

This appendix contains a summary of the principal provisions of the Articles of Association that will apply following the issuance and listing. This Appendix is mainly designed to provide prospective investors with an overview of the Articles of Association of the Company, therefore, it may not contain all the information that is important to prospective investors.

### **Issuance of Shares**

The Shares of the Company shall be issued based on the principle of openness, fairness and impartiality, and shall rank pari passu in all respects with the Shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

### **Share Increase, Decrease, Repurchase and Transfer**

#### **Increase and Decrease of Shares**

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital through the following methods:

- (I) issuing Shares to non-specific investors;
- (II) issuing Shares to specific investors;
- (III) distributing bonus Shares to its existing Shareholders;
- (IV) converting capital reserve into share capital;
- (V) other methods prescribed by laws, administrative regulations, and the securities regulatory authorities of the place where the Company's Shares are listed.

The Company may decrease its registered capital. The Company may decrease its registered capital in accordance with the procedures prescribed in the Company Law, other relevant regulations, and its Articles of Association.

#### **Repurchase of Shares**

The Company shall not acquire its own Shares, except in any of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold the Shares of the Company;
- (III) to use the Shares for Employee Stock Ownership Plan or as equity incentive;
- (IV) to request the Company to acquire their Shares held by the Shareholders who raise objection to the resolution on the merger or division of the Company as adopted by the general meeting;
- (V) to use the Shares to satisfy the conversion of corporate bonds which are convertible into Shares issued by the listed company;
- (VI) to safeguard the value of the Company and Shareholders' equity as the listed company deems necessary.

Where the Company acquires its own Shares, a public and centralized trading method or other methods recognized by laws, administrative regulations and the securities regulatory authorities at the

place where the Company's Shares are listed shall be adopted. If the Company acquires its own Shares due to circumstances described in Item (III), (V) or (VI) above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its own Shares under the circumstances set out in preceding item (I) or (II), it shall be resolved at the general meeting. Where the Company acquires its own Shares under the circumstances set out in preceding item (III), (V) or (VI) in the Articles of Association, it shall be resolved at a board meeting attended by at least two-thirds of the Directors, subject to the securities regulatory rules of the place where the Company's Shares are listed. Following the acquisition of its own Shares, the Company shall fulfill its information disclosure obligations in accordance with the Securities Law and the regulations stipulated by the securities regulatory authorities and stock exchanges where the Company's Shares are listed. After the Company acquires its own Shares in accordance with the above provisions, if it falls under the circumstances of Item (I), such Shares shall be canceled within 10 days from the date of acquisition; if it falls under the circumstances of Item (II) or (IV), such Shares shall be transferred or canceled within 6 months; if it falls under the circumstances of Item (III), (V) or (VI), the total number of its own Shares held by the Company shall not exceed 10% of the Company's total Shares issued. In addition, such Shares shall be transferred or canceled within 3 years.

#### **Transfer of Shares**

Shares issued by the Company prior to its public offering of A-Shares shall not be transferred within one year from the date of listing and trading of the Company's Shares on the Shenzhen Stock Exchange.

Directors and senior officers of the Company shall declare to the Company the number of the Company's Shares held by them and the changes therein, and shall not transfer more than 25% of the total number of the Company's Shares held by them in each year of their term of office as determined at the time of their assumption of office; and the above-mentioned persons are not allowed to transfer their Shares in the Company within six months from the date of submission of their resignation. If any of the aforementioned individuals submit their resignation within 6 months (including the sixth month) from the date of the Company's initial public offering and listing, they shall not transfer any Shares of the Company held directly by them for a period of 18 months from the date of submission of their resignation; if they submit their resignation within 7 to 12 months (including the 7th month and the 12th month) from the date of the Company's initial public offering and listing, they shall not transfer any Shares of the Company held directly by them for a period of 12 months from the date of submission of their resignation; if they submit their resignation 1 year after the date of the Company's initial public offering and listing, they shall not transfer their Shares in the Company within six months from the date of submission of their resignation. Where changes occur in the direct shareholdings of the aforementioned individuals due to equity distributions or similar actions by the Company, the aforementioned provisions shall still apply.

Where the securities regulatory rules of the place where the Company's Shares are listed stipulate otherwise on transfer of Shares of the Company, such provisions shall prevail.

