in the matters discussed by the Board or has material interests in the relevant contracts, transactions or arrangements shall not exercise his own, or represent other directors to exercise voting right on such matters. Such Board meetings may not be held unless attended by more than half of all the non-associated Directors, and resolutions adopted at such meetings shall be passed by more than half of all the non-associated Directors. Where the number of the non-associated Directors attending the Board meetings is less than three, the matters shall be submitted to the shareholders' general meeting for deliberation.</p> <p>In the case of an equality of votes, the chairman shall have a casting vote.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 116</p> <p>The Board shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board which runs counter to the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation to the Company; however, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.</p>	<p>Article 116</p> <p>The Board shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The minutes of the Board meetings shall be kept as the Company archives for a period of not less than ten years. The minutes of Board meeting shall include the following: (1) the date and place of the meeting and the name of the convenor; (2) the name of the director present and the name of the director (proxy) who is appointed by others to attend the Board meeting; (3) agenda of the meeting; (4) points made by the Directors; (v) method and result of the vote on each resolution (the result of the vote shall indicate the number of votes for, against or abstention). The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board which runs counter to the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation to the Company; however, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.</p>
<p>Article 121</p> <p>The Company shall have one general manager who shall be appointed or dismissed by the Board, and shall have several deputy general managers who shall be nominated by the general manager and appointed or dismissed by the Board. A director may serve concurrently as the general manager, deputy general manager or other senior management members.</p>	<p>Article 121</p> <p>he Company shall have one general manager who shall be appointed or dismissed by the Board, and shall have several deputy general managers who shall be nominated by the general manager and appointed or dismissed by the Board. A director may serve concurrently as the general manager, deputy general manager or other senior management members. Any person who holds any administrative post other than director or supervisor in the Company's controlling shareholder(s) may not hold the position of senior management of the Company. The senior management of the company are paid only in the company, not by the controlling shareholder(s).</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 123	Article 123
<p>The general manager shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) to manage the production, operation and management of the Company and report to the Board;</p> <p>(II) to organize the implementation of the resolutions of the Board and the annual business plans and investment plans of the Company;</p> <p>(III) to formulate the Company’s annual financial budgets and final accounts, and make recommendations to the Board on the same;</p> <p>(IV) to formulate the fundamental management system and internal management setup of the Company;</p> <p>(V) to formulate the specific rules of the Company;</p> <p>(VI) to propose the appointment or dismissal of deputy general managers, chief financial officers and other senior management members according to these Articles of Association and the Company’s relevant internal control system;</p> <p>(VII) to decide to appoint or dismiss managers and general employees other than those appointed or dismissed by the Board according to these Articles of Association and the Company’s relevant internal control system;</p> <p>(VIII) to propose to convene an extraordinary Board meeting;</p> <p>(IX) to decide on the Company’s other issues within the scope authorized by the Board;</p>	<p>The general manager shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) to manage the production, operation and management of the Company and report to the Board;</p> <p>(II) to organize the implementation of the resolutions of the Board and the annual business plans and investment plans of the Company;</p> <p>(III) to formulate the Company’s annual financial budgets and final accounts, and make recommendations to the Board on the same;</p> <p>(IV) to formulate the fundamental management system and internal management setup of the Company;</p> <p>(IV) to formulate the specific rules of the Company;</p> <p>(VI) to propose the appointment or dismissal of deputy general managers, chief financial officers and other senior management members according to these Articles of Association and the Company’s relevant internal control system;</p> <p>(VII) to decide to appoint or dismiss managers and general employees other than those appointed or dismissed by the Board according to these Articles of Association and the Company’s relevant internal control system;</p> <p>(VIII) to propose to convene an extraordinary Board meeting;</p> <p>(IX) to decide on the Company’s other issues within the scope authorized by the Board;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(X) to decide on such projects as investment, acquisition or disposal and financing which do not need to be decided by the Board or the shareholders' general meeting;</p> <p>(XI) to exercise other functions and powers as conferred by these Articles of Association and the Board.</p> <p>Senior management members other than the general manager shall assist the general manager in his/her works, and may exercise part of the functions and powers entrusted by the general manager.</p>	<p>(X) to decide on such projects as investment, acquisition or disposal and financing which do not need to be decided by the Board or the shareholders' general meeting;</p> <p>(XVI) to exercise other functions and powers as conferred by these Articles of Association and the Board.</p> <p>Senior management members other than the general manager shall assist the general manager in his/her works, and may exercise part of the functions and powers entrusted by the general manager.</p>
	(new add)
	<p>The general manager shall formulate working rules for the general manager and submit them to the Board for approval before implementation. The working rules of the general manager shall include the following:</p> <p>(1) to set out the conditions, procedures and attendants for holding the general manager's meeting;</p> <p>(2) to formulate the specific duties and division of the general manager and other senior management;</p> <p>(3) to exercise the Company's funds and assets, the authority to enter into major contracts, and the reporting rules to the Board and the Supervisory Committee; to exercise other matters deemed necessary by the Board.</p>
Article 128	Article 128
<p>.....</p> <p>The chairman shall be appointed or removed by the votes of more than two third of the members of the Supervisory Committee. Resolutions of the meeting of the Supervisory Committee shall be approved by more than two thirds of the members of the Supervisory Committee.</p>	<p>.....</p> <p>The chairman shall be appointed or removed by the votes of more than two third half of the members of the Supervisory Committee. Resolutions of the meeting of the Supervisory Committee shall be approved by more than two thirds of the members of the Supervisory Committee.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 131	Article 131
<p>The Supervisory Committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(IV) to examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the shareholders’ general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist its review;</p> <p>(V) to propose the convening of extraordinary general meetings and, in case that the Board does not perform the obligations to convene and preside over the shareholders’ general meetings in accordance with the Company Law, to convene and preside over the shareholders’ general meetings;</p> <p>(VI) to submit proposals to the shareholders’ general meeting;</p> <p>(VII) to negotiate with directors and lodge legal actions against the same on behalf of the Company;</p> <p>(VIII) to propose to convene an extraordinary Board meeting;</p> <p>(IX) to initiate legal proceedings against the directors and senior management members in accordance with Article 151 of the Company Law;</p> <p>(X) to exercise other functions and powers stipulated by laws, administrative regulations and these Articles of Association</p>	<p>The Supervisory Committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(IV) to examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the shareholders’ general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist its review;</p> <p>(VIV) to propose the convening of extraordinary general meetings and, in case that the Board does not perform the obligations to convene and preside over the shareholders’ general meetings in accordance with the Company Law, to convene and preside over the shareholders’ general meetings;</p> <p>(VI) to submit proposals to the shareholders’ general meeting;</p> <p>(VII) to negotiate with directors and lodge legal actions against the same on behalf of the Company;</p> <p>(VI) to conduct investigation in case that its operation is abnormal, or engage accounting firms, law firms and other professional institutions to assist it in its work at the Company’s expense if necessary;</p> <p>(VIII) to propose to convene an extraordinary Board meeting;</p> <p>(IXVII) to initiate legal proceedings against the directors and senior management members in accordance with Article 151 of the Company Law;</p> <p>(XVIII) to exercise other functions and powers stipulated by laws, administrative regulations and these Articles of Association</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 132	Article 132
