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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about any of the contents 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 Red Star Macalline Group Corporation Ltd., you should at once hand this circular together with the proxy form 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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**Red Star Macalline Group Corporation Ltd.**  
**紅星美凱龍家居集團股份有限公司**

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1528)**

**ELECTION AND RE-ELECTION OF EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
ELECTION AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
ELECTION OF INDEPENDENT SUPERVISORS  
OF THE FIFTH SESSION OF THE SUPERVISORY COMMITTEE  
THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
THE AMENDMENTS TO THE PROCEDURAL RULES  
OF THE GENERAL MEETINGS  
THE AMENDMENTS TO THE PROCEDURAL RULES  
OF THE BOARD OF DIRECTORS  
AND  
NOTICE OF THE 2023 THIRD EXTRAORDINARY  
GENERAL MEETING**

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A letter from the Board is set out on pages 3 to 52 of this circular. A notice of the EGM to be held at 2:00 p.m. on Tuesday, 15 August 2023 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is being despatched to the Shareholders together with this circular.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarized.

In the case of joint holders of shares of the Company, only the holder whose name stands first in the register of members of the Company shall be entitled to vote at the EGM, either in person or by proxy in respect of such Shares.

For H Share Shareholders, please return the proxy form together with any documents of authority to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

27 July 2023

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the following meanings:*

“A Share(s)”	the ordinary share(s) issued by the Company, with a nominal value of RMB1.0 each, listed on the Shanghai Stock Exchange and traded in RMB
“A Share Shareholder(s)”	the holder(s) of the A Share(s)
“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemented from time to time
“Board”	the board of directors of the Company
“Company”	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange (stock code: 1528)
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 third extraordinary general meeting to be convened and held on Tuesday, 15 August 2023
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.0 each in the share capital of the Company, which are listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Shareholder(s)”	the holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	26 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, but for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“RSM Holding”	Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (formerly known as Shanghai Red Star Macalline Investment Company Limited (上海紅星美凱龍投資有限公司)), a limited liability company established in the PRC. As of the Latest Practicable Date, RSM Holding and its subsidiaries hold approximately 24.88% equity interests in the Company
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	percent

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LETTER FROM THE BOARD

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**Red Star Macalline Group Corporation Ltd.**  
**紅星美凱龍家居集團股份有限公司**

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1528)**

*Executive Directors:*

Mr. CHE Jianxing  
Mr. LI Jianhong

*Non-executive Directors:*

Mr. CHEN Zhaohui  
Mr. JIANG Xiangyu  
Ms. HU Xiao  
Mr. ZHENG Yongda  
Mr. WANG Wenhui  
Mr. ZOU Shaorong

*Independent non-executive Directors:*

Mr. QIAN Shizheng  
Mr. LEE Kwan Hung, Eddie  
Mr. WANG Xiao  
Ms. ZHAO Chongyi  
Ms. QIN Hong

*Registered office in the PRC:*

Suite F801, 6/F  
No. 518, Linyu Road  
Pudong New District  
Shanghai  
PRC

*Principal place of business  
in Hong Kong:*

31/F, Tower 2  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

27 July 2023

*To the Shareholders*

Dear Sir or Madam,

**ELECTION AND RE-ELECTION OF EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
ELECTION AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS  
OF THE FIFTH SESSION OF THE BOARD  
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THE AMENDMENTS TO THE PROCEDURAL RULES  
OF THE BOARD OF DIRECTORS  
AND  
NOTICE OF THE 2023 THIRD EXTRAORDINARY  
GENERAL MEETING**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The following resolutions, among other things, have been considered and approved by the Board at the Board meeting held on 26 July 2023 (the “**Board Meeting**”): (1) election and re-election of executive Directors of the fifth session of the Board; (2) election and re-election of non-executive Directors of the fifth session of the Board; and (3) election of independent non-executive Directors of the fifth session of the Board. At the Supervisory Committee meeting held on 26 July 2023, the Supervisory Committee considered and approved, among other things, the resolution in respect of electing the independent Supervisors of the fifth session of the Supervisory Committee. Such resolutions are subject to the approval of the Shareholders at the EGM by way of ordinary resolutions under a cumulative voting system.

The following resolutions, among other things, have been considered and approved by the Board at the Board meeting held on 26 July 2023: (5) the resolution to amend the Articles Association; (6) the resolution to amend the Procedural Rules of the General Meetings; and (7) the resolution to amend the Procedural Rules of the Board of Directors. Such resolutions are subject to the approval of the Shareholders at the EGM by way of special resolutions.

The purpose of this circular is to provide you with, among other things, the notice of the EGM and the information of certain resolutions in relation to the (1) election and re-election of executive Directors of the fifth session of the Board; (2) election and re-election of non-executive Directors of the fifth session of the Board; (3) election of independent non-executive Directors of the fifth session of the Board; (4) election of independent Supervisors of the fifth session of the Supervisory Committee; (5) the amendments to the articles of association; (6) the amendments to the procedural rules of the general meeting; and (7) the amendments to the procedural rules of the board of directors for consideration at the EGM, in order to enable you to make informed decision on whether to vote for or against these resolutions at the EGM.

### II. ELECTION AND RE-ELECTION OF EXECUTIVE DIRECTORS OF THE FIFTH SESSION OF THE BOARD

The Board has resolved and approved to elect and re-elect Mr. CHE Jianxing (車建興, “**Mr. CHE**”), Mr. LI Jianhong (李建宏, “**Mr. LI**”), Mr. SHI Yaofeng (施姚峰, “**Mr. SHI**”) and Mr. YANG Yingwu (楊映武, “**Mr. YANG**”) as executive Directors on 26 July 2023\*. The term of office for each of Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG will be three years commencing from the date on which the resolutions are considered and approved at the EGM and the expiration date of the term of office of the fourth session of the Board (15 August 2023).

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## LETTER FROM THE BOARD

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The biographical details of Mr. CHE are set out below:

Mr. CHE, aged 56, the founder of the Group. Mr. CHE started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. (紅星傢俱集團有限公司) in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Shanghai Red Star Macalline Home Furnishings Company Limited (上海紅星美凱龍家居傢飾品有限公司), the predecessor of the Company, in 2007, and has served as the Chairman and the general manager since 2007. Mr. CHE has served as a director and other positions in several subsidiaries of the Company, including Xiamen Red Star Macalline Commercial Operation Management Co., Ltd. (廈門紅星美凱龍商業運營管理有限公司). Mr. CHE is a member of the executive committee of All-China Federation of Industry & Commerce, the vice president of Shanghai Federation of Industry and Commerce and a standing member of the fourteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十四屆委員會). Mr. CHE was awarded the “Outstanding Individual in the Work of Unionization of Shanghai (上海市統一戰線工作先進個人)” by Shanghai Unionization Department (上海市統戰部) in December 2018 and the “Excellent Entrepreneur of Shanghai (上海市優秀企業家)” by Shanghai Enterprise Association in February 2019.

As of the Latest Practicable Date, Mr. CHE holds 435,600 A Shares of the Company, and indirectly owns approximately 24.88% of the total issued Shares of the Company through his interests in RSM Holding and its subsidiaries. For the purpose of the Securities and Futures Ordinance, he is deemed to be interested in 1,083,618,667 A Shares held by RSM Holding. Meanwhile, Mr. CHE indirectly owns approximately 0.001% of the total issued Shares of the Company through his spouse, Ms. CHEN Shuhong. For the purpose of the Securities and Futures Ordinance, he is deemed to be interested in 48,620 A Shares held by Ms. CHEN Shuhong. In addition, Mr. CHE serves as the chairman of the board of directors of RSM Holding.

The biographical details of Mr. LI are set out below:

Mr. LI, aged 50, joined the Company in February 2013 and has been serving as a vice general manager of the Company since March 2013, primarily responsible for the investment and financing of the Company. He has been serving as the executive Director since February 2023. Prior to joining the Company, Mr. LI worked as the head of the finance department of Xiamen Customs in the 1990s. Mr. LI joined Man Wah Holdings Ltd. (敏華控股有限公司, a company listed on the Stock Exchange under the stock code of 1999), in September 2000 and served as its executive director and chief operating officer from April 2005 to October 2011. Mr. LI has also been the chairman of the board of directors of Dongfeng Design Research Institute Co., Ltd. (東風設計研究院有限公司), a subsidiary of RSM Holding, since June 2019. Mr. LI has served as a director and other positions in several subsidiaries of the Company, including Xiamen Red Star Macalline Commercial Operation Management Co., Ltd.. Mr. LI graduated with a bachelor’s degree in accounting from Xiamen University (廈門大學) in July 1994, and obtained a master of business administration degree in distance education for senior

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## LETTER FROM THE BOARD

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managers from Peking University (北京大學) in January 2007. Mr. LI obtained a master of business administration degree from Booth School of Business, University of Chicago in March 2010. Mr. LI was accredited as a Chinese Certified Public Accountant (non-practicing member) by Chinese Institute of Certified Public Accountant in June 2001.

As of the Latest Practicable Date, Mr. LI holds 1,134,300 A Shares of the Company.

The biographical details of Mr. SHI are set out below:

Mr. SHI, aged 47, worked at Ningbo Boyang Textile Co., Ltd. Changsha Office (寧波博洋紡織有限公司長沙辦事處) from August 1997, at Hangzhou Jinguang Paper Co., Ltd. (杭州金光紙業有限公司) from August 1998, and at Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司), formally known as Xiamen C&D Paper Co., Ltd. (廈門建發紙業有限公司) from December 2003 to July 2023, during which he successively served as the deputy general manager of subsidiaries, the general manager of subsidiaries, deputy general manager and other positions. He has served as an executive director and the chief executive officer of C&D Newin Paper & Pulp Corporation Limited (建發新勝漿紙有限公司, a company formerly known as Samson Paper Holdings Limited (森信紙業集團有限公司) and listed on the Stock Exchange under the stock code of 0731); a director of Greater Paper Development Limited (偉紙發展有限公司), a wholly-owned subsidiary of C&D Newin Paper & Pulp Corporation Limited; an executive director and the general manager of Greater Paper (Shenzhen) Paper Development Limited (偉紙(深圳)紙業發展有限公司), a wholly-owned subsidiary of C&D Newin Paper & Pulp Corporation Limited; an executive director of Universal Pulp and Paper (Shandong) Co., Ltd. (遠通紙業(山東)有限公司) and an executive director of Shandong Yuantong Renewable Resources Recycling Company Limited (山東遠通再生資源回收有限公司), both of which are wholly-owned subsidiary of C&D Newin Paper & Pulp Corporation Limited.