If a Shareholder holding at least 5% of the Company's Shares (excluding Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited), director or senior officer sells the Company's Shares or other securities of an equity nature held by them within six months from the date of purchase, or buys again within six months from the date of sale, the proceeds therefrom shall

belong to the Company, and the Board of Directors of the Company shall reclaim the proceeds therefrom. However, securities companies holding at least 5% of the Shares due to the purchase of the remaining Shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

Shares or other securities with the nature of equity held by the Directors, senior officers and natural person Shareholders as mentioned in the preceding paragraph include Shares or other securities with the nature of equity held by their spouses, parents or children, and held by using others' accounts.

If the Board of Directors of the Company fails to execute in accordance with the provisions of paragraph 1 of this article, Shareholders shall have the right to request the Board to do so within 30 days. If the Board of Directors fails to act within the aforementioned time frame, Shareholders shall have the right to directly file a lawsuit with the People's Court in their own name for the benefit of the Company.

If the Board of Directors fails to execute in accordance with the provisions of paragraph 1 of this article, the responsible Directors shall be jointly and severally liable in accordance with law.

### **Shareholders and General Meetings**

#### **Shareholders**

The Company shall make a register of Shareholders based on the vouchers provided by the securities registration and settlement institution. The register of Shareholders shall be the sufficient evidence proving the Shareholders' holding of the Company's Shares. The Shareholders shall enjoy the rights and assume the obligations according to the class of Shares they hold. The Shareholders holding the same class of Shares shall enjoy the same rights and assume the same obligations.

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

- (I) to receive dividends and other distributions in proportion to the number of Shares held by them;
- (II) to request to hold, convene, preside over a general meeting, attend the general meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;
- (III) to supervise the operation of the Company and to make suggestions or inquiries;
- (IV) to transfer, bestow or pledge the Shares they hold according to laws, administrative regulations and the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of Shareholders, minutes of general meetings, resolutions of meetings of the Board of Directors, financial and accounting reports, and eligible Shareholders may inspect the Company's accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining property of the Company according to the proportion of Shares they hold when the Company is terminated or liquidated;
- (VII) to request the Company to purchase Shares held by Shareholders who raise objection to the resolution on the merger or division of the Company as adopted by the general meeting;

- (VIII) other rights conferred by the laws, administrative regulations, departmental rules, security regulation rules of the place where the Company's Shares are listed and the Articles of Association.

Shareholders requesting access to or copying of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

Shareholders of the Company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to make payment in accordance with the Shares subscribed for and the method of subscription;
- (III) not to withdraw the share capital except as provided under laws and regulations;
- (IV) not to abuse the Shareholder's rights to damage the interests of the Company or other Shareholders; not to abuse the independent legal person status of the Company and the limited liability of the Shareholders to damage the interests of the creditors of the Company;

If any Shareholder of the Company abuses the Shareholder's rights and causes losses to the Company or other Shareholders, he/she shall be liable for the compensation.

Where any Shareholder of the Company abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts and severely damages the interests of the creditors of the Company, such Shareholder shall bear joint and several liability for the debts of the Company.

- (V) other obligations required by the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

### **General Provisions on the General Meeting**

The general meeting of the Company shall be composed of all the Shareholders. The general meeting shall be the organ of authority of the Company and shall exercise the following powers according to law:

- (I) to elect and replace the Directors who are not the representatives of the staff and workers, and determine the remuneration of the Directors;
- (II) to examine and approve reports of the Board;
- (III) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions on the increase or reduction of the Company's registered capital;
- (V) to make resolutions on the issuance of bonds of the Company;
- (VI) to make resolutions on the merger, division, dissolution, liquidation of the Company or change in the organizational form of the Company;
- (VII) to amend the Articles of Association;

- (VIII) to make resolutions on the engagement or removal of accounting firm that undertakes the audit business of the Company and determine its remuneration;
- (IX) to examine and approve the transactions specified in the Articles of Association;
- (X) to examine and approve the guarantees specified in the Articles of Association;
- (XI) to review and approve connected transactions between the Company and related persons with a transaction amount of more than RMB30 million and accounting for at least 5% of the absolute value of the Company's audited net assets for the latest period (except for the provision of guarantees);
- (XII) to examine the Company's purchase or disposal of major assets with an amount exceeding 30% of the total assets as presented in the latest audited total assets of the Company within one year;
- (XIII) to examine and approve matters concerning changes in the use of proceeds;
- (XIV) to examine the equity incentive scheme and Employee Stock Ownership Plan;
- (XV) to examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The general meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Unless otherwise provided by laws, administrative regulations, the regulations of the securities regulatory authorities or the securities regulatory rules of the place where the Company's Shares are listed, the aforesaid powers of the general meeting shall not be exercised by the Board of Directors or any other body or individual by way of authorization.