<p>.....</p>	<p>.....</p> <p>The notice of Supervisory Committee meeting shall include the following: (1) the date, place and term of the meeting; (2) the matters and proposals; (4) the date of giving the notice.</p>
Article 133	Article 133
<p>.....</p> <p>The Supervisory Committee shall file resolutions on matters discussed at the meeting as minutes, which shall be signed by the attending supervisors. Any supervisor shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meeting of the Supervisory Committee shall be kept in the domicile of the Company.</p> <p>.....</p>	<p>.....</p> <p>The Supervisory Committee shall file resolutions on matters discussed at the meeting as minutes, which shall be signed by the attending supervisors. Any supervisor shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meeting of the Supervisory Committee shall be kept in the domicile of the Company for a period of not less than ten years.</p> <p>.....</p>
Article 134	Article 134
<p>Supervisors may conduct investigation if they find any unusual operation of the Company; and if necessary, may engage lawyers, accounting firms and other professionals to assist in their work, with reasonable expenses so incurred borne by the Company.</p>	<p>Supervisors may conduct investigation if they find any unusual operation of the Company; and if necessary, may engage lawyers, accounting firms and other professionals to assist in their work, with reasonable expenses so incurred borne by the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 136</p> <p>A person shall not serve as director, supervisor, general manager or other senior management member of the Company if:</p> <p>.....</p> <p>(VI) he/she is under criminal investigation by the judicial authorities, and such cases have not been closed;</p> <p>(VII) he/she is disqualified as corporate leader in laws and administrative regulations;</p> <p>(VIII) he/she is not a natural person;</p> <p>(IX) he/she was ruled by the relevant regulatory authority that he/she has violated the relevant securities regulations and committed any fraudulent or dishonest act, where less than five years have lapsed since the date of ruling;</p> <p>(X) the circumstances stipulated by relevant laws and regulations of the place where the Company's shares are listed.</p>	<p>Article 136</p> <p>A person shall not serve as director, supervisor, general manager or other senior management member of the Company if:</p> <p>.....</p> <p>(VI) he/she is under criminal investigation by the judicial authorities, and such cases have not been closed;</p> <p>(VII) he/she is disqualified as corporate leader in other matters stipulated by laws, and administrative regulations and its departmental rules;</p> <p>(VIII) he/she is not a natural person;</p> <p>(IX) he/she was ruled by the relevant regulatory authority that he/she has violated the relevant securities regulations and committed any fraudulent or dishonest act, where less than five years have lapsed since the date of ruling;</p> <p>(XVIII) (XVIII) the circumstances stipulated by relevant laws and regulations of the place where the Company's shares are listed.</p> <p>Where a director is elected or appointed in violation of the provisions of these Article of Association, the election, appointment or appointment shall be invalid. If any of these circumstances occurs during the term of a director, the Company shall relieve him of his post.</p>
<p>Article 137</p> <p>The validity of an act of a director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.</p>	<p>Article 137</p> <p>The validity of an act of a director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 138	Article 138
<p>The directors shall abide by laws, administrative regulations and the Articles of Association and shall have the following obligations of loyalty to the Company:the functions and powers conferred by the Company, directors, supervisors, the general manager and other senior management members of the Company shall fulfil the following obligations to each shareholder in addition to the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed:</p> <p>(I) not to let the Company operate beyond the business scope specified in its business license;</p> <p>(II) to sincerely act in the best interest of the Company;</p> <p>(III) not to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p> <p>(IV) not to deprive any shareholder of personal interests, including (but not limited to) any right to distribution and voting right, but excluding a restructuring plan of the Company submitted to and adopted by the shareholders’ general meeting in accordance with these Articles of Association.</p>	<p>The directors shall abide by laws, administrative regulations and the Articles of Association and shall have the following obligations of loyalty to the Company:the functions and powers conferred by the Company, directors, supervisors, the general manager and other senior management members of the Company shall fulfil the following obligations to each shareholder in addition to the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed:</p> <p>(I) not to let the Company operate beyond the business scope specified in its business license;</p> <p>(II) to sincerely act in the best interest of the Company;</p> <p>(III) not to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p> <p>(IV) not to deprive any shareholder of personal interests, including (but not limited to) any right to distribution and voting right, but excluding a restructuring plan of the Company submitted to and adopted by the shareholders’ general meeting in accordance with these Articles of Association.</p> <p>The directors shall abide by laws, administrative regulations and the Articles of Association, and bear the following obligations to the Company:</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>(I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company’s commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and its commercial activities do not exceed the business scope stipulated in the business license;</p> <p>(II) to be equitable towards shareholders;</p> <p>(III) to abreast of the Company’s business operation and management;</p> <p>(IV) to sign written confirmation opinions on the periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;</p> <p>(V) to truthfully provide the relevant information and materials to the Supervisory Committee and not to prevent the Supervisory Committee or supervisors from exercising their functions and powers;</p> <p>(VI) Other obligations of care stipulated by laws, administrative regulations, departmental rules and the Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 139	Article 139
<p>In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior management members of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.</p>	<p>In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior management members of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.</p>
Article 140	Article 140
<p>In fulfilling duties, the directors, supervisors, the general manager and other senior management members of the Company shall observe the principle of honesty and shall not set themselves in a position where their own interests may conflict with their obligations. The said principle includes (but is not limited to) performance of the following obligations:</p> <p>(I) to act honestly in the best interest of the Company;</p> <p>(II) to exercise their functions and powers within their terms of reference;</p> <p>(III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a shareholders' general meeting, not to transfer the exercise of their discretion to others;</p> <p>(IV) to be equitable towards holders of the same class of shares and fair towards holders of different classes of shares;</p> <p>(V) not to conclude any contract, conduct any transaction or make any arrangement with the Company, save as specified in these Articles of Association or with the informed consent of shareholders given at a shareholders' general meeting;</p>	<p>In fulfilling duties, the directors, supervisors, the general manager and other senior management members of the Company shall observe the principle of honesty and shall not set themselves in a position where their own interests may conflict with their obligations. The said principle includes (but is not limited to) performance of the following obligations:</p> <p>(I) to act honestly in the best interest of the Company;</p> <p>(II) to exercise their functions and powers within their terms of reference;</p> <p>(III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a shareholders' general meeting, not to transfer the exercise of their discretion to others;</p> <p>(IV) to be equitable towards holders of the same class of shares and fair towards holders of different classes of shares;</p> <p>(V) not to conclude any contract, conduct any transaction or make any arrangement with the Company, save as specified in these Articles of Association or with the informed consent of shareholders given at a shareholders' general meeting;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(VI) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;</p>	<p>(VI) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;</p>