Mr. SHI graduated from Ningbo University (寧波大學) in July 1997, majoring in economic management.

The biographical details of Mr. YANG are set out below:

Mr. YANG, aged 39, had served at Xiamen Branch of Bank of China Limited (中國銀行股份有限公司廈門市分行) from October 2006 to August 2008. He worked at Xiamen C&D Inc. (廈門建發股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 600153) from August 2008 to July 2023, where he successively served as the director of finance department, professional manager, senior professional manager, deputy general manager and other positions from August 2008 to February 2020. He served as the financial director of Xiamen C&D Property Asset Co., Ltd. (廈門建發物產有限公司) from February 2020 to March 2023, and the financial director of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司) from March 2023 to July 2023.

Mr. YANG graduated from Xiamen University with a bachelor's degree in July 2006.

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## LETTER FROM THE BOARD

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Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG will enter into executive Director's service contracts with the Company upon their appointments being approved by the Shareholders at the EGM for a term commencing from the date on which the relevant resolutions are considered and approved at the EGM, to the expiration date of the term of office of the fifth session of the Board. According to the Articles of Association, Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG may seek re-election upon the expiration of the term of their office. If Mr. CHE, Mr. LI, Mr. SHI or Mr. YANG provides the Company with not less than one month's written notice, or Mr. CHE, Mr. LI, Mr. SHI or Mr. YANG is not re-appointed upon the expiration of the term of their office, the service contract shall be terminated. Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG will not receive any remuneration of executive Director during their tenure as executive Directors.

Save as disclosed above, Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG did not hold any other position in the Company or its subsidiaries, nor did they hold any directorships in any other public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the past three years prior to the date of their appointments and do not have other major appointments and professional qualifications.

Save as disclosed above, Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG do not have any relationship with any other Director, senior management, substantial shareholders or controlling shareholders of the Company, and do not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and have not been subject to any disciplinary action by the China Securities Regulatory Commission or any other relevant authorities or the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters relating to the appointments of Mr. CHE, Mr. LI, Mr. SHI and Mr. YANG that need to be brought to the attention of the Shareholders. The aforesaid resolutions were considered and approved at the 69th extraordinary meeting of the fourth session of the Board and are hereby submitted to the Shareholders for consideration.

### III. ELECTION AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS OF THE FIFTH SESSION OF THE BOARD

The Board has resolved and approved the election and re-election of Mr. ZHENG Yongda (鄭永達, "Mr. ZHENG"), Mr. WANG Wenhui (王文懷, "Mr. WANG"), Mr. ZOU Shaorong (鄒少榮, "Mr. ZOU"), Ms. XU Di (許迪, "Ms. XU") and Mr. SONG Guangbin (宋廣斌, "Mr. SONG") as non-executive Directors on 26 July 2023\*. The term of office of Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG will be three years commencing from the date on which the resolution is considered and approved at the EGM and the expiration date of the term of office of the fourth session of the Board (15 August 2023).

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## LETTER FROM THE BOARD

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The biographical details of Mr. ZHENG are set out below:

Mr. ZHENG, aged 52, joined the Company in February 2023 and served as a non-executive Director and vice chairman of the Board. Mr. ZHENG has worked at Xiamen C&D Inc. since April 2004 and successively served as the general manager assistant, executive deputy general manager, general manager and since April 2020, the secretary of the party committee and chairman. He has worked as the deputy general manager and general manager of the No.6 import and export department of Xiamen C&D Inc. from February 1998 to January 2002; the general manager of Xiamen C&D Packaging Co., Ltd. (廈門建發包裝有限公司) from January 2000 to January 2002; the general manager of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發紙業有限公司) from February 2002 to May 2010; the deputy general manager of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) since December 2015; the deputy secretary of the party committee and general manager of Xiamen C&D Group Co., Ltd. since February 2022. He is also a director of C&D Real Estate Corporation Limited (建發房地產集團有限公司) since May 2020; a director of Lianfa (Group) Co., Ltd. (聯發集團有限公司) since June 2020; and a Director of Xiamen Zijin Tongguan Investment Development Co., Ltd. (廈門紫金銅冠投資有限公司) since January 2021.

Mr. ZHENG obtained his bachelor's degree from Xiamen University in July 1993.

The biographical details of Mr. WANG are set out below:

Mr. WANG, aged 51, joined the Company in February 2023 and served as a non-executive Director. Mr. WANG has successively served as the salesman, business director and deputy manager of the investment department, deputy manager (in charge of work), general manager and investment director of the No.2 investment department since he joined Xiamen C&D Group Co., Ltd in August 1998, and has acted as the deputy general manager since December 2015. He has been a member of the party committee of Xiamen C&D Corporation (廈門建發集團) since February 2018. He is also the chairman of Xiamen Jianfa Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限公司) since November 2014 and the chairman of King Dragon Life Insurance Co., Ltd. (君龍人壽保險有限公司) since May 2019.

Mr. WANG graduated from Xiamen University and obtained a master's degree in August 1998; he was awarded with the title of economist in December 1999.

The biographical details of Mr. ZOU are set out below:

Mr. ZOU, aged 47, joined the company in February 2023 and served as a non-executive Director. Mr. ZOU has successively served as the general manager of legal affairs department and legal affairs director of Xiamen C&D Group Co., Ltd. since July 2000. He has served as the general counsel of Xiamen C&D Group Co., Ltd. since February 2019; the investment director of Xiamen C&D Group Co., Ltd. since March 2020; the secretary of the board of directors of Xiamen C&D Group Co., Ltd. since February 2020; a supervisor of Xiamen C&D Inc. from May 2016 to May 2022 and a director of Xiamen C&D Inc. since May 2022.

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## LETTER FROM THE BOARD

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Mr. ZOU graduated from Xiamen University with a master's degree in June 2011.

The biographical details of Ms. XU are set out below:

Ms. XU, aged 34, joined Alibaba Group Holding Limited (阿里巴巴集團控股有限公司, a company listed on the New York Stock Exchange under the stock code of BABA and the Stock Exchange under the stock code of 9988, “**Alibaba Group**”) in July 2017, and is currently an investment director of Alibaba Group. Ms. XU previously worked as a research analyst at China International Capital Corporation Limited (中國國際金融有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601995 and the Stock Exchange under the stock code of 3908) from September 2010 to August 2011; an investment analyst at International Finance Corporation (國際金融公司) from September 2011 to July 2013; and an associate director of investment at CICC ALPHA (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司) from August 2015 to July 2017.

Ms. XU graduated from the Wharton School of the University of Pennsylvania (美國賓夕法尼亞大學沃頓商學院) in June 2015 with a master's degree in business administration.

The biographical details of Mr. SONG are set out below:

Mr. SONG, aged 41, graduated from Beijing University of Technology (北京工業大學) in July 2005. with a bachelor's degree in information and computing sciences. Mr. SONG has served as the chief operating officer of Jiabao Shengshi (Beijing) Network Technology Co., Ltd. (家寶盛世(北京)網路科技有限公司) from September 2005 to May 2013; the general manager of the e-commerce and marketing division of Beijing Fuyuan Pharmaceutical Co., Ltd. (北京福元醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange under the stock code of 601089) from October 2013 to October 2015. He has worked at Alibaba Group since November 2015 and successively served as the general manager of Tmall Home Decoration and Building Materials Customization Industry, the general manager of Tmall Home Decoration and Appliances New Retail, and the general manager of Taobao Tmall Home Decoration and Home Furnishing New Retail.

Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG will enter into non-executive Director's service contracts with the Company upon their appointments being approved by the Shareholders at the EGM for a term commencing from the date on which the the relevant resolutions are considered and approved at the EGM, to the expiration date of the term of office of the fifth session of the Board. According to the Articles of Association, Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG may seek re-election upon the expiration of the term of their office. If Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU or Mr. SONG provides the Company with not less than one month's written notice, or Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU or Mr. SONG is not re-appointed upon the expiration of the term of their office, the service contract will be terminated. Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG will not receive any remuneration of non-executive Director during their tenure as non-executive Directors.

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## LETTER FROM THE BOARD

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Save as disclosed above, Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG did not hold any other position in the Company or its subsidiaries, nor did they hold any directorships in any other public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the past three years prior to the date of their appointments and do not have other major appointments and professional qualifications.

To the best knowledge of the Company, Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG do not have any relationship with any other Director, senior management, substantial shareholders or controlling shareholders of the Company, and do not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and have not been subject to any disciplinary action by the China Securities Regulatory Commission or any other relevant authorities or the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters relating to the appointments of Mr. ZHENG, Mr. WANG, Mr. ZOU, Ms. XU and Mr. SONG that need to be brought to the attention of the Shareholders. The aforesaid resolutions were considered and approved at the 69th extraordinary meeting of the fourth session of the Board and are hereby submitted to the Shareholders for consideration.

#### **IV. ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE FIFTH SESSION OF THE BOARD**

The Board has resolved and approved the election of Mr. XUE Wei (薛偉, “**Mr. XUE**”), Mr. CHEN Shanang (陳善昂), Mr. HUANG Jianzhong (黃建忠), Mr. WONG Chi Wai (黃志偉) and Mr. CAI Qinghui (蔡慶輝, “**Mr. CAI**”) as independent non-executive Directors on 26 July 2023\*. The term of office of Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI will be three years commencing from the date on which the resolution is considered and approved at the EGM and the expiration date of term of office of the fourth session of the Board (15 August 2023). The Board considers that Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI meet the independence requirements as set out in Rule 3.13 of the Listing Rules.

The biographical details of Mr. XUE are set out belows:

Mr. XUE, aged 45, has been serving as a lecturer and associate professor in Xiamen National Accounting Institute (廈門國家會計學院) since December 2015, and the director of the editorial department of “Yunding Caishuo” (雲頂財說) of Xiamen National Accounting Institute since January 2018, engaging in the teaching and training of finance and accounting, tax theory and practice and business practice, and was appointed as a researcher of the China Taxation Research Institute for Large Enterprises (中國大企業稅收研究所) in August 2022. He has been a consulting partner of Mazars CPA Limited LLP (中審眾環會計師事務所) and Haihua Tax Accountant Firm Co., Ltd. (海華稅務師事務所有限公司) since July 2020, engaging in the research of finance and taxation practice.

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## LETTER FROM THE BOARD

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Mr. XUE graduated from Xiamen University and obtained a doctorate degree in management majoring in accounting in June 2015.