General meetings are categorized into annual general meetings and extraordinary general meetings. The annual general meeting, which shall be held once a year, shall be held within six months after the end of the preceding fiscal year.

In the event of any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of the fact:

- (I) the number of Directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) the Company's losses which are not covered amount to one-third of the total share capital;
- (III) a request is made by Shareholders individually or collectively holding at least 10% of the Company's Shares;
- (IV) the Board considers it necessary;
- (V) the Audit Committee proposes to convene the meeting;
- (VI) other circumstances required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

**Convening of General Meeting**

The independent Directors are authorized to propose to the Board of Directors to convene an extraordinary general meeting with the approval of a majority of all independent Directors. In response to a proposal from an independent director requesting the convening of an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the board resolution is made.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall make such proposal in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the decision is made. Any changes made to the original request in the notice shall be agreed by the Audit Committee. If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days after receiving the proposal, it is deemed that the Board of Directors is unable to fulfill or does not fulfill its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

The Shareholders who individually or collectively hold at least 10% of the Shares of the Company shall have the right to request the Board to convene an extraordinary general meeting, and shall make such request to the Board in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the board resolution is made. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.

If the Board of Directors disapproves to convene an extraordinary general meeting, or fails to provide feedback within 10 days upon the receipt of such proposal, the Shareholders holding at least 10% of the Company's Shares, individually or collectively, have the right to propose to the Audit Committee to convene an extraordinary general meeting, and such proposal shall be presented to the Audit Committee in writing.

Where the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days upon receipt of such proposal. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.

If the Audit Committee fails to give notice of a general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the Shareholders who have individually or collectively held at least 10% of the Company's Shares

for at least 90 consecutive days may convene and preside over the meeting on their own. Before the announcement of the resolution of the general meeting, the shareholding ratio of convening Shareholders shall be not less than 10%.

### **Proposals and Notices of General Meetings**

When the Company holds a general meeting, the Board of Directors, the Audit Committee, and Shareholders who individually or collectively hold at least 1% of the Company's Shares have the right to submit proposals to the Company.

Shareholders who individually or collectively hold at least 1% of the Company's Shares may propose a provisional proposal and submit it in writing to the convener 10 days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days after the receipt of the proposal, announcing the contents of the provisional proposal and submitting the provisional proposal to the general meeting for deliberation, except that the provisional proposal is in violation of the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association or does not fall within the terms of reference of the general meeting.

Save as specified above, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with the Articles of Association.

The convener shall notify Shareholders by way of announcement 21 days prior to the Annual General Meeting and 15 days prior to the Extraordinary General Meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held, but shall include the date on which the notice is given.

The notice of the general meeting shall include the following particulars:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals to be considered at the meeting;
- (III) clear words specifying that all Shareholders of ordinary shares shall have the right to attend the general meeting, and that they may appoint a proxy in writing to attend the meeting and vote on their behalf. The proxy is not necessarily a Shareholder of the Company;
- (IV) the record date for Shareholders who are entitled to attend the general meeting;
- (V) the name and telephone number of the regular contact person for the meeting;
- (VI) the voting time and voting procedures of the meeting for the online voting or other means of voting.

After the notice of the general meeting is given, without good reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. In the event of a delay or cancellation, the convener shall give a notice and explanations at least 2 working days before the scheduled meeting date.

**Holding of General Meeting**

All Shareholders of ordinary shares recorded in the register as at the record date or their proxies shall have the right to attend the general meeting, and to speak at the general meeting and exercise their voting rights in accordance with relevant laws, regulations, securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association.

The Shareholders may attend the general meeting and vote in person, or entrust one or more proxies to attend on their behalf and exercise the voting rights within the scope of authorization. The proxy needs not be a Shareholder of the Company.

If the general meeting requests the Directors and senior officers to attend the meeting, the Directors and senior officers shall attend the meeting and be questioned by the Shareholders.

The general meeting shall be presided over by the chairman of the board. If the chairman of the Board of Directors is unable or fails to perform his duties, the vice chairman shall act in his stead. When both the chairman and vice chairman are unable or fail to perform their duties, one director jointly elected by a majority of the Directors shall preside.