<p>(VII) not to abuse official powers to accept bribes or other unlawful income, and not to appropriate the Company's property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p>	<p>(VII) not to abuse official powers to accept bribes or other unlawful income, and not to appropriate the Company's property in any form, including (but not limited to) any opportunities that are favorable to the Company;</p>
<p>(VIII) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a shareholders' general meeting;</p>	<p>(VIII) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a shareholders' general meeting;</p>
<p>(IX) to observe these Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;</p>	<p>(IX) to observe these Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;</p>
<p>(X) not to compete with the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;</p>	<p>(X) not to compete with the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;</p>
<p>(XI) not to embezzle the Company's funds, not to deposit the Company's assets or funds in accounts opened in his/her own or in another person's name, and not to lend monies of the Company to other persons or provide guarantee for shareholders of the Company or other persons with the property of the Company counter to these Articles of Association or without the consent of the shareholders' general meeting or the Board;</p>	<p>(XI) not to embezzle the Company's funds, not to deposit the Company's assets or funds in accounts opened in his/her own or in another person's name, and not to lend monies of the Company to other persons or provide guarantee for shareholders of the Company or other persons with the property of the Company counter to these Articles of Association or without the consent of the shareholders' general meeting or the Board;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(XII) without the informed consent of the shareholders given at a shareholders' general meeting, not to disclose any confidential information related to the Company acquired by them during their terms of office; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:</p> <ol style="list-style-type: none"> 1. required by law; 2. required in the interests of the public; 3. required for the interests of the said directors, supervisors, the general manager and other senior management members. <p>The personnel mentioned in this Article shall return the income obtained from violation of the provisions herein to the Company and shall bear the liability of compensation if the Company suffers damage.</p>	<p>(XII) without the informed consent of the shareholders given at a shareholders' general meeting, not to disclose any confidential information related to the Company acquired by them during their terms of office; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:</p> <ol style="list-style-type: none"> 1. required by law; 2. required in the interests of the public; 3. required for the interests of the said directors, supervisors, the general manager and other senior management members. <p>The personnel mentioned in this Article shall return the income obtained from violation of the provisions herein to the Company and shall bear the liability of compensation if the Company suffers damage.</p> <p>The directors shall abide by laws, administrative regulations and the Articles of Association, and bear the following obligations to the Company:</p> <p>(I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and its commercial activities do not exceed the business scope stipulated in the business license;</p> <p>(II) to be equitable towards shareholders;</p> <p>(III) to abreast of the Company's business operation and management;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	<p>(IV) to sign written confirmation opinions on the periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;</p> <p>(V) to truthfully provide the relevant information and materials to the Supervisory Committee and not to prevent the Supervisory Committee or supervisors from exercising their functions and powers;</p> <p>(VI) Other obligations of care stipulated by laws, administrative regulations, departmental rules and the Articles of Association.</p>
Article 141	Article 141
<p>Directors, supervisors, the general manager and other senior management of the Company shall not tell the following persons or institutions (hereinafter referred to as the “Related Persons”) to do anything that the directors, supervisors, the general manager and other senior management members shall not do:</p> <p>(I) spouses or minor offspring of directors, supervisors, the general manager and other senior management members of the Company;</p> <p>(II) trustees of directors, supervisors, the general manager and other senior management members of the Company or persons set out in item (I) herein;</p> <p>(III) partners of directors, supervisors, the general manager and other senior management members of the Company or persons set out in items (I) and (II) herein;</p>	<p>Directors, supervisors, the general manager and other senior management of the Company shall not tell the following persons or institutions (hereinafter referred to as the “Related Persons”) to do anything that the directors, supervisors, the general manager and other senior management members shall not do:</p> <p>(I) spouses or minor offspring of directors, supervisors, the general manager and other senior management members of the Company;</p> <p>(II) trustees of directors, supervisors, the general manager and other senior management members of the Company or persons set out in item (I) herein;</p> <p>(III) partners of directors, supervisors, the general manager and other senior management members of the Company or persons set out in items (I) and (II) herein;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(IV) companies effectively independently controlled by directors, supervisors, the general manager and other senior management members of the Company or companies effectively jointly controlled with the persons set out in items (I), (II) and (III) herein or other directions, supervisors, the general manager and other senior management members of the Company; and</p> <p>(V) directors, supervisors, the general manager and other senior management members of the companies being controlled as set out in item (IV) herein.</p>	<p>(IV) companies effectively independently controlled by directors, supervisors, the general manager and other senior management members of the Company or companies effectively jointly controlled with the persons set out in items (I), (II) and (III) herein or other directions, supervisors, the general manager and other senior management members of the Company; and</p> <p>(V) directors, supervisors, the general manager and other senior management members of the companies being controlled as set out in item (IV) herein.</p>
Article 142	Article 142
<p>The honesty obligation of the directors, supervisors, the general manager and other senior management members of the Company shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation to trade secrets of the Company shall continue after expiry of their terms of office. The term for continuance of other obligations shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the termination as well as the circumstances and conditions under which the relationship with our Company terminates.</p>	<p>The honesty obligation of the directors, supervisors, the general manager and other senior management members of the Company shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation to trade secrets of the Company shall continue after expiry of their terms of office. The term for continuance of other obligations shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the termination as well as the circumstances and conditions under which the relationship with our Company terminates.</p>
Article 143	Article 143
<p>The liability of directors, supervisors, the general manager and other senior management members of the Company for breaching a given obligation may be exempted through an informed resolution given by shareholders at a shareholders' general meeting, save for the circumstances specified in Article 57 of these Articles of Association.</p>	<p>The liability of directors, supervisors, the general manager and other senior management members of the Company for breaching a given obligation may be exempted through an informed resolution given by shareholders at a shareholders' general meeting, save for the circumstances specified in Article 57 of these Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 144	Article 144