The biographical details of Mr. CHEN Shanang are set out below:

Mr. CHEN Shanang, aged 57, has been teaching in the Department of Finance, School of Economics, Xiamen University since March 1990. He had served as an independent director of listed companies including Xiamen Kehua Hengsheng Co., Ltd. (廈門科華恆盛股份有限公司, a company now known as Kehua Data Co., Ltd. (科華數據股份有限公司) and listed on the Shenzhen Stock Exchange under the stock code of 002335), Shenzhen Soling Industrial Co., Ltd. (深圳市索菱實業股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 002766) and Bank of Changsha Co., Ltd. (長沙銀行股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601577) and non-listed companies including China Industrial Asset Management Co., Ltd. (興業資產管理有限公司), Xiamen Keytop Comm. & Tech. Co., Ltd. (廈門科拓通訊技術股份有限公司) and Fujian Kaili Bio-product Co., Ltd. (福建凱立生物製品有限公司). He is currently an associate professor and postgraduate tutor in the Department of Finance, School of Economics, Xiamen University.

Mr. CHEN Shanang graduated from Xiamen University with a doctoral degree in finance in December 2003.

The biographical details of Mr. HUANG Jianzhong are set out below:

Mr. HUANG Jianzhong, aged 61, had served as the deputy director of the Department of Foreign Trade, the director of the Department of International Trade, the deputy dean of the School of Economics and the director of the Fujian Province Enterprise Planning Center of Xiamen University. He is currently the director of the WTO Asia Pacific Training Center (世界貿易組織亞太培訓中心); the deputy secretary-general and deputy party secretary (at deputy department director level) of the China Association of International Trade (中國國際貿易學會); a member of the expert group of the Ministry of Commerce; the president of Shanghai Association of International Trade (上海市國際貿易學會); the head and chief expert of the "HUANG Jianzhong Studio" ("黃建忠工作室") of the Decision-making Consultation Base of the Shanghai Municipal People's Government; the director of the Academic Committee, a member of the Ethics Committee, a professor and a doctoral advisor of Shanghai University of International Business and Economics (上海對外經貿大學); a member of the Overseas Chinese Ethnic Religion Affairs Committee and the Foreign Affairs Committee of the 15th Shanghai Municipal People's Congress (上海市第十五屆人民代表大會), and the deputy to the 16th Shanghai Municipal People's Congress (上海市第十六屆人大代表).

Mr. HUANG Jianzhong graduated from Xiamen University with a doctoral degree in economics in April 1997.

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## LETTER FROM THE BOARD

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The biographical details of Mr. WONG Chi Wai are set out below:

Mr. WONG Chi Wai, aged 54, has served as the vice president and general counsel for Asia in Taubman Asia Management Limited (塔博曼亞洲管理有限公司) from 2011 to 2022 and the head of the legal department in Great Eagle Holdings Limited (香港鷹君集團有限公司, a company listed on the Stock Exchange under the stock code of 0041) from 2006 to 2011. Mr. WONG Chi Wai obtained his bachelor's degree in laws from the University of Hong Kong (香港大學) and Peking University in 1991 and 1998 respectively, and obtained his master's degree in laws from the University of Hong Kong in November 2018. Mr. WONG Chi Wai has worked in several international law firms, including Baker & McKenzie (貝克•麥堅時律師事務所), Sidley Austin LLP (美國盛德律師事務所) and Herbert Smith Freehills LLP (史密夫斐爾律師事務所).

The biographical details of Mr. CAI are set out below:

Mr. CAI, aged 49, has been working in the School of Law of Xiamen University since August 2000 and has been working as a teaching assistant in the Department of Law of Xiamen University, a lecturer in the Department of Law of Xiamen University and a part-time attorney in Fidelity Law Firm (福建聯合信實律師事務所), etc. He has been serving as an associate professor and a master advisor in the School of Law of Xiamen University since August 2005.

Mr. CAI graduated from Xiamen University and obtained a doctoral degree in law in May 2009.

Yunnan Luoping Zinc & Electricity Co., Ltd. (雲南羅平鋅電股份有限公司, listed on the Shenzhen Stock Exchange under the stock code of 002114, "**Luoping Zinc & Electricity**") received the Advance Notice of Administrative Penalty (Chufa Zi [2018] No. 1) (《行政處罰事先告知書》(處罰字[2018]1號)) from the China Securities Regulatory Commission (中國證券監督管理委員會, "**CSRC**") Yunnan Regulatory Bureau on 7 September 2018 and the Decision on Administrative Penalty ([2018] No. 1) (行政處罰決定書([2018]1號)) from the CSRC on 14 September 2018. For the violation of laws and regulations on information disclosure by Luoping Zinc & Electricity (the "**Violation**"), the CSRC has imposed administrative penalties on Luoping Zinc & Electricity and its directors, supervisors and relevant employees, including a warning and a fine of RMB30,000 to Mr. CAI, an independent director of Luoping Zinc & Electricity at the time. Save for such warning and fine, Mr. CAI has not received any other form of punishment for the Violation. The Violation was not related to Mr. CAI's own character but to the information disclosure by Luoping Zinc & Electricity, for which Mr. CAI bore certain responsibilities by virtue of his role as an independent director of Luoping Zinc & Electricity. The CSRC no longer prohibits Mr. CAI from serving as a director of a listed company. Based on the above information and as well as Mr. CAI's professional knowledge and experience, the Board is of the view that Mr. CAI is considered to be a suitable candidate qualified to act as an independent non-executive Director of the Company.

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## LETTER FROM THE BOARD

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Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI will enter into service contracts with the Company upon their appointments being approved by the Shareholders at the EGM for a term commencing from the date on which the relevant resolutions are considered and approved at the EGM, to the expiration date of the term of office of the fifth session of the Board. According to the Articles of Association, Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI may seek re-election upon the expiration of the term of their office. If Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI provides the Company with not less than one month's written notice, or Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI is not re-appointed upon the expiration of the term of their office, the service contract shall be terminated. Each of Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI will receive a director remuneration of RMB0.2 million before tax per annum, respectively. Such remuneration is determined with reference to their experience, roles, responsibilities and market conditions.

Save as disclosed above, Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI did not hold any other position in the Company or its subsidiaries, nor did they hold any directorships in any other public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the past three years prior to the date of their appointments and do not have other major appointments and professional qualifications.

Save as disclosed above, Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI do not have any relationship with any other Director, senior management, substantial shareholders or controlling shareholders of the Company, and do not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and have not been subject to any disciplinary action by the China Securities Regulatory Commission or any other relevant authorities or the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters relating to the appointments of Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI that need to be brought to the attention of the Shareholders. The aforesaid resolutions were considered and approved at the 69th extraordinary meeting of the fourth session of the Board and are hereby submitted to the Shareholders for consideration.

Pursuant to code provision B.3.1 of Appendix 14 to the Listing Rules, the nomination committee under the Board and the Board have discussed the matters regarding the election of, the aforesaid five independent non-executive Directors. Mr. XUE, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI have proved their abilities to provide independent, fair and objective opinions on the affairs of the Company by virtue of her personal views, skills and experience. These five independent non-executive Directors are also able to promote the diversity of the structure of the Board in various aspects, including gender, culture, knowledge, educational background, experience and skills.

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## LETTER FROM THE BOARD

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### V. ELECTION OF INDEPENDENT SUPERVISORS OF THE FIFTH SESSION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee has resolved and approved Ms. MA Chenguang (馬晨光, “Ms. MA”) and Mr. CHEN Jiasheng (陳家聲) as independent Supervisors on 26 July 2023. The term of office of Ms. MA and Mr. CHEN Jiasheng will be three years commencing from the date on which the resolution is considered and approved at the EGM and the expiration date of the term of office of the fourth session of the Supervisory Committee (15 August 2023).

The biographical details of Ms. MA are set out below:

Ms. MA, aged 45, has served as a senior partner of Shanghai Co-effort Law Firm (上海市協力律師事務所) since January 2023. She is currently the head of the Co-effort Mergers and Acquisitions Finance Professional Committee (協力併購金融專業委員會). Ms. MA has served as the legal specialist of Shanghai Yidong Construction Development Co., Ltd. (上海怡東建設發展有限公司) from 2000 to 2003.

Ms. MA graduated from Fudan University (復旦大學) and obtained a master of law degree in January 2012.

The biographical details of Mr. CHEN Jiasheng are set out below:

Mr. CHEN Jiasheng, aged 64, successively served as the chief accountant and general manager of Jiannan Group (建南集團) of Xiamen University; the deputy director of property management committee of Xiamen University, the general manager of Shenzhen CITIC Stock Co., Ltd. of CITIC Group (中信集團深圳中信股份有限公司); the general manager, chairman and secretary of the party committee of CITIC Huizhou Company (中信惠州公司) and Huizhou Road & Bridge Company (惠州路橋公司); the general manager assistant and deputy general manager of CITIC (Shenzhen) Company (中信(深圳)公司), and the general manager of CITIC Suzhou Company (中信蘇州公司); the general manager of CITIC Shenzhen Investment Group (中信深圳投資集團), as well as the chairman of Reproductive and Genetics Hospital of CITIC-XIANGYA (中信湘雅遺傳與生殖專科醫院) / China Southwest Resources Joint Development Co., Ltd (中國西南資源聯合開發有限公司), the chairman of CITIC Shenzhen Hong Kong Company (中信深圳香港公司) and the vice chairman and executive vice president of CITIC Dameng Mining Industries Co., Limited (中信大錳礦業有限責任公司); the president of Shenzhen Hao Chuang Investment Group Co., Ltd (深圳市昊創投資集團有限公司); the vice president of Dalian Yongjia Group Co., Ltd. (大連永嘉集團有限公司); the chief executive officer of RSM Holding and the chief investment officer of Xiamen Deyi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司). He is currently served as an independent director of Zhongrun Resources Investment Corporation (中潤資源投資股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 000506).

Mr. CHEN Jiasheng graduated from Xiamen University with a master’s degree in economics in June 2002.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Mr. CHEN Jiasheng holds 3,200 H Shares of the Company.

Ms. MA and Mr. CHEN Jiasheng will enter into service contracts with the Company upon their appointments being approved by the Shareholders at the EGM for a term commencing from the date on which the relevant resolutions are considered and approved at the EGM to the expiration date of the term of office of the fifth session of the Supervisory Committee. According to the Articles of Association, Ms. MA and Mr. CHEN Jiasheng may seek re-election upon the expiration of the term of their office. If Ms. MA and Mr. CHEN Jiasheng provides the Company with not less than one month's written notice, or Ms. MA and Mr. CHEN Jiasheng is not re-appointed upon the expiration of the term of their office, the service contract shall be terminated. Ms. MA and Mr. CHEN Jiasheng will each receive a remuneration of independent supervisor of RMB0.15 million before tax per annum, respectively.