A general meeting convened by the Audit Committee shall be chaired by the convener of the Audit Committee. In the event that the convener of the Audit Committee is unable or fails to perform his duties, a member of the Audit Committee jointly elected by a majority of the members of the Audit Committee shall preside.

A general meeting convened by the Shareholders themselves shall be presided over by the convener or their elected representative.

During the course of a general meeting, if the meeting presider violates the procedural rules such that the general meeting cannot continue, the general meeting may elect a person to act as the meeting presider and continue the meeting with the consent of the majority of the Shareholders entitled to vote present at the general meeting.

The Company shall formulate rules of procedure for the general meeting, stipulating in detail the convening and voting procedures of the meeting, including notification, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and their signatures, announcements, etc., as well as the principle of authorization by the general meeting to the Board. The content of the authorization shall be clear and specific. The rules of procedure for the general meeting, which shall be drawn up by the Board and approved by the general meeting, shall be annexed to the Articles of Association.

**Voting and Resolutions of General Meetings**

The resolutions of general meetings are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be adopted by more than half of the voting rights held by the Shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by at least two-thirds of the voting rights held by the Shareholders (including their proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- (I) work report of the Board of Directors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and removal of Directors, and determination of the remuneration of the Directors and method of payment;
- (IV) Other matters other than those which should be decided by special resolution as provided by law, administrative regulation, securities regulatory rules where the Company's Shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- (I) amendment of the Articles of Association and its appendices (including the Rules of Procedure for General Meetings and the Rules of Procedure for Board Meetings);
- (II) increase or reduction of the Company's registered capital;
- (III) separation, division, merger, dissolution and liquidation of the Company;
- (IV) spinning off subsidiaries for listing;
- (V) the purchases or sales of material assets by the Company or the guarantee amount provided to others exceeding 30% of the latest audited total assets of the Company within one year;
- (VI) issuance of share, convertible corporate bonds, preferred shares, and other types of securities approved by the CSRC;
- (VII) repurchase of shares to reduce the registered capital;
- (VIII) restructuring of major assets;
- (IX) the equity incentive scheme;
- (X) the general meeting resolves to voluntarily withdraw the Company's Shares from listing and trading on the Shenzhen Stock Exchange, and decides to cease trading on the exchange or instead apply for trading or transfer on other trading venues;
- (XI) other matters required to be approved by special resolutions under the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of Shares with voting rights they represent, and each Share shall have one vote.

When material issues affecting the interests of minority Shareholders are considered at the general meeting, the votes of minority Shareholders shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The Company's Shares held by itself have no voting right, and such Shares shall not be included in the total number of shares with voting rights present at the general meeting.

Where a Shareholder's purchase of the Company's Shares with voting rights violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the Shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such Shares shall not be included in the total number of Shares with voting rights of the Shareholders attending the general meeting.

If in accordance with the applicable laws and regulations and the Hong Kong Listing Rules, any Shareholder is required to abstain from voting or is restricted to voting for (or against) any individual resolution, any vote by the shareholder or his/her proxies in contravention thereof shall not be counted into the total number of Shares with voting rights.

The Board, independent Directors, and Shareholders holding at least 1% of the voting Shares or the investor protection agency established in accordance with laws, administrative regulations or provisions of the securities regulatory agency under the State Council can publicly solicit the voting rights from the Shareholders. When soliciting voting rights from Shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. It is prohibited to solicit Shareholders' voting rights through paid or disguised paid means. Except for the statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of Shareholders' voting rights.

## **Directors and Board of Directors**

### **Directors**

The Directors of the Company include executive Directors, non-executive Directors, and independent Directors (i.e., independent non-executive Directors). A non-executive Director refers to a director who does not hold an operation management position within the Company.

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The term of office for Directors is three years. Upon expiration of their term, they may be re-elected for consecutive terms in accordance with the securities regulatory rules of the place where the Company's Shares are listed.

The term of office of a Director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a Director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as a Director pursuant to relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association until the newly elected director takes office.

A Director may be the general manager or other senior officer concurrently, provided that the total number of Directors who concurrently serve as the general manager or other senior officers and Directors who are employee representatives shall not exceed half of the total number of Directors of the Company.

Directors shall comply with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and have a duty of loyalty to the Company; they shall take measures to avoid conflicts between their own interests and the interests of the Company, and they shall not make use of their powers to gain undue benefits.