<p>If directors, supervisors, the general manager and other senior management members of the Company have any direct or indirect interests in any contract, transaction or arrangement already concluded or under planning with the Company, they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>Unless under the exceptional circumstances specifically provided in the Articles of Association approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting. Unless the directors, supervisors, the general manager and other senior management members of the Company having material interests have disclosed the said interests to the Board as per paragraph 1 herein, and the matter has been approved by the Board at a meeting in which they were not counted in the quorum and were abstained from voting, our Company shall have the right to cancel such contract, transaction or arrangement, save for the circumstance in which the other parties are bona fide parties uninformed of the default of the said directors, supervisors, the general manager and other senior management members.</p> <p>If the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, the general manager and other senior management members shall be deemed as having interests.</p>	<p>If directors, supervisors, the general manager and other senior management members of the Company have any direct or indirect interests in any contract, transaction or arrangement already concluded or under planning with the Company, they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>Unless under the exceptional circumstances specifically provided in the Articles of Association approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting. Unless the directors, supervisors, the general manager and other senior management members of the Company having material interests have disclosed the said interests to the Board as per paragraph 1 herein, and the matter has been approved by the Board at a meeting in which they were not counted in the quorum and were abstained from voting, our Company shall have the right to cancel such contract, transaction or arrangement, save for the circumstance in which the other parties are bona fide parties uninformed of the default of the said directors, supervisors, the general manager and other senior management members.</p> <p>If the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, the general manager and other senior management members shall be deemed as having interests.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 145	Article 145
<p>If, before the conclusion of the contract, transaction or arrangement is first considered by our Company, the directors, supervisors, the general manager and other senior management members of the Company have notified the Board in writing that they will have interests in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they, within the scope specified in the notice, will be deemed as having executed disclosure as specified in the preceding article of this Chapter.</p>	<p>If, before the conclusion of the contract, transaction or arrangement is first considered by our Company, the directors, supervisors, the general manager and other senior management members of the Company have notified the Board in writing that they will have interests in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they, within the scope specified in the notice, will be deemed as having executed disclosure as specified in the preceding article of this Chapter.</p>
Article 146	Article 146
<p>The Company shall not pay taxes in any form for its directors, supervisors, the general manager and other senior management members.</p>	<p>The Company shall not pay taxes in any form for its directors, supervisors, the general manager and other senior management members.</p>
Article 147	Article 147
<p>The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders, or to the Related Persons of the aforesaid persons. However, the preceding paragraph shall not apply if:</p> <p>(I) the Company provides loan or loan guarantee for its subsidiaries;</p> <p>(II) the Company, in accordance with the engagement contracts approved at the shareholders' general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the general manager and other senior management members of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company; and</p>	<p>The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders, or to the Related Persons of the aforesaid persons. However, the preceding paragraph shall not apply if:</p> <p>(I) the Company provides loan or loan guarantee for its subsidiaries;</p> <p>(II) the Company, in accordance with the engagement contracts approved at the shareholders' general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the general manager and other senior management members of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company; and</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>(III) if the normal business scope of the Company is expanded to cover provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the general manager and other senior management members and their Related Persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.</p>	<p>(III) if the normal business scope of the Company is expanded to cover provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the general manager and other senior management members and their Related Persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.</p>
Article 148	Article 148
<p>If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately regardless of the loan conditions.</p>	<p>If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately regardless of the loan conditions.</p>
Article 149	Article 149
<p>The Company shall not be forced to execute loan guarantee provided in violation of paragraph 1 of Article 147 except in the following circumstances:</p> <p>the loan provider does not know that it has provided loans to the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders;</p> <p>the guarantee provided by the Company has been sold by the loan provider lawfully to a bona fide purchaser.</p>	<p>The Company shall not be forced to execute loan guarantee provided in violation of paragraph 1 of Article 147 except in the following circumstances:</p> <p>the loan provider does not know that it has provided loans to the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders;</p> <p>the guarantee provided by the Company has been sold by the loan provider lawfully to a bona fide purchaser.</p>
Article 150	Article 150
<p>The guarantee as referred to in the preceding provisions of this Chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.</p>	<p>The guarantee as referred to in the preceding provisions of this Chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 151	Article 151
<p>If the directors, supervisors, the general manager or other senior management members fail to fulfil the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:</p> <p>require the relevant directors, supervisors, the general manager and other senior management members to compensate the Company for the losses arising from their neglect of duty;</p> <p>cancel the contracts or transactions concluded between the Company and the relevant directors, supervisors, the general manager or other senior management members, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management members representing the Company have breached their obligations to the Company);</p> <p>require the relevant directors, supervisors, the general manager or other senior management members to surrender gains arising from breach of obligations;</p> <p>recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, the general manager or other senior management members but receivable by the Company;</p> <p>require the relevant directors, supervisors, the general manager or other senior management members to surrender interests earned or likely to be earned from monies payable to the Company; and</p> <p>institute legal proceedings to rule that the properties obtained by the relevant directors, supervisors, the general manager or other senior management members for breach of obligations shall belong to the Company.</p>	<p>If the directors, supervisors, the general manager or other senior management members fail to fulfil the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:</p> <p>require the relevant directors, supervisors, the general manager and other senior management members to compensate the Company for the losses arising from their neglect of duty;</p> <p>cancel the contracts or transactions concluded between the Company and the relevant directors, supervisors, the general manager or other senior management members, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management members representing the Company have breached their obligations to the Company);</p> <p>require the relevant directors, supervisors, the general manager or other senior management members to surrender gains arising from breach of obligations;</p> <p>recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, the general manager or other senior management members but receivable by the Company;</p> <p>require the relevant directors, supervisors, the general manager or other senior management members to surrender interests earned or likely to be earned from monies payable to the Company; and</p> <p>institute legal proceedings to rule that the properties obtained by the relevant directors, supervisors, the general manager or other senior management members for breach of obligations shall belong to the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 153	Article 153