Save as disclosed above, Ms. MA and Mr. CHEN Jiasheng did not hold any other position in the Company or its subsidiaries, nor did they hold any directorships in any other public companies, of which the securities are listed on any securities market in Hong Kong or overseas in the past three years prior to the date of their appointments and do not have other major appointments and professional qualifications.

To the best knowledge of the Company, Ms. MA and Mr. CHEN Jiasheng do not have any relationship with any other Director, senior management, substantial shareholders or controlling shareholders of the Company, and do not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and have not been subject to any disciplinary action by the China Securities Regulatory Commission or any other relevant authorities or the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters relating to the appointments of Ms. MA and Mr. CHEN Jiasheng that need to be brought to the attention of the Shareholders. The aforesaid resolutions were considered and approved at the 19th extraordinary meeting of the fourth Supervisory Committee and are hereby submitted to the Shareholders for consideration.

## LETTER FROM THE BOARD

### VI. THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company has made the following amendments to the Articles of Association in light of the actual situation and to further improve the corporate governance system of the Company\*:

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 1</b> The Articles of Association are formulated pursuant to Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China (“Securities Law”), Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (“Special Provisions”), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (“Mandatory Provisions”), Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to Be Listed in Hong Kong (“Letter of Opinions”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules” or Listing Rules) and other relevant regulations.</p>	<p><b>Article 1</b> The Articles of Association are formulated pursuant to Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China (“Securities Law”), <b>the Constitution of the Communist Party of China (“Party Constitution”)</b>, <del>Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (“Special Provisions”), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (“Mandatory Provisions”), Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to Be Listed in Hong Kong (“Letter of Opinions”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules” or Listing Rules)</del> and other relevant regulations.</p>
<p><b>Additional Article 3</b></p>	<p><b>Article 3 Pursuant to the regulations of the Party Constitution, the Company shall set up the organization of the Communist Party of China (CPC) and carries out the activities of the CPC. The Party organization shall play the role of the leadership core and political core, providing direction, managing the overall situation and ensuring implementation. The Company shall provide necessary conditions for the activities of the Party organization. The Company shall set up the Party working organ equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.</b></p>

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**LETTER FROM THE BOARD**

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Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 4</b></p>	<p><b>Article 4</b> The Company shall set up labor union, Communist Youth League and other mass organizations in accordance with relevant regulations and requirements, and provide the necessary conditions for the activities of the mass organizations.</p>
<p><b>Article 28</b> The Company may buy back its shares in any of the following ways upon approval by the regulatory authority of the state:</p> <p>(I) Issuing a buyback offer to all shareholders according to an equal percentage;</p> <p>(II) Buying back through open transaction in the stock exchange;</p> <p>(III) Buying back through agreement outside the stock exchange; or</p> <p>(IV) Other circumstances stipulated by laws and administrative regulations.</p> <p>When the Company buys back its shares, it shall perform the obligation of information disclosure in accordance with the requirements of Securities Law. Buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be conducted through open centralized trading.</p>	<p><b>Article 30</b> The Company may buy back its shares in any of the following ways upon approval by the regulatory authority of the state:</p> <p>(I) Issuing a buyback offer to all shareholders according to an equal percentage;</p> <p>(II) Buying back through open transaction in the stock exchange;</p> <p>(III) Buying back through agreement outside the stock exchange; or</p> <p>(IV) Other circumstances stipulated by laws and administrative regulations.</p> <p>When the Company buys back its shares, it shall perform the obligation of information disclosure in accordance with the requirements of Securities Law. Buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article <del>27</del> of the Articles of Association shall be conducted through open centralized trading.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 30</b> After buying back its shares according to the laws, the Company shall cancel or transfer the said shares within the time limit prescribed by laws and administrative regulations, and register the change of the registered capital with the original company registration authority if the shares are cancelled.</p> <p>Buyback of the Company's shares for reasons set out in (I), (II) or (IV) of Article 27 of the Articles of Association shall be subject to resolution at a general meeting; buyback of the Company's shares in circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be resolved at the board meeting attended by more than two thirds of directors.</p> <p>After the Company has bought back its shares in accordance with Article 27 of the Articles of Association, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within six months under circumstances set out in (II) and (IV); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (III), (V) and (VI), and such shares shall be transferred or cancelled within 3 years.</p> <p>The Company shall register the change of registered capital or equity with the industrial and commercial administration authority and make announcement according to the Listing Rules.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.</p>	<p><b>Article 32</b> After buying back its shares according to the laws, the Company shall cancel or transfer the said shares within the time limit prescribed by laws and administrative regulations, and register the change of the registered capital with the original company registration authority if the shares are cancelled.</p> <p>Buyback of the Company's shares for reasons set out in (I), (II) or (IV) of Article <del>27</del> of the Articles of Association shall be subject to resolution at a general meeting; buyback of the Company's shares in circumstances as provided in (III), (V) and (VI) of Article <del>27</del> of the Articles of Association shall be resolved at the board meeting attended by more than two thirds of directors.</p> <p>After the Company has bought back its shares in accordance with Article <del>27</del> of the Articles of Association, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within six months under circumstances set out in (II) and (IV); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (III), (V) and (VI), and such shares shall be transferred or cancelled within 3 years.</p> <p>The Company shall register the change of registered capital or equity with the industrial and commercial administration authority and make announcement according to the Listing Rules.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 35</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than 5% of the domestic shares of the Company, sell his/her shares in the Company or other securities with an equity nature within six months of his/her purchase, or purchase the shares or other securities with an equity nature again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. However, if a securities company purchases all the unsold underwritten shares and therefore holds more than 5% of the shares, it and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.</p> <p>The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.</p> <p>If the Board fails to comply with the provision set out in paragraph (1) of this Article, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>	<p><b>Article 37</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than <b>5% of the shares</b> of the Company, sell his/her shares in the Company or other securities with an equity nature within six months of his/her purchase, or purchase the shares or other securities with an equity nature again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. However, if a securities company purchases all the unsold underwritten shares and therefore holds more than 5% of the shares, it and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.</p> <p>The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.</p> <p>If the Board fails to comply with the provision set out in paragraph (1) of this Article, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 36</b> 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. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.</p> <p>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 38 of this Chapter.</p>	<p><b>Article 38</b> 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. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.</p> <p>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 <del>40</del><sup>38</sup> of this Chapter.</p>
<p><b>Article 38</b> The following acts are not deemed as prohibited under Article 36 of this Chapter:</p> <p>(I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan 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 the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;</p> <p>(V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of 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 loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>	<p><b>Article 40</b> The following acts are not deemed as prohibited under Article <del>38</del><sup>40</sup> of this Chapter:</p> <p>(I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan 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 the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;</p> <p>(V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of 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 loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 39</b> The Company's shares are all registered shares.</p> <p>Matters specified in the Company's shares shall include:</p> <p>(I) Company name;</p> <p>(II) Date of incorporation of the Company;</p> <p>(III) Type of shares, par value and number of shares represented;</p> <p>(IV) Stock number;</p> <p>(V) Other matters to be specified pursuant to the Company Law, Special Provisions and as required by the stock exchange on which the Company's shares are listed.</p> <p>During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents and ownership certificates of all its shares listed on the Hong Kong Stock Exchange (including H shares) shall include the following statements, and shall instruct and promote its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the said share registrar the signed form relating to the said shares, which form shall include the following statements:</p> <p>(I) The share buyer and the Company and each of its shareholders, and the Company and each of its shareholders, have agreed to observe and comply with the Company Law, Special Provisions, other relevant laws, administrative regulations and the Articles of Association.</p> <p>(II) The share buyer together with the Company and the Company's each shareholder, director, supervisor, general manager and senior executive, and the Company acting on its behalf and for each director, supervisor, general manager and senior executive and each shareholder agree to refer all disputes or claims arising from the Articles of Association or from the rights or obligations specified in the Company Law or other relevant laws or administrative regulations with respect to the Company's affairs to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its arbitration award, and the arbitration award shall be final and conclusive.</p>	<p><b>Article 41</b> The Company's shares are all registered shares.</p> <p>Matters specified in the Company's shares shall include:</p> <p>(I) Company name;</p> <p>(II) Date of incorporation of the Company;</p> <p>(III) Type of shares, par value and number of shares represented;</p> <p>(IV) Stock number;</p> <p>(V) Other matters to be specified pursuant to the Company Law, <del>Special Provisions</del> and as required by the stock exchange on which the Company's shares are listed.</p> <p>During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents and ownership certificates of all its shares listed on the Hong Kong Stock Exchange (including H shares) shall include the following statements, and shall instruct and promote its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the said share registrar the signed form relating to the said shares, which form shall include the following statements:</p> <p>(I) The share buyer and the Company and each of its shareholders, and the Company and each of its shareholders, have agreed to observe and comply with the Company Law, <del>Special Provisions</del>, other relevant laws, administrative regulations and the Articles of Association.</p> <p>(II) The share buyer agrees with the Company and the Company's each shareholder, director, supervisor, general manager and senior executive, and the Company acting on its behalf and for each director, supervisor, general manager and senior executive and each shareholder agree to refer all disputes or claims arising from the Articles of Association or from the rights or obligations specified in the Company Law or other relevant laws or administrative regulations with respect to the Company's affairs to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its arbitration award, and the arbitration award shall be final and conclusive.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(III) The share buyer together with the Company and each of its shareholders agree that the shares of the Company can be transferred freely by the holders.</p> <p>(IV) The share buyer authorizes the Company to conclude contract on his behalf with each director and senior executive, who shall undertake to observe and fulfil duties for shareholders as specified in the Articles of Association.</p>	<p>(III) The share buyer together with the Company and each of its shareholders agree that the shares of the Company can be transferred freely by the holders.</p> <p>(IV) The share buyer authorizes the Company to conclude contract on his behalf with each director and senior executive, who shall undertake to observe and fulfil duties for shareholders as specified in the Articles of Association.</p>
<p><b>Article 58</b> Save for the obligations under the laws, administrative regulations or the listing rules of the stock exchange with which the Company's shares are listed, the controlling shareholders (as defined in Article 59), in exercising their rights as shareholders, shall not make any decision detrimental to the interests of all or some shareholders as a result of the exercise of their voting rights on the following issues:</p> <p>(I) Exempting directors and supervisors from the obligation to act honestly in the best interest of the Company in good faith;</p> <p>(II) Allowing directors and supervisors (for the interests of their own or others) to seize from the Company its asset in any way, including (but not limited to) any opportunity favourable to the Company;</p> <p>(III) Allowing directors and supervisors (for the interests of their own or others) to seize from other shareholders their personal rights and interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.</p> <p>The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company.</p> <p>The controlling shareholders and actual controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.</p>	<p><b>Article 60</b> Save for the obligations under the laws, administrative regulations or the listing rules of the stock exchange with which the Company's shares are listed, the controlling shareholders (as defined in Article <del>61</del>59), in exercising their rights as shareholders, shall not make any decision detrimental to the interests of all or some shareholders as a result of the exercise of their voting rights on the following issues:</p> <p>(I) Exempting directors and supervisors from the obligation to act honestly in the best interest of the Company in good faith;</p> <p>(II) Allowing directors and supervisors (for the interests of their own or others) to seize from the Company its asset in any way, including (but not limited to) any opportunity favourable to the Company;</p> <p>(III) Allowing directors and supervisors (for the interests of their own or others) to seize from other shareholders their personal rights and interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.</p> <p>The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company.</p> <p>The controlling shareholders and actual controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 61</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p> <p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than 1% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article 62;</p> <p>(XV) To examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.</p>	<p><b>Article 63</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p> <p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than 3+% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article <b>642</b>;</p> <p>(XV) To examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 68</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than 1% of the Company's shares may submit a written provisional proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the aforesaid proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the notice of the general meeting has been issued, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>	<p><b>Article 70</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than <del>1%</del>3<del>+</del>% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than <del>1%</del>3<del>+</del>% of the Company's shares may submit a written provisional proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the aforesaid proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the notice of the general meeting has been issued, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 91</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(II) Issue of bonds of the Company;</p> <p>(III) Division, merger, dissolution, liquidation or transformation of the Company;</p> <p>(IV) Revision of the Articles of Association;</p> <p>(V) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p>(VI) The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company; and</p> <p>(VII) Other issues requiring adoption by special resolution pursuant to the Articles of Association and the Listing Rules.</p>	<p><b>Article 93</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p><del>(II) Issue of bonds of the Company;</del></p> <p><b>(II)</b> Division, merger, dissolution, liquidation or transformation of the Company;</p> <p><b>(III)</b> Revision of the Articles of Association;</p> <p><b>(IV)</b> Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p><b>(V)</b> The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company; and</p> <p><b>(VI)</b> Other issues requiring adoption by special resolution pursuant to the Articles of Association and the Listing Rules.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 93</b> The general meeting shall be convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no presider is so elected, the attending shareholders shall elect one person to act as presider of the meeting; if for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.</p> <p>During the general meeting, if the chairman breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>	<p><b>Article 95</b> The general meeting shall be convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, <del>the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties,</del> more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no presider is so elected, the attending shareholders shall elect one person to act as presider of the meeting; if for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.</p> <p>During the general meeting, if the chairman breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 106</b> Any proposed change or cancellation by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with Articles 108 to 112.</p>	<p><b>Article 108</b> Any proposed change or cancellation by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with Articles <del>110</del>8 to <del>114</del>12.</p>
<p><b>Article 108</b> The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in (2) to (8), (11) to (12) of Article 107, but interested shareholder(s) shall not be entitled to vote in class meetings.</p> <p>Interested shareholders as specified in the preceding paragraph refer to:</p> <p>(I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company with the same proportion or by way of public transactions on a stock exchange pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article 59 of the Articles of Association;</p> <p>(II) In the event of a buyback of shares by the Company by an off-market agreement pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; or</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 other shareholders of that class or who has an interest different from that of other shareholders of that class.</p>	<p><b>Article 110</b> The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in (2) to (8), (11) to (12) of Article <del>107</del>, but interested shareholder(s) shall not be entitled to vote in class meetings.</p> <p>Interested shareholders as specified in the preceding paragraph refer to:</p> <p>(I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company with the same proportion or by way of public transactions on a stock exchange pursuant to Article <del>30</del>28 of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article <del>61</del>59 of the Articles of Association;</p> <p>(II) In the event of a buyback of shares by the Company by an off-market agreement pursuant to Article <del>30</del>28 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; or</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 other shareholders of that class or who has an interest different from that of other shareholders of that class.</p>
<p><b>Article 109</b> Resolutions of a class general meeting shall be approved by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article 108, are entitled to vote at the meeting.</p>	<p><b>Article 111</b> Resolutions of a class general meeting shall be approved by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article <del>110</del>8, are entitled to vote at the meeting.</p>