Directors shall comply with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and shall have a duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

### **Independent Directors**

The Company has independent Directors. An independent non-executive Director is a Director who does not hold any position in the Company other than as a Director, and who does not have any direct or indirect interest in the Company, its major Shareholders, or its actual controllers, or any other relationship that may affect his/her ability to make independent and objective judgments. In addition, independent Directors shall also meet the relevant requirements for "independent non-executive directors" as stipulated in the Hong Kong Listing Rules.

The proportion of independent Directors on the board of directors shall not be less than one-third. At least one independent Director shall possess appropriate professional qualifications as specified by the securities regulatory rules of the place where the Company's Shares are listed, or be an accounting professional with appropriate accounting or related financial management expertise.

### **Board of Directors**

The Board of Directors of the Company consists of seven Directors, including three independent Directors. The Board of Directors shall have one chairman and one vice chairman, both elected by a majority vote of all Directors on the Board.

The Board shall exercise the following powers:

- (I) to convene a general meeting and report to the general meeting on the work of the Board;
- (II) to implement resolutions adopted by the general meeting;
- (III) to decide on the Company's business plan and investment program;
- (IV) to formulate the profit distribution plan and loss recovery plan of the Company;
- (V) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VI) to formulate plans for substantial acquisition, repurchase of Shares, or merger, division, dissolution and change of corporate form of the Company;
- (VII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations of the Company within the authority granted by the general meeting;
- (VIII) to decide on the establishment of the internal management organization of the Company;
- (IX) to appoint or dismiss the general manager, secretary to the Board and other senior officers of the Company, and decide on matters of their remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager and CFO according to the nomination of the general manager, and decide on matters of their remuneration, rewards and punishments;

- (X) to formulate the basic management system of the Company;
- (XI) to formulate the proposals for any amendment to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to request the general meeting to engage or replace the accounting firm that provides audit service for the Company;
- (XIV) to debrief the work report of the general manager of the Company and check the works of the general manager;
- (XV) to resolve matters concerning the acquisition of the Company's Shares under the circumstances specified in item (III), (V) or (VI) of Article 24 of the Articles of Association. The exercise of this authority shall be subject to approval by a resolution of the Board meeting attended by at least two-thirds of the Directors;
- (XVI) other powers granted by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

Matters beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors shall formulate the rules of procedures for the Board to ensure the proper implementation of the resolutions of the general meeting, improvement of work efficiency and scientific decision-making. The rules of procedure for the Board meeting, which shall be drawn up by the Board and approved by the general meeting, shall be annexed to the Articles of Association.

The Board of Directors shall determine the scope of authorization in respect of outbound investment, acquisition and disposal of assets, asset mortgages, external guarantee, consigned financial management, connected transactions and external donations, and set up strict inspection and decision-making procedures; for important investment projects, the Board of Directors shall organize the relevant experts and professionals for review and report to the general meeting for approval.

The chairman of the Board of Directors shall exercise the following powers:

- (I) to preside over the general meetings and to convene and preside over meetings of the Board of Directors;
- (II) to supervise and inspect the execution of the resolutions of the Board of Directors;
- (III) other powers granted by the Board.

When the chairman of the Board exercises his powers within the scope of his authority (including authorization), he shall make a prudent decision on matters that may have a significant impact on the operation of the Company and, if necessary, submit it to the Board of Directors for collective decision-making.

The Board of Directors shall meet at least four times a year. For regular board meetings, written notices bearing the board's official seal shall be delivered to all Directors, the general manager, and the board secretary via personal delivery, mail, or fax at least 14 days prior to the meeting date.

Shareholders representing at least one-tenth of the voting rights, at least one-third of the Directors, the Audit Committee, more than half of the independent Directors, the general manager or chairman may propose an extraordinary Board meeting when considering it necessary. The chairman of the Board shall convene and preside over a Board meeting within 10 days after receiving the proposal.

For extraordinary board meetings, written notices bearing the board's official seal shall be delivered to all Directors, the general manager, and the Board secretary via personal delivery, mail, or fax at least 5 days prior to the meeting date. In case of emergency and it is necessary to convene an extraordinary Board meeting as soon as possible, the meeting notice may be sent by telephone or other oral means at any time, provided that the convener shall make explanations at the meeting.

A Board meeting shall be held only if more than half of the Directors are present. The general manager and the board secretary who do not concurrently serve as Directors shall attend Board meetings. If the meeting presider deems it necessary, other relevant persons can be notified to attend the meeting.