<p>The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the shareholders' general meeting in advance. The acquisition in the preceding paragraph refers to any of the following circumstances:</p> <p>(I) tender offer of any person to all the shareholders;</p> <p>(II) tender offer of any person to become a controlling shareholder (whose definition is the same as that in these Articles of Association) of the Company.</p> <p>(III) If the directors and supervisors concerned do not comply with the provisions of this Article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.</p>	<p>The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the shareholders' general meeting in advance. The acquisition in the preceding paragraph refers to any of the following circumstances:</p> <p>(I) tender offer of any person to all the shareholders;</p> <p>(II) tender offer of any person to become a controlling shareholder (whose definition is the same as that in these Articles of Association) of the Company.</p> <p>(III) If the directors and supervisors concerned do not comply with the provisions of this Article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
	(new add)
	<p>The Company shall specify in the Articles of Association the priority order of cash dividend relative to stock dividend in profit distribution, and specify the following:</p> <p>(I) The decision-making procedure and mechanism of the Board and the shareholders' general meeting of the Company regarding profit distribution, especially cash dividend; the specific conditions, decision-making procedure and mechanism for adjusting the established profit distribution policy, especially cash dividend policy; and the measures taken to fully listen to the opinions of independent directors and minority shareholders.</p> <p>(II) The specific content of the Company's profit distribution policy, especially the cash dividend policy, the form of profit distribution, the period interval of profit distribution, especially the cash dividend, the specific conditions for cash dividend, the conditions for issuing stock dividends, the minimum amount or proportion of cash dividend (if any) in each period, etc..</p>
Article 161	Article 161
<p>The capital reserve fund shall include the following items:</p> <p>(I) premium arising from issue above the par value of the stock;</p> <p>(II) other revenues required by the financial authority under the State Council to be included in the capital reserve fund.</p>	<p>The capital reserve fund shall include the following items:</p> <p>(I) premium arising from issue above the par value of the stock;</p> <p>(II) other revenues required by the financial authority under the State Council to be included in the capital reserve fund.</p>
Article 163	Article 163
<p>The Company may distribute dividends in the form of (or a combination of both):</p> <p>(I) cash;</p> <p>(II) shares.</p>	<p>The Company may distribute dividends in the form of (or a combination of both):</p> <p>(I) cash;</p> <p>(II) shares.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 164	Article 164
Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.	Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.
Article 168	Article 168
The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review the Company's other financial reports. Where the power as provided above is not exercised by the inaugural meeting, it shall be exercised by the Board of Directors.	The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review the Company's other financial reports. , verify the Company's net assets and consult other related services. The appointment is for one year and shall be renewed. Where the power as provided above is not exercised by the inaugural meeting, it shall be exercised by the Board of Directors.
Article 169	Article 169
The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.	The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.
Article 171	Article 171
If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period in which a vacancy arises.	If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period in which a vacancy arises.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 172</p> <p>The shareholders' general meeting may by ordinary resolution remove the accounting firm of the Company before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. In the event of any rights claimed by the accounting firm against the Company for the removal, the said rights shall not be affected.</p>	<p>Article 172</p> <p>The shareholders' general meeting may by ordinary resolution remove the accounting firm of the Company before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. In the event of any rights claimed by the accounting firm against the Company for the removal, the said rights shall not be affected.</p> <p>When the Company dismisses or ceases to renew an accounting firm, it shall notify the accounting firm [three] days in advance, and allow the accounting firm to state its opinion when the shareholders' general meeting votes on the dismissal. Where a public accounting firm resigns, it shall explain to the shareholders' general meeting whether there are any improper circumstances.</p>
<p>Article 173</p> <p>The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>	<p>Article 173</p> <p>The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 176	Article 176
<p>.....</p> <p>Unless the context otherwise specifies, the “announcement” referred to in these Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and these Articles of Association, the publication of an announcement in newspapers or periodicals in the PRC, and such newspapers or periodicals shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authorities under the State Council. For notices issued by the Company to the holders of overseas listed shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules.</p> <p>.....</p>	<p>.....</p> <p>Unless the context otherwise specifies, the “announcement” referred to in these Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and these Articles of Association, the publication of an announcement in newspapers or periodicals in the PRC, and such newspapers or periodicals shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authorities under the State Council. For notices issued by the Company to the holders of overseas listed shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. All notices or other documents required under Chapter 13 of the Main Board Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in the English language, or accompanied by a certified English translation.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 180</p> <p>In the event of the merger or division of the Company, a plan shall be proposed by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.</p> <p>The aforesaid documents shall also be sent by mail to holders of overseas listed shares.</p>	<p>Article 180</p> <p>In the event of the merger or division of the Company, a plan shall be proposed by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.</p> <p>The aforesaid documents shall also be sent by mail to holders of overseas listed shares.</p>
<p>Article 181</p> <p>.....</p> <p>In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspapers at least three times within 30 days from the date of such resolution.</p> <p>.....</p>	<p>Article 181</p> <p>.....</p> <p>In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspapers at least three times within 30 days from the date of such resolution. The creditor may, within 30 days from the date of receipt of the notice, or within 45 days from the date of public announcement if the notice is not received, require the Company to pay off its debts or provide corresponding guarantees.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 184	Article 184
<p>In any of the following circumstances, the Company shall be dissolved:</p> <p>(I) a special resolution on dissolution is passed at a shareholders’ general meeting;</p> <p>(II) dissolution is necessary due to a merger or division of the Company;</p> <p>(III) its business license is revoked, or it is ordered to close up or to be revoked according to laws;</p> <p>(IV) the Company is ordered to close down according to laws due to its violation of laws or administrative regulations;</p> <p>(V) where the Company’s operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people’s court to dissolve the Company;</p> <p>(VI) the Company is declared insolvent according to laws because it is unable to pay its debts as they fall due;</p> <p>(VII) the term of operation specified in these Articles of Association expires or any other circumstance for dissolution specified in these Articles of Association arises.</p> <p>In the circumstance set out in (VII) above, the Company may continue to subsist by amending these Articles of Association.</p>	<p>In any of the following circumstances, the Company shall be dissolved:</p> <p>(I) a special resolution on dissolution is passed at a shareholders’ general meeting;</p> <p>(II) dissolution is necessary due to a merger or division of the Company;</p> <p>(III) its business license is revoked, or it is ordered to close up or to be revoked according to laws;</p> <p>(IV) the Company is ordered to close down according to laws due to its violation of laws or administrative regulations;</p> <p>(IV) where the Company’s operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people’s court to dissolve the Company;</p> <p>(VI) the Company is declared insolvent according to laws because it is unable to pay its debts as they fall due;</p> <p>(VH) the term of operation specified in these Articles of Association expires or any other circumstance for dissolution specified in these Articles of Association arises.</p> <p>In the circumstance set out in (VH) above, the Company may continue to subsist by amending these Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 185	Article 185