**LETTER FROM THE BOARD**

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Additional Article 115	<p>Article 115 The Company shall set up the Committee of the Communist Party of Red Star Macalline Group Corporation Ltd. (“Party Committee of the Company”) and the Committee for Discipline Inspection of the Communist Party of Red Star Macalline Group Corporation Ltd. (“Discipline Inspection Committee of the Company”).</p>
Additional Article 116	<p>Article 116 The Party Committee of the Company shall have one secretary, with a deputy secretary in charge of the Party-building work of the Company. Eligible members of the Party Committee of the Company can become members of the Board, the Supervisory Committee and the managers through legal procedures; eligible members of the managers of the Company can become members of the Board through legal procedures; and eligible members of the Party Committee of the Board, the Supervisory Committee and the managers can also join the Party Committee of the Company in accordance with relevant rules and procedures.</p> <p>The number of secretaries, deputy secretaries and members of the Party Committee of the Company as well as the Discipline Inspection Committee of the Company shall be established according to the approval by higher-level Party organizations, and shall be elected or appointed in accordance with the Party Constitution and other relevant regulations.</p>
Additional Article 117	<p>Article 117 The Party Committee of the Company shall set up the Office of the Party Committee as the daily work department of the Party Committee.</p>
Additional Article 118	<p>Article 118 The establishment of the Party organization and its staffing shall be incorporated into the Company’s management organization and the formation thereof. The expenses of the Party organization shall be included in the Company’s budget, which will be disbursed from the Company’s management fee.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 119</b></p>	<p><b>Article 119</b> The Party Committee of the Company shall perform the following duties in accordance with the Party Constitution and other Party regulations:</p> <p><b>(I)</b> Ensuring and supervising the implementation and carrying out of the Party's and State's policies and the decisions and deployments of the Party Central Committee and State Council in the Company;</p> <p><b>(II)</b> Insisting on the combination of the principles that the Party shall administrate cadres, that the board of directors shall choose the operational management according to laws, and that the management shall exercise their rights to promote or demote personnel according to laws. The Party Committee of the Company shall consider and provide comments on the candidates for management positions nominated by the Board or the general manager, or recommend candidates to the Board and the general manager; and work together with the Board to review the candidates to be appointed and provide comments collectively. Performing the Party's duty of management of cadres, and implementing the strategy of strengthening the enterprises by talents;</p> <p><b>(III)</b> Researching and discussing the reforms, development and stabilization of the Company, significant operational arrangement of the Company and significant matters related to the vital interests of the employees, and providing comments or suggestions;</p> <p><b>(IV)</b> Performing as the responsible body the duties on the establishment of the Party's ethics and an incorrupt administration; leading and supporting the performance of the duties of discipline and imputation by the Discipline Inspection Committee of the Company;</p> <p><b>(V)</b> Strengthening the construction of the grassroot-level Party organizations and Party members; emphasizing the daily education, supervision and administration; fully playing the key roles of the Party as the battle base and as the pioneer role model for the Party members; and solidarizing and leading the cadres and employees proactively devoting to the reforms and development of the Company;</p> <p><b>(VI)</b> Leading the ideological and political work, the spiritual civilization construction, the united front work, the corporate culture construction and the mass work of the Company;</p> <p><b>(VII)</b> Researching on other matters that shall be decided by the Party Committee of the Company.</p>

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## LETTER FROM THE BOARD

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Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<b>Additional Article 120</b>	<p><b>Article 120</b> The main procedures of participation by the Party Committee of the Company in the corporate decisions are as follows:</p> <p><b>(I)</b> Party Committee of the Company discusses in advance: The Party Committee of the Company shall convene meetings to discuss and research on the significant matters proposed by the Board and the managers, to provide comments and suggestions, and then conclude meeting minutes. In the event that the Party Committee of the Company finds the matters proposed by the Board and the managers are not in conformity with the policies of the Party and the State’s laws and regulations, or may undermine the interests of the State and the public or undermine the legitimate benefits of the Company and its employees, it shall suggest to withdraw or suspend the proposed matters. In the event that the Party Committee of the Company is of the view that there is any other significant matters that shall be decided by the Board and the managers, it may be submitted to the Board and the managers;</p> <p><b>(II)</b> Communication before the meetings: Members of the Party Committee of the Company who are elected or appointed as the members of the Board or the managers, especially those who are elected or appointed as the chairman of the Board and the general manager, shall communicate with other members in the Board and the managers as to the comments and suggestions of Party Committee of the Company before the proposals are formally submitted to the meetings of the Board or the general managers’ office;</p> <p><b>(III)</b> Expression during the meetings: Members of the Party Committee of the Company who are elected or appointed as the members of the Board or the managers shall fully express the comments and suggests deliberated by the Party Committee of the Company and report the decisions of the Board and the managers to the Party Committee of the Company.</p>