Unless otherwise specified in the Articles of Association and its appendices, a resolution made by the Board must be approved by more than half of all the Directors.

A guarantee within the scope of authority of the Board shall be approved by more than half of all the Directors and approved by at least two-thirds of the Directors present at the Board meeting.

Each Director shall have one vote for the resolutions of the Board of Directors.

### **Special Committees under the Board of Directors**

The Board of Directors of the Company has set up an Audit Committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

The Audit Committee consists of three members, all of whom shall be non-executive Directors. Among them, two are independent Directors, with the convener (chairperson) being an independent Director who is also an accounting professional.

In addition to the Audit Committee, the Board of Directors has established a Strategy Committee, a Nomination Committee, and a Remuneration and Appraisal Committee. These committees perform their duties in accordance with the Articles of Association and the authority delegated by the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for deliberation and decision. The working rules of the special committees should be prepared by the Board of Directors.

### **Board Secretary**

The Company shall have a Board secretary to take charge of the preparation of general meetings and Board meetings, the safekeeping of documents, the management of the information of Shareholders, the handling of information disclosure affairs, etc. The Board secretary is a senior officer of the Company. The relevant provisions of laws, regulations and the Articles of Association on the senior officers of the Company are applicable to the Board secretary.

**General Manager and Other Senior Officers**

The Company shall have a general manager who shall be appointed or removed by the Board.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general managers, the Board secretary, and chief financial officer are senior officers of the Company.

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

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report on his work to the Board;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to draw out the plan of the internal management structure of the Company;
- (IV) to draft the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board of Directors the appointment or dismissal of the deputy general manager and the chief financial officer;
- (VII) to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- (VIII) other powers granted by the Articles of Association or the Board.

The general manager who does not serve as a Director concurrently shall attend the Board meeting.

The senior officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders. If the senior officers fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and Shareholders of public shares, they shall be liable for compensation in accordance with the law.

**Financial and Accounting Systems**

The Company shall lay down its financial and accounting system according to laws, administrative regulations and requirements of relevant government departments.

The Company shall, at the end of each fiscal year, prepare a financial and accounting report, which shall be audited by an accounting firm as required by law. The financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Disclosure of A-Share periodic reports: The Company shall submit and disclose its annual report to the local offices of CSRC and Shenzhen Stock Exchange within four months as of the end of each fiscal year, and its interim report to the local offices of the CSRC and Shenzhen Stock Exchange within two months as of the end of the first half of each fiscal year.

Disclosure of H-Share periodic reports: The H-Share periodic reports include annual reports and interim reports. The Company shall disclose a preliminary announcement of its annual results within three months from the end of each fiscal year, and shall prepare and disclose its annual report within four months from the end of each fiscal year and at least 21 days prior to the date of the annual general meeting. The Company shall disclose a preliminary announcement of its interim results within two months after the end of the first six months of each fiscal year, and shall prepare and disclose the interim report within three months after the end of the first six months of each fiscal year.

The above-mentioned annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and rules of the stock exchange.

The Company shall not establish separate accounting books other than the statutory ones. The assets of the Company shall not be deposited into an account established in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory surplus reserve of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to cover the loss before the withdrawing of the statutory surplus reserve in accordance with the above provisions.

After the company has allocated the statutory surplus reserve from its after-tax profits, it may, upon a resolution made by the general meeting, allocate a discretionary surplus reserve from its after-tax profits.

The remaining after-tax profits of the Company after making up for the losses and withdrawing the reserves may be distributed according to the proportion of Shares held by the Shareholders, except it is specified in the Articles of Association that the distribution is not made based on the shareholding proportions.

If the general meeting distributes profits to Shareholders in violation of the provisions of the preceding paragraph and before the Company covers the losses and withdraws statutory surplus reserve, the Shareholders shall return the profits distributed in violation of the provisions to the Company. If any loss is caused to the Company, the Shareholders and the responsible Directors and senior officers shall be liable for compensation.

No profits shall be distributed in respect of the Company's Shares held by the Company.

The reserves of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital. However, the capital reserve shall not be used to cover the loss of the Company. To make up for the Company's losses, the Company shall first use the discretionary surplus reserve and statutory surplus reserve; If they are insufficient, the capital reserve can be used in accordance with the regulations.

Where the statutory surplus reserve is converted to capital, the remainder of the statutory surplus reserve shall not be less than 25% of the registered capital of the Company before the conversion is conducted.