<p>Where the Company is dissolved pursuant to (I), (III) and (V) of Article 184 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The membership of the liquidation committee shall be determined by an ordinary resolution of the shareholders' general meeting. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.</p> <p>Where the Company is dissolved pursuant to (IV) of Article 184 hereof, a liquidation committee comprised of shareholders, relevant authorities and relevant professionals shall be formed by relevant competent authorities, for carrying out the liquidation.</p> <p>If the Company is dissolved pursuant to (VI) of Article 184 hereof, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.</p>	<p>Where the Company is dissolved pursuant to (I), (III), (IV), and (V) of Article 184 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The membership of the liquidation committee shall be the directors of the Company or determined by an ordinary resolution of the shareholders' general meeting. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.</p> <p>Where the Company is dissolved pursuant to (IV) of Article 184 hereof, a liquidation committee comprised of shareholders, relevant authorities and relevant professionals shall be formed by relevant competent authorities, for carrying out the liquidation.</p> <p>If the Company is dissolved pursuant to (VI) of Article 184 hereof, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.</p>
Article 186	Article 186
<p>Where the Board of Directors decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board of Directors shall include a statement in its notice convening the shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.</p>	<p>Where the Board of Directors decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board of Directors shall include a statement in its notice convening the shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>Article 189</p> <p>The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the people's court for confirmation.</p> <p>.....</p> <p>The remaining assets of the Company after repayment of its debts in accordance with the preceding provision shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.</p> <p>During the liquidation period, the Company shall not commence any new business activities.</p>	<p>Article 189</p> <p>The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the relevant governing authority the people's court for confirmation.</p> <p>.....</p> <p>The remaining assets of the Company after repayment of its debts in accordance with the preceding provision shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.</p> <p>During the liquidation period, the Company shall continue to exist, but shall not commence any new business activities.</p>
<p>Article 191</p> <p>Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.</p>	<p>Article 191</p> <p>Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 192	Article 192
<p>The Company may amend these Articles of Association pursuant to laws, administrative regulations and these Articles of Association.</p>	<p>The Company may amend these Articles of Association pursuant to laws, administrative regulations and these Articles of Association. Under any of the following circumstances, the Company shall amend these Articles of Association:</p> <p>(I) as a result of the amendment of the Company Law or other relevant laws and administrative regulations, the matters stipulated in these Articles of Association are in conflict with the provisions of the amended laws and administrative regulations.</p> <p>(II) the Company’s situation changes and it will be inconsistent with the matters recorded in these Articles of Association;</p> <p>(III) the shareholders’ general meeting decides to amend these Articles of Association.</p> <p>The Company shall not at any time permit or cause any amendment to be made to its articles of association which would cause the same to cease to comply with the provisions of Appendix 3 or Section 1 of Part D of Appendix 13 of the Main Board Listing Rules.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 194	Article 194
<p>Amendment to these Articles of Association which involves the contents of the Mandatory Provisions shall become effective upon approval by the company approval authority authorized by the State Council. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.</p>	<p>Amendment to these Articles of Association which involves the contents of the Mandatory Provisions shall become effective upon approval by the company approval authority authorized by the State Council.which approved by the shareholders' general meeting shall be subject to approval by the relevant competent authorities. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws. The Board shall amend the articles of association in accordance with the resolution of the shareholders' general meeting to amend these Articles of Association and the approval result of the relevant competent authorities. The amendments to these Articles of Association are information required to be disclosed by laws and regulations, and shall be published in accordance with the provisions.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Chapter 22	Chapter 22
Article 195	Article 195
<p>The Company shall act according to the following principles to settle disputes:</p> <p>(I) In the event of any dispute or claim between a holder of overseas listed shares and the Company, between a holder of overseas listed shares and a director, supervisor, the general manager or other senior management members, and between a holder of overseas listed shares and a holder of domestic shares arising from rights and obligations specified in these Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.</p> <p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, the general manager, or other senior management members.</p> <p>Disputes in respect of who is the shareholder and those in relation to the share register need not be resolved by arbitration.</p> <p>(II) The claimant may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitration tunnel selected by the claimant.</p>	<p>The Company shall act according to the following principles to settle disputes:</p> <p>(I) In the event of any dispute or claim between a holder of overseas listed shares and the Company, between a holder of overseas listed shares and a director, supervisor, the general manager or other senior management members, and between a holder of overseas listed shares and a holder of domestic shares arising from rights and obligations specified in these Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.</p> <p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, the general manager, or other senior management members.</p> <p>Disputes in respect of who is the shareholder and those in relation to the share register need not be resolved by arbitration.</p> <p>(II) The claimant may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitration tunnel selected by the claimant.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
<p>If the claimant selects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.</p> <p>(III) If any disputes or claims of rights arising out of (I) above are settled by way of arbitration, the laws of the People’s Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) shall apply, save as otherwise provided in laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral authority shall be final and binding on both parties.</p> <p>(V) For any agreements reached between a director, a senior management member and the Company containing provisions on settlement of disputes herein, the Company shall represent itself and each shareholder.</p> <p>(VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.</p>	<p>If the claimant selects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.</p> <p>(III) If any disputes or claims of rights arising out of (I) above are settled by way of arbitration, the laws of the People’s Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) shall apply, save as otherwise provided in laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral authority shall be final and binding on both parties.</p> <p>(V) For any agreements reached between a director, a senior management member and the Company containing provisions on settlement of disputes herein, the Company shall represent itself and each shareholder.</p> <p>(VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.</p>