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## LETTER FROM THE BOARD

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Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 113</b> Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.</p> <p>The chairman and vice chairman shall be elected and removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election.</p> <p>The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The managers and other senior executives may also serve as directors. The number of directors also serving as managers, other senior executives or employee representatives shall not be more than one half of the total number of directors of the Company.</p> <p>Directors need not hold shares of the Company.</p>	<p><b>Article 121</b> Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.</p> <p>The chairman <del>and vice chairman</del> shall be elected and removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election.</p> <p>The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The managers and other senior executives may also serve as directors. The number of directors also serving as managers, other senior executives or employee representatives shall not be more than one half of the total number of directors of the Company.</p> <p>Directors need not hold shares of the Company.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 114</b> The candidates for Directors shall generally be proposed by the Board of the Company at the general meetings. The shareholders and the Supervisory Committee of the Company are entitled to nominate candidates for director pursuant to the Articles of Association.</p> <p>A notice of the intention to nominate a person as director and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; the deadline for giving the said notice shall be calculated from the second day after Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.</p> <p>The notice of the meeting shall carry full information about the resume of the director candidates, reasons for election of them and the candidates' attitudes toward the nomination.</p>	<p><b>Article 122</b> The list of candidates for Directors and Supervisors is submitted to the general meeting of the Company for voting by way of proposal. The detailed nomination procedures are as follows:</p> <p>(I) Pursuant to the provisions of laws, administrative regulations and the Articles of Association, a list of Director candidates shall be proposed by the chairman of the Board within the number of candidates as set out in these Articles of Association, and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board; a list of Supervisor candidates (not being employee representatives) shall be proposed by the chairman of the Supervisory Committee and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Supervisory Committee;</p> <p>(II) Shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company may propose to the Board of the Company about the candidates for Directors or propose to the Supervisory Committee about the candidates for Supervisors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the provisions of laws, administrative regulations and the Articles of Association, and shall not exceed the number to be elected. The Board and the Supervisory Committee shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;</p> <p>(III) The approach and procedures for nomination of independent Directors should be made in accordance with the relevant requirements of the laws and regulations.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p>The nominator shall obtain the undertakings, in written form, of the candidates prior to nominating such candidates for Directors or Supervisors, to confirm that they accept the nomination and undertake the truthfulness and completeness of the disclosed information regarding the candidates for Directors or Supervisors, and guarantee to faithfully performing the duties of Directors or Supervisors.</p> <p>A notice of the intention to nominate a person as director or <b>supervisor</b> and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; The calculation of the aforesaid notice period beings on the second day after the Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.</p> <p>The notice of the meeting shall disclose full information about the resume of the Director candidates and the <b>Supervisor</b> candidates, reasons for election of them and the candidates' attitudes toward the nomination.</p>
<p><b>Article 128</b> The Company sets a Board, which comprises 14 directors, including one chairman, one vice chairman and five independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>	<p><b>Article 136</b> The Company sets a Board, which comprises 14 directors, including one chairman, <del>one vice chairman</del> and five independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 129</b> The Board shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) to resolve on the Company’s business plans and investment plans;</p> <p>(IV) To prepare the Company’s annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company’s profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company’s registered capital, and the plan for issue of the Company’s bonds;</p> <p>(VII) To prepare plans for the Company’s merger, division, dissolution or transformation;</p> <p>(VIII) To resolve on the buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association;</p> <p>(IX) To decide on the internal management structure of the Company;</p> <p>(X) To appoint or dismiss the Company’s general manager; to appoint or dismiss the Company’s vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;</p>	<p><b>Article 137</b> The Board shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) to resolve on the Company’s business plans and investment plans;</p> <p>(IV) To prepare the Company’s annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company’s profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company’s registered capital, and the plan for issue of the Company’s bonds;</p> <p>(VII) To prepare plans for the Company’s merger, division, dissolution or transformation;</p> <p>(VIII) To resolve on the buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article <del>27</del> of the Articles of Association;</p> <p>(IX) To decide on the internal management structure of the Company;</p> <p>(X) To appoint or dismiss the Company’s general manager; to appoint or dismiss the Company’s vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(XI) To work out the basic management system of the Company;</p> <p>(XII) To formulate the plan for any amendment to the Articles of Association;</p> <p>(XIII) Manage information disclosure of the Company;</p> <p>(XIV) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p>(XV) Listen to the work report of the company managers and inspect the tasks managed by the managers;</p> <p>(XVI) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange with which the Company is listed or conferred by the general meetings and the Articles of Association.</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), of which approval of more than two-thirds of the directors is required. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the Listing Rules, the Articles of Association and resolutions of general meetings.</p>	<p>(XI) To work out the basic management system of the Company;</p> <p>(XII) To formulate the plan for any amendment to the Articles of Association;</p> <p>(XIII) Manage information disclosure of the Company;</p> <p>(XIV) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p>(XV) Listen to the work report of the company managers and inspect the tasks managed by the managers;</p> <p>(XVI) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange with which the Company is listed or conferred by the general meetings and the Articles of Association.</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), of which approval of more than two-thirds of the directors is required. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the Listing Rules, the Articles of Association and resolutions of general meetings.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 138</b></p>	<p><b>Article 138</b> When making decisions on significant matters of the Company, the Board should seek advice from the Party Committee of the Company. Major operation management issues and “Three Importance and One Large” issues must be first deliberated and discussed by the Party organization before they are determined by the Board.</p>
<p><b>Article 133</b> The chairman of the Board shall exercise the following functions and powers:</p> <p>(I) To preside over general meetings and to convene and preside over board meetings;</p> <p>(II) To examine the implementation of the resolutions of the Board;</p> <p>(III) To sign the securities certificates issued by the Company;</p> <p>(IV) To exercise other functions and powers conferred by the Board or the Listing Rules.</p> <p>If the chairman is unable to perform his duties, more than half of the directors may elect a director to perform such duties, or the vice chairman may be designate by the chairman to perform such duties in proxy.</p>	<p><b>Article 142</b> The chairman of the Board shall exercise the following functions and powers:</p> <p>(I) To preside over general meetings and to convene and preside over board meetings;</p> <p>(II) To examine the implementation of the resolutions of the Board;</p> <p>(III) To sign the securities certificates issued by the Company;</p> <p>(IV) To exercise other functions and powers conferred by the Board or the Listing Rules.</p> <p>If the chairman is unable to perform his duties, more than half of the directors may elect a director to perform such duties, <del>or the vice chairman may be designate by the chairman to perform such duties in proxy.</del></p>
<p><b>Article 134</b> Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least five days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>	<p><b>Article 143</b> Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least <b>3 days</b> in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>An extraordinary board meeting may be held, if:</p> <p>(I) Proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) Jointly proposed by more than one-third of the directors;</p> <p>(III) Proposed by the Supervisory Committee;</p> <p>(IV) Deemed necessary by the chairman of the Board;</p> <p>(V) Jointly proposed by more than half of the independent non-executive directors;</p> <p>(VI) Proposed by the general manager.</p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>	<p>An extraordinary board meeting may be held, if:</p> <p>(I) Proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) Jointly proposed by more than one-third of the directors;</p> <p>(III) Proposed by the Supervisory Committee;</p> <p>(IV) Deemed necessary by the chairman of the Board;</p> <p><del>(V) Jointly proposed by more than half of the independent non-executive directors;</del></p> <p><del>(VI) Proposed by the general manager.</del></p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>
<p><b>Article 136</b> Unless otherwise provided herein, board meetings shall be held only if more than half of the directors (including directors attending the meeting on behalf of others pursuant to Article 137 of the Articles of Association) are present.</p> <p>Every director shall have the right to one vote. Unless otherwise provided in the Articles of Association, a resolution of the Board must be passed by the majority of the directors of the Company. If pros and cons are equal, the chairman shall be entitled to an additional vote.</p>	<p><b>Article 145</b> Unless otherwise provided herein, board meetings shall be held only if more than half of the directors (including directors attending the meeting on behalf of others pursuant to Article <del>146</del><sup>37</sup> of the Articles of Association) are present.</p> <p>Every director shall have the right to one vote. Unless otherwise provided in the Articles of Association, a resolution of the Board must be passed by the majority of the directors of the Company. If pros and cons are equal, the chairman shall be entitled to an additional vote.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 143</b> The general manager of the Company shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the Board;</p> <p>(II) To organise to execute the Company’s annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To draft the basic management system of the Company;</p> <p>(V) To formulate the basic rules of the Company;</p> <p>(VI) To propose to appoint or dismiss the vice general manager, chief financial officer and other senior executives of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the Board;</p> <p>(VIII) To exercise other functions and powers conferred in the Articles of Association and by the Board.</p>	<p><b>Article 152</b> The general manager of the Company shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the Board;</p> <p>(II) To organise to execute the Company’s annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To draft the basic management system of the Company;</p> <p>(V) To formulate the basic rules of the Company;</p> <p>(VI) To propose to appoint or dismiss the vice general manager, chief financial officer and other senior executives of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the Board;</p> <p>(VIII) To exercise other functions and powers conferred in the Articles of Association and by the Board.</p> <p><b>Prior to formulating the issues relating to remuneration, welfare, safety production and labor protection, labor insurance, removal (or dismissal) of the Company’s employees and other issues related to the interest of the employees, the general manager shall consult the opinions of the labor union and the employees representatives meeting.</b></p>
<p><b>Article 163</b> The liability of directors, supervisors, general manager and other senior executives of the Company for breaching a given obligation may be waived by the shareholders’ general meeting which has knowledge of the circumstances, save for the circumstances specified in Article 58 of the Articles of Association.</p>	<p><b>Article 172</b> The liability of directors, supervisors, general manager and other senior executives of the Company for breaching a given obligation may be waived by the shareholders’ general meeting which has knowledge of the circumstances, save for the circumstances specified in Article <del>6058</del> of the Articles of Association.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 169</b> The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article 167 except in the following circumstances:</p> <p>(I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, general manager and other senior executives of the Company or its parent company;</p> <p>(II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.</p>	<p><b>Article 178</b> The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article <del>17667</del> except in the following circumstances:</p> <p>(I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, general manager and other senior executives of the Company or its parent company;</p> <p>(II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.</p>
<p><b>Article 172</b> The Company shall conclude written contracts with every director, supervisor and senior executive, covering at least the following matters:</p> <p>(I) Directors, supervisors or senior executives shall undertake to the Company to observe Company Law, Special Provisions, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase approved (revised from time to time) by the Securities and Futures Commission of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and their positions as director, supervisor or senior executive shall not be transferred;</p> <p>(II) Directors, supervisors or senior executives shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;</p> <p>(III) Arbitration clauses specified in Article 212 of the Articles of Association.</p>	<p><b>Article 181</b> The Company shall conclude written contracts with every director, supervisor and senior executive, covering at least the following matters:</p> <p>(I) Directors, supervisors or senior executives shall undertake to the Company to observe Company Law, <del>Special Provisions</del>, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase approved (revised from time to time) by the Securities and Futures Commission of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and their positions as director, supervisor or senior executive shall not be transferred;</p> <p>(II) Directors, supervisors or senior executives shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;</p> <p>(III) Arbitration clauses specified in <del>Article 212</del> <b>Article 221</b> of the Articles of Association.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 174</b> 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 of the Company have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting.</p> <p>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; or</p> <p>(II) Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article 59 of the Articles of Association.</p> <p>Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which shall not be deducted from the said monies.</p>	<p><b>Article 183</b> 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 of the Company have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting.</p> <p>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; or</p> <p>(II) Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article <del>6159</del> of the Articles of Association.</p> <p>Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which shall not be deducted from the said monies.</p>
<p><b>Article 209</b> If the amendment to the Articles of Association involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council; if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.</p>	<p><b>Article 218</b> If the amendment to the Articles of Association <del>involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council;</del> if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.</p>