When a resolution is made by general meeting on the profit distribution scheme, or the Board of Directors has formulated a specific plan based on the conditions and upper limit of the next year's interim dividend approved at the annual general meeting, the Board shall complete the dividend (or Share) distribution in two months after the general meeting.

**Internal Audit**

The Company has implemented an internal audit system, which specifies the leadership system, responsibility and authority, staffing, financial security, use of audit results and accountability for internal audit work. The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed externally.

The Company's internal audit organization supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

**Employment of Accounting Firm**

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and Hong Kong Listing Rules to audit financial reports, verify the net assets, and provide other relevant consulting services. The term of employment of the accounting firm shall be one year, which is renewable.

The appointment or removal of an accounting firm by the Company must be decided by the general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made by the general meeting.

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

The audit fee or method of determining the audit fee of an accounting firm shall be decided by the general meeting.

When the Company dismisses or decides not to renew the employment of an accounting firm, it shall give a 20-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the general meeting of whether there is any irregularity in the Company.

**Merger, Division, and Capital Increase and Reduction**

The merger of the Company may take the form of a merger by absorption or a merger by new establishment.

In the case of a merger by absorption, a company absorbs another company and the absorbed company shall be dissolved. In the case of a merger by new establishment, two or more companies merge together for the establishment of a new company and the companies to the merger shall be dissolved.

If the price paid for a company merger does not exceed 10% of the Company's net assets, it does not require a resolution by the general meeting, unless otherwise stipulated in the Articles of Association.

A merger of the Company in accordance with the provisions of the above two paragraphs shall be resolved by the Board of Directors if the merger is not resolved by the general meeting.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the merger has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

The surviving company or the newly established company of a merger shall assume the claims and debts of the parties to the merger.

If the Company is divided, its property shall be divided accordingly.

In the case of a division, a balance sheet and a schedule of assets shall be prepared. The Company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the division has been adopted.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the agreement entered into between creditors and the Company for debt service prior to the division.

Where the Company needs to reduce its registered capital, a balance sheet and a schedule of assets must be prepared.

The Company shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

Where the merger or division of the Company results in a change in its registration particulars, such change shall be registered with the Company registration authority according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

Where the Company increases or reduces its registered capital, it shall amend its registration with the Company registration authority in accordance with the law.

**Dissolution and Liquidation**

The Company shall be dissolved if:

- (I) the dissolution event occurs as specified in the Articles of Association;
- (II) the general meeting resolves to dissolve the Company;
- (III) the Company is dissolved as a result of merger or division;
- (IV) the Company is revoked of business license, ordered to close or canceled according to law;
- (V) Shareholders holding 10% or more of the voting rights of the Company request the people's court to dissolve the Company, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the Company would bring significant losses to the interests of Shareholders. If the Company has the reasons for dissolution specified in the above paragraphs, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is in the situations of the above items (I) or (II) and has not yet distributed its property to its Shareholders, it may survive by amending the Articles of Association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by at least two-thirds of the voting rights held by the Shareholders attending the general meeting.

If the Company is dissolved under items (I), (II), (IV) or (V), it shall be liquidated. The Directors shall be the liquidation obligors of the Company, and shall form a liquidation committee to liquidate the Company within 15 days of occurrence of any event leading to dissolution. The liquidation committee shall be composed of the Directors, except as otherwise provided in the Articles of Association or as otherwise elected by the resolution of the general meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or the creditors, they shall be liable for compensation.

Where the liquidation committee discovers upon examination of the Company's assets and preparation of the balance sheet and schedule of assets that the Company's assets are insufficient to repay its debts, an application shall be made to the people's court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, submit it to the general meeting or the people's court for confirmation, and submit it to the Company registration authority, apply for cancellation of the Company's registration, and announce the Company's termination.

**Amendment to the Articles of Association**

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

- (I) following amendment of the Company Law or other relevant laws, administrative regulations and securities regulatory rules of the place where the Company's Shares are

listed, the provisions of the Articles of Association contradict with the relevant provisions of the amended laws, administrative regulations and securities regulatory rules of the place where the Company's Shares are listed;

- (II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
- (III) the general meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association resolved by the general meeting is subject to examination and approval by the competent authority, such amendment shall be submitted to the competent authority for approval; where any amendment to the Articles of Association involves the Company's registration, the Company's registration shall be amended in accordance with the law.