NOTICE OF ANNUAL GENERAL MEETING



Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code : 1501)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “Company”) will be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the adoptions of the report of the Directors for the year ended 31 December 2022.
2. To consider and approve the adoption of the report of the Supervisory Committee for the year ended 31 December 2022.
3. To consider and approve the annual report of the Company for the year 2022.
4. To consider and approve the audited financial statements of the Group for the year 2022.
5. To consider and approve the Company's profit distribution plan for the year ended 31 December 2022.
6. To consider and approve the annual financial budget of the Group for the year 2023.
7. To consider and approve the remuneration plan for the Directors for the year ending 31 December 2023.
8. To consider and approve the remuneration plan for the Supervisors for the year ending 31 December 2023.
9. To consider and approve the re-appointment of KPMG as international auditor of the Company for the year 2023 and to authorize the Board to determine its remuneration.

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

10. To consider and approve the appointment of KPMG Huazhen LLP as domestic auditor of the Company for the year 2023 and to authorize the Board to determine its remuneration.
11. To consider and approve the proposed amendments to the Share Incentive Scheme.

SPECIAL RESOLUTIONS

12. To consider and approve the proposed amendments to the Articles of Association.
13. (A) To consider and approve the grant of a general mandate to the Board to allot, issue and deal with additional Domestic Shares and/or H Shares during the Relevant Period. The Board may, independently or simultaneously, allot, issue and deal with additional Domestic Shares and/or H Shares (otherwise than pursuant to the issue of shares by conversion of the surplus reserve into the share capital in accordance with the PRC Company Law and the Articles of Association) that shall not exceed 10% of the respective number of Domestic Shares and/or H Shares in issue as at the date of passing the resolution. The exercise of the general mandate shall comply with conditions below:

- (i) The Board may make or grant Share sales proposal and agreements which would or might require the exercise of such power after expiry of the Relevant Period:

For the purpose of this resolution, the “Relevant Period” means the period from the date of passing this resolution until the earliest of either:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution at the general meeting; or
 - (b) the expiry date of 12 months after the passing of this resolution at the general meeting; or
 - (c) the date on which the authorization set out in this resolution is revoked or amended by a special resolution in a general meeting of the Company.
- (ii) The number of Domestic Shares and/or H Shares to be allotted, issued or dealt with or conditionally or unconditionally agreed to be allotted, issued or dealt with (whether pursuant to the exercise of options or otherwise by the Board) shall not exceed 10% of the respective number of Domestic Shares and/or H Shares in issue as at the date of passing the resolutions.
 - (iii) The Board will exercise the power under such mandate in accordance with the PRC Company Law, other applicable laws and regulations of the PRC and the Listing Rules as amended from time to time and upon the necessary approval from the China Securities Regulatory Commission and other relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

- (B) The Board be and is hereby authorized to make such amendments to the Articles of Association of the Company as it thinks fit so as to increase the registered share capital and reflect the new capital structure of the Company upon the allotment, issuance of and dealing with shares as contemplated in the above paragraph (A) of this resolution in accordance with the PRC Company Law, other applicable laws and regulations in the PRC and the Listing Rules; and
- (C) Contingent on the Board resolving to allot, issue and deal with shares of the Company pursuant to paragraph (A) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be approved, executed and done, all such documents, deeds and things as it may consider necessary in connection with the issuance, allotment of and dealing with such shares including, without limitation, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue and the place and time of the issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement or any other agreements, and making all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities.

By order of the Board
Shanghai Kindly Medical Instruments Co., Ltd.*
上海康德萊醫療器械股份有限公司
Dr. Liang Dongke
Chairman

Shanghai, the PRC
14 April 2023

*Registered office, headquarters and principal
place of business in the PRC:*
Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai the PRC

Principal place of business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Notes:

- (i) Any Shareholder who wishes to appoint a proxy to attend the AGM shall refer to the Company's circular dated 14 April 2023 and the annual report for the year 2022. The annual report for the year 2022 includes the report of the Directors for the year 2022, the report of the Supervisory Committee for the year 2022 and the audited financial statements of the Group for the year 2022, for the information of the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the AGM or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one) proxy to attend and vote, on a poll, in his/her/its stead in accordance with the Articles of Association. A proxy need not be a Shareholder.