## LETTER FROM THE BOARD

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 212</b> The Company shall settle disputes following the rules below:</p> <p>(I) In the event of any dispute or claim between the Company and a director, supervisor or senior executive, between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior executive of the Company, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, contracts concluded according to Articles 172 and 173 of the 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 or senior executives.</p> <p>Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.</p> <p>(II) The applicant for arbitration 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. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.</p> <p>If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.</p> <p>(III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral body shall be final and binding on both parties.</p> <p>(V) The said arbitration agreement is reached between the directors or senior executives and the Company, with the Company representing both itself and its shareholders.</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><b>Article 221</b> The Company shall settle disputes following the rules below:</p> <p>(I) In the event of any dispute or claim between the Company and a director, supervisor or senior executive, between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior executive of the Company, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, contracts concluded according to Articles <del>18172</del> and <del>18273</del> of the 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 or senior executives.</p> <p>Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.</p> <p>(II) The applicant for arbitration 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. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.</p> <p>If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.</p> <p>(III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral body shall be final and binding on both parties.</p> <p>(V) The said arbitration agreement is reached between the directors or senior executives and the Company, with the Company representing both itself and its shareholders.</p> <p>(VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.</p>

## LETTER FROM THE BOARD

Save for the above amendment to the provision, other provisions of the Articles of Association will remain unchanged. The proposed amendment to the Articles of Association is subject to approval of the Shareholders at the EGM, and it is proposed at the EGM to authorize the Board and the Board will then authorize the operating management of the Company to handle relevant formalities such as the registration/filing of changes with relevant competent departments in respect of the amendment to the Articles of Association.

The abovementioned resolution has been considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

### VII. THE AMENDMENTS TO THE PROCEDURAL RULES OF THE GENERAL MEETINGS

In order to further optimise the internal management system of the Company, the Company has made amendments to the relevant contents of the Procedural Rules of the General Meetings of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations of the PRC. Specific details of the amendments are as follows\*:

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
<p><b>Article 5</b> The general meeting shall be the authority of power of the Company and shall exercise its functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on the remuneration thereof;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on the remuneration thereof;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p>	<p><b>Article 5</b> The general meeting shall be the authority of power of the Company and shall exercise its functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on the remuneration thereof;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on the remuneration thereof;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p>

## LETTER FROM THE BOARD

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
(VI) To examine and approve the annual financial budgets and final accounting plans of the Company	(VI) To examine and approve the annual financial budgets and final accounting plans of the Company
(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;	(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;
(VIII) To resolve on increase or decrease of the registered capital of the Company;	(VIII) To resolve on increase or decrease of the registered capital of the Company;
(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;	(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;
(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;	(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;
(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;	(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;
(XII) To amend the Articles of Association;	(XII) To amend the Articles of Association;
(XIII) To examine proposals made by shareholders severally or jointly representing more than 1% of the voting shares of the Company;	(XIII) To examine proposals made by shareholders severally or jointly representing more than 34% of the voting shares of the Company;
(XIV) To examine the Company's purchase or disposal of major assets or guarantee of an amount exceeding 30% of the total assets of the Company within one year;	(XIV) To examine the Company's purchase or disposal of major assets or guarantee of an amount exceeding 30% of the total assets of the Company within one year;
(XV) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange on which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.	(XV) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange on which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.

## LETTER FROM THE BOARD

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
<p><b>Article 9</b> The general meeting shall be legally convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.</p> <p>During the general meeting, if the chairman breaches any procedure rules that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>	<p><b>Article 9</b> The general meeting shall be legally convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, <del>the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties,</del> more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.</p> <p>During the general meeting, if the chairman breaches any procedure rules that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>
<p><b>Article 18</b> Shareholders can attend the meeting in person, or appoint a proxy to attend and vote at the meeting on their behalf. Directors, supervisors, secretary of the Board and lawyers engaged by the Company should attend the meeting; general manager and other senior executives should attend the meeting as non-voting attendees. All shareholders registered on the share registration date or their proxies have the right to attend the meeting, and the Company and the Board shall not reject such right for any reason whatsoever.</p>	<p><b>Article 18</b> Shareholders can attend the meeting in person, or appoint a proxy to attend and vote at the meeting on their behalf. Directors, supervisors, secretary of the Board and lawyers engaged by the Company should attend the meeting; general manager and other senior executives should attend the meeting as non-voting attendees. All shareholders registered on the share registration date or their proxies have the right to attend the meeting, and the Company and the Board shall not reject such right for any reason whatsoever.</p>

## LETTER FROM THE BOARD

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
<p>The Board and other conveners shall take necessary measures to safeguard the normal order of the meeting. The Board and other conveners shall take measures to stop any actions which interfere with the meeting, create disturbance and infringe on the legitimate rights and interests of shareholders and report in time to the relevant authorities for investigation.</p> <p>Shareholders should appoint their proxies in writing, and the proxy form shall be signed by the appointer or the proxy appointed in writing; where the appointer is a legal entity, the proxy form should also be stamped with the corporate seal, or signed by a director or the appointed proxy. The proxy form should indicate the number of shares represented by the proxy. If there are more than one proxies, the proxy form should indicate the number of shares represented by each proxy.</p> <p>The entrustment made by the shareholders shall be in compliance with the requirements under Articles 78, 79, 80, 84 and 85 of the Articles of Association.</p>	<p>The Board and other conveners shall take necessary measures to safeguard the normal order of the meeting. The Board and other conveners shall take measures to stop any actions which interfere with the meeting, create disturbance and infringe on the legitimate rights and interests of shareholders and report in time to the relevant authorities for investigation.</p> <p>Shareholders should appoint their proxies in writing, and the proxy form shall be signed by the appointer or the proxy appointed in writing; where the appointer is a legal entity, the proxy form should also be stamped with the corporate seal, or signed by a director or the appointed proxy. The proxy form should indicate the number of shares represented by the proxy. If there are more than one proxies, the proxy form should indicate the number of shares represented by each proxy.</p> <p>The entrustment made by the shareholders shall be in compliance with the <b>relevant</b> requirements under <del>Articles 78, 79, 80, 84 and 85</del> of the Articles of Association.</p>
<p><b>Article 28</b> At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to propose to the Company. The content of the proposals shall be within the scope of authority of the general meeting, with specific topics and specific resolutions, and in compliance with the provisions of the laws, regulations and the Articles of Association.</p>	<p><b>Article 28</b> At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than <del>1%</del> <b>34%</b> of the Company's shares shall have the right to propose to the Company. The content of the proposals shall be within the scope of authority of the general meeting, with specific topics and specific resolutions, and in compliance with the provisions of the laws, regulations and the <b>Articles of Association</b>.</p>

## LETTER FROM THE BOARD

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
<p>Shareholder(s) individually or jointly holding more than 1% of the Company's shares may submit a written interim proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the convener issues a notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>	<p>Shareholder(s) individually or jointly holding more than <del>3+</del>% of the Company's shares may submit a written interim proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the convener issues a notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>
<p><b>Article 29</b> When the Company elects Directors or Supervisors who are not employee representatives, or changes Directors or Supervisors who are not employee representatives in the middle of a term, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's issued shares may nominate candidates (excluding candidates for independent directors). The Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's issued shares may nominate candidates for independent directors. The aforesaid nominations shall be submitted to the General Meeting for voting by means of proposals. The nomination committee shall make recommendations to the Board on candidates for directors. The Company shall publish the procedures for shareholders to nominate candidates for election as directors on its website.</p>	<p><b>Article 29</b> <b>The list of candidates for Directors and Supervisors is submitted to the general meeting of the Company for voting by way of proposal. The detailed nomination procedures are as follows:</b></p> <p><b>(I) Pursuant to the provisions of laws, administrative regulations and the Articles of Association, a list of Director candidates shall be proposed by the chairman of the Board within the number of candidates as set out in these Articles of Association, and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board; a list of Supervisor candidates (not being employee representatives) shall be proposed by the chairman of the Supervisory Committee and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Supervisory Committee;</b></p>

**LETTER FROM THE BOARD**

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
	<p>(II) Shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company may propose to the Board of the Company about the candidates for Directors or propose to the Supervisory Committee about the candidates for Supervisors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the provisions of laws, administrative regulations and the Articles of Association, and shall not exceed the number to be elected. The Board and the Supervisory Committee shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;</p> <p>(III) The approach and procedures for nomination of independent Directors should be made in accordance with the relevant requirements of the laws and regulations.</p> <p>The nominator shall obtain the undertakings, in written form, of the candidates prior to nominating such candidates for Directors or Supervisors, to confirm that they accept the nomination and undertake the truthfulness and completeness of the disclosed information regarding the candidates for Directors or Supervisors, and guarantee to faithfully performing the duties of Directors or Supervisors.</p> <p>A notice of the intention to nominate a person as director or supervisor and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; The calculation of the aforesaid notice period beings on the second day after the Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.</p> <p>The notice of the meeting shall disclose full information about the resume of the Director candidates and the Supervisor candidates, reasons for election of them and the candidates' attitudes toward the nomination.</p>

## LETTER FROM THE BOARD

Existing Terms of the Procedural Rules of the General Meetings	Proposed Amendments to the Procedural Rules of the General Meetings
<p><b>Article 57</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(II) Issue of bonds of the Company;</p> <p>(III) Division, merger, dissolution, liquidation or transformation of the Company;</p> <p>(IV) Revision of the Articles of Association;</p> <p>(V) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p>(VI) The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company;</p> <p>(VII) Other issues requiring adoption by special resolution pursuant to the Articles of Association and the listing rules of the stock exchange on which the Company's shares are listed.</p>	<p><b>Article 57</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p><del>(H) Issue of bonds of the Company;</del></p> <p><b>(II)</b> Division, merger, dissolution, liquidation or transformation of the Company;</p> <p><b>(III)</b> Revision of the Articles of Association;</p> <p><b>(IV)</b> Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p><b>(V)</b> The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company;</p> <p><b>(VI)</b> Other issues requiring adoption by special resolution pursuant to the Articles of Association and the listing rules of the place where the shares of the Company are listed.</p>
<p><b>Article 59</b> The list of candidates for Directors and supervisors shall be included in a proposal to be submitted to general meetings for approval.</p>	<p><b>Delete Article 59</b></p>

Save for the above amendments to the provisions, other provisions of the Procedural Rules of the General Meetings will remain unchanged. The proposed amendments to the Procedural Rules of the General Meetings are subject to the approval of the Shareholders at the EGM.