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (iii) A form of proxy for use at the AGM is issued and published by the Company on 14 April 2023. Whether or not you intend to attend the AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed on the form of proxy issued and published by the Company as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) if you so wish. In such event, your form of proxy will be deemed to have been revoked.
- (iv) In the case of the H Shareholders, a form of proxy together with any power of attorney or other authorization documents (if any) under which it is signed or a notarized copy of that power of attorney or authorization documents must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in the case of the Domestic Shareholders, to the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC, no less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be), in order to be valid.
- (v) In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 18 April 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Monday, 17 April 2023.
- (vi) In the event that the profit distribution plan for the year ended 31 December 2022 be approved at the AGM, the final dividend to be approved by the Shareholders will be paid to the H Shareholders and Domestic Shareholders whose names appear on the register of members of the Company on Saturday, 3 June 2023. The register of members of the Company will be closed from Monday, 29 May 2023 to Saturday, 3 June 2023, both days inclusive, during which period no transfer of Shares will be registered. All transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Thursday, 25 May 2023.
- (vii) In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the AGM, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the AGM, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
- (viii) The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.

As at the date of this notice, the Board comprises Dr. Liang Dongke and Mr. Lin Sen as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin, Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli as independent non-executive Directors.

NOTICE OF H SHAREHOLDERS' CLASS MEETING



Shanghai Kindly Medical Instruments Co., Ltd.*
上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code : 1501)

NOTICE OF H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**H Shareholders’ Class Meeting**”) for holders of the H shares (the “**H Shareholders**”) of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “**Company**”) will be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:30 p.m. (or immediately after the conclusion or adjournment of the annual general meeting) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the Articles of Association.

By order of the Board
Shanghai Kindly Medical Instruments Co., Ltd.*
上海康德萊醫療器械股份有限公司
Dr. Liang Dongke
Chairman

Shanghai, the PRC
14 April 2023

*Registered office, headquarters and principal
place of business in the PRC:*
Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai the PRC

Principal place of business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Notes:

- (i) Any H Shareholder who wishes to appoint a proxy to attend the H Shareholders’ Class Meeting shall refer to the Company’s circular dated 14 April 2023 for the information of the H Shareholders.
- (ii) A H Shareholder entitled to attend and vote at the H Shareholders’ Class Meeting or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one) proxy to attend and vote, on a poll, in his/her/its stead in accordance with the Articles of Association. A proxy needs not be a H Shareholder.

* *For identification purposes only*

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (iii) A form of proxy for use at the H Shareholders' Class Meeting is issued and published by the Company on 14 April 2023. Whether or not you intend to attend the H Shareholders' Class Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed on the form of proxy issued and published by the Company as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the H Shareholders' Class Meeting or any adjournment thereof (as the case may be) if you so wish. In such event, your form of proxy will be deemed to have been revoked.
- (iv) H Shareholders, a form of proxy together with any power of attorney or other authorization documents (if any) under which it is signed or a notarized copy of that power of attorney or authorization documents must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no less than 24 hours before the time appointed for holding the H Shareholders' Class Meeting or any adjournment thereof (as the case may be), in order to be valid.
- (v) In order to determine the entitlement of the H Shareholders to attend and vote at the H Shareholders' Class Meeting, the register of H Shareholders will be closed from Tuesday, 18 April 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of H Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), by no later than 4:30 p.m. on Monday, 17 April 2023.
- (vi) In the case of joint registered holders of any H Shares, any one of such joint registered holders may vote at the H Shareholders' Class Meeting, either in person or by proxy, in respect of such H Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the H Shareholders' Class Meeting, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of H Shareholders in respect of such H Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
- (vii) The H Shareholders' Class Meeting is expected to take less than half a day. H Shareholders who attend the H Shareholders' Class Meeting shall be responsible for their own travel and accommodation expenses.

As at the date of this notice, the Board comprises Dr. Liang Dongke and Mr. Lin Sen as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin, Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli as independent non-executive Directors.

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING



Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code : 1501)

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**Domestic Shareholders' Class Meeting**”) for holders of the domestic shares (the “**Domestic Shareholders**”) of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “**Company**”) will be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Thursday, 18 May 2023 at 2:45 p.m. (or immediately after the conclusion or adjournment of the H shareholders' class meeting) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the Articles of Association.

By order of the Board

Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

Dr. Liang Dongke

Chairman

Shanghai, the PRC

14 April 2023

Registered office, headquarters and principal place of business in the PRC:

Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai the PRC

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Notes:

- (i) Any Domestic Shareholder who wishes to appoint a proxy to attend the Domestic Shareholders' Class Meeting shall refer to the Company's circular dated 14 April 2023 for the information of the Domestic Shareholders.
- (ii) A Domestic Shareholder entitled to attend and vote at the Domestic Shareholders' Class Meeting or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one) proxy to attend and vote, on a poll, in his/her/its stead in accordance with the Articles of Association. A proxy needs not be a Domestic Shareholder.

* *For identification purposes only*

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- (iii) A form of proxy for use at the Domestic Shareholders' Class Meeting is issued and published by the Company on 14 April 2023. Whether or not you intend to attend the Domestic Shareholders' Class Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed on the form of proxy issued and published by the Company as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be) if you so wish. In such event, your form of proxy will be deemed to have been revoked.
- (iv) Domestic Shareholders, a form of proxy together with any power of attorney or other authorization documents (if any) under which it is signed or a notarized copy of that power of attorney or authorization documents must be lodged with the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC, no less than 24 hours before the time appointed for holding the Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be), in order to be valid.
- (v) In order to determine the entitlement of the Domestic Shareholders to attend and vote at the Domestic Shareholders' Class Meeting, the register of Domestic Shareholders will be closed from Tuesday, 18 April 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of Domestic Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Monday, 17 April 2023.
- (vi) In the case of joint registered holders of any Domestic Shares, any one of such joint registered holders may vote at the Domestic Shareholders' Class Meeting, either in person or by proxy, in respect of such Domestic Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the Domestic Shareholders' Class Meeting, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of Domestic Shareholders in respect of such Domestic Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
- (vii) The Domestic Shareholders' Class Meeting is expected to take less than half a day. Domestic Shareholders who attend the Domestic Shareholders' Class Meeting shall be responsible for their own travel and accommodation expenses.

As at the date of this notice, the Board comprises Dr. Liang Dongke and Mr. Lin Sen as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin, Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli as independent non-executive Directors.