It is hereby proposed at the EGM for Shareholders' consideration and approval.

## LETTER FROM THE BOARD

### VIII. THE AMENDMENTS TO THE PROCEDURAL RULES OF THE BOARD OF DIRECTORS

In order to further optimise the internal management system of the Company, the Company has made amendments to the relevant contents of the Procedural Rules of the Board of Directors of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations of the PRC. Specific details of the amendments are as follows\*:

Existing Terms of the Procedural Rules of the Board of Directors	Proposed Amendments to the Procedural Rules of the Board of Directors
<p><b>Article 3</b> The Company sets a Board, which comprises 14 directors, including one chairman, one vice chairman and five independent non-executive directors. Independent non-executive directors must make up at least a third of the Board and must consist of at least three members.</p>	<p><b>Article 3</b> The Company sets a Board, which comprises 14 directors, including one chairman, <del>one vice chairman</del> and five independent non-executive directors. Independent non-executive directors must make up at least a third of the Board and must consist of at least three members.</p>
<p><b>Article 18</b> In any of the following circumstances, the Board shall convene an extraordinary meeting:</p> <p>(I) When the shareholders representing one-tenth or more of the voting rights propose;</p> <p>(II) When one-third or more of the directors jointly propose;</p> <p>(III) When the Supervisory Committee proposes;</p> <p>(IV) When the chairman deems necessary;</p> <p>(V) When half or more of independent directors propose;</p> <p>(VI) When the general manager proposes;</p> <p>(VII) Other circumstances provided by the Listing Rules or the Articles of Association.</p>	<p><b>Article 18</b> In any of the following circumstances, the Board shall convene an extraordinary meeting:</p> <p>(I) When the shareholders representing one-tenth or more of the voting rights propose;</p> <p>(II) When one-third or more of the directors jointly propose;</p> <p>(III) When the Supervisory Committee proposes;</p> <p>(IV) When the chairman deems necessary;</p> <p><del>(V) When half or more of independent directors propose;</del></p> <p><del>(VI) When the general manager proposes;</del></p> <p>(V) Other circumstances provided by the Listing Rules or the Articles of Association.</p>

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## LETTER FROM THE BOARD

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Existing Terms of the Procedural Rules of the Board of Directors	Proposed Amendments to the Procedural Rules of the Board of Directors
<p><b>Article 21</b> The meetings shall be convened and presided over by the Chairman. Where the Chairman is unable or fails to perform his duty, the meetings shall be convened and presided over by the vice chairman; where the vice chairman is unable or fails to perform his duty, the meetings shall be convened and presided over by a director jointly elected by no less than one half of the members of the board of directors.</p>	<p><b>Article 21</b> The meetings shall be convened and presided over by the Chairman. Where the Chairman is unable or fails to perform his duty, <del>the meetings shall be convened and presided over by the vice chairman; where the vice chairman is unable or fails to perform his duty,</del> the meetings shall be convened and presided over by a director jointly elected by no less than one half of the members of the board of directors.</p>
<p><b>Article 22</b> Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of an interim board meeting shall be given at least five days in advance. The aforesaid notice period may be waived with the consent of the directors of the Company. Where an interim board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>	<p><b>Article 22</b> Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of an interim board meeting shall be given at least <b>3 days</b> in advance. The aforesaid notice period may be waived with the consent of the directors of the Company. Where an interim board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>

Save for the above amendments to the provisions, other provisions of the Procedural Rules of the Board of Directors will remain unchanged. The proposed amendments to the Procedural Rules of the Board of Directors are subject to the approval of the Shareholders at the EGM.

It is hereby proposed at the EGM for Shareholders' consideration and approval.

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## LETTER FROM THE BOARD

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### IX. THE 2023 THIRD EXTRAORDINARY GENERAL MEETING

The notice of the EGM to be held at 2:00 p.m. on Tuesday, 15 August 2023 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 56 to 58 of this circular.

The proxy form for the EGM is also enclosed herein and published on the website of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)). The Shareholders who intend to appoint (a) proxy/proxies to attend the EGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For H Share Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

Pursuant to the Articles of Association, for the purpose of holding the EGM, the register of members of H Shares will be closed from Thursday, 10 August 2023 to Tuesday, 15 August 2023 (both days inclusive), during this period no transfer of H Shares will be registered. H Share Shareholders whose names appear on the register of members of the Company on Thursday, 10 August 2023 are entitled to attend and vote at the EGM.

In order to ascertain the entitlements to attend and vote at the EGM, H Share Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 August 2023 for registration.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution proposed at the EGM will be voted by poll.

### X. RECOMMENDATION

The Board\* consider that all the resolutions as set out in the notice of the EGM for the Shareholders to consider and approve are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board\* recommend the Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

By order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

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## LETTER FROM THE BOARD

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\* At the Board Meeting, Mr. CHEN Zhaohui voted against: the resolutions in relation to the nomination of Mr. CHE Jianxing, Mr. LI Jianhong, Mr. SHI Yaofeng and Mr. YANG Yingwu as candidates of executive Directors (the “**Resolutions regarding ED**”), Mr. ZHENG Yongda, Mr. WANG Wenhui, Mr. ZOU Shaorong, Ms. XU Di and Mr. SONG Guangbin as candidates of non-executive Directors (the “**Resolutions regarding NED**”), and Mr. XUE Wei, Mr. CHEN Shanang, Mr. HUANG Jianzhong, Mr. WONG Chi Wai and Mr. CAI Qinghui (“**INED Candidates**”) as candidates of independent non-executive Directors (the “**Resolutions regarding INED**”, together with Resolutions regarding ED and Resolutions regarding NED, the “**Resolutions regarding Directors**”), considering that the Director candidates nominated at the Board Meeting for the fifth session of the Board which are from large Shareholders account for a large portion, without fully considering the reasonable and legitimate interests of institutional Shareholders especially minority Shareholders, which is not conducive to the improvement of the Company’s governance and decision-making mechanism and the future healthy development; the resolutions in relation to amendments to the Articles of Association, the Procedural Rules of the General Meeting, the Procedural Rules of the Board of Directors of the Company (the “**Resolutions regarding Articles and Procedural Rules**”), he is of the view that certain amendments to the Articles of Association, the Procedural Rules of the General Meeting and the Procedural Rules of the Board of Directors of the Company have significant impact over the Shareholder interests of the company he works for; the resolution to convene the EGM (the “**EGM Resolution**”) given he has voted against the Resolutions regarding Directors and Resolution regarding Articles and Procedural Rules which will be tabled at the EGM for Shareholders’ consideration.

At the Board Meeting, Mr. JIANG Xiangyu voted against: the Resolutions regarding ED and the Resolutions regarding NED at the Board Meeting, he is of the view that the structure of the members of Board nominated at the Board Meeting is not able to protect the interests of minority Shareholders and effectively supervise the controlling Shareholders; the Resolutions regarding INED at the Board meeting, he casts his reasonable doubt on the independence of the INED Candidates considering four of the five INED Candidates graduated from Xiamen University and the controlling Shareholder is Xiamen C&D Inc.; the Resolutions regarding Articles and Procedural Rules, he is of the view that the amendments to the Articles of Association, the Procedural Rules of the General Meeting and the Procedural Rules of the Board of Directors of the Company are detrimental to the shareholder interests of minority Shareholders; the EGM Resolution based on the above reasons he has voted against the Resolutions regarding Directors and Resolution regarding Articles and Procedural Rules. All the other existing Directors have voted in favor of the Resolutions regarding Directors, Resolutions regarding Articles and Procedural Rules and EGM Resolution.

**ILLUSTRATION ON THE ADOPTION OF CUMULATIVE VOTING SYSTEM IN THE  
ELECTION OF DIRECTORS, INDEPENDENT DIRECTORS AND SUPERVISORS**

1. The election of directors, the election of independent directors and the election of supervisors from respective candidates at the general meeting will be respectively numbered as separate groups of resolutions. Investors shall vote on each candidate under each group of resolutions.
2. The number of shares declared shall represent the votes to be cast for the elections. For each group of resolutions, the total number of votes to which a shareholder is entitled for each share held by himself/herself shall be equal to the number of directors or supervisors to be elected under that particular group of resolutions. If a shareholder holds 100 shares of a listed company, and there are 10 directors to be elected at the general meeting with 12 candidates taking part in the election of directors, such shareholder shall be entitled to a total number of 1,000 votes in respect of that particular group of resolutions on the election of the members of the Board.
3. Voting of shareholders shall be confined to the number of votes to which he/she/it is entitled in respect of each group of resolutions. Shareholders may cast their votes at their own discretion by casting his/her/its votes on one candidate or on different candidates in any combination. Upon completion of the voting, the votes will be counted cumulatively in respect of each of the resolutions.

## 4. Illustration:

A listed company convenes a general meeting for the election of members of the Board and Supervisory Committee by way of cumulative voting system, and there are six candidates to be elected for five positions as directors, three candidates for two positions as independent directors, and three candidates for two positions as supervisors. The matters required to be voted by poll are as follows:

<b>Resolutions effected by cumulative voting</b>		
4.00	Resolution on the election of directors	Number of votes
4.01	e.g. CHEN ××	
4.02	e.g. ZHAO ××	
4.03	e.g. JIANG ××	
.....	.....	
4.06	e.g. SONG ××	
5.00	Resolution on the election of independent directors	Number of votes
5.01	e.g. ZHANG ××	
5.02	e.g. WANG ××	
5.03	e.g. YANG ××	
6.00	Resolution on the election of supervisors	Number of votes
6.01	e.g. LI ××	
6.02	e.g. CHEN ××	
6.03	e.g. HUANG ××	

If an investor holds 100 shares in the company upon close of trading on the equity registration date, under cumulative voting system, such investor will be entitled to 500 votes for resolution 4.00 titled “Resolution on the election of directors”, 200 votes for resolution 5.00 titled “Resolution on the election of independent directors” and 200 votes for resolution 6.00 titled “Resolution on the election of supervisors”.

Such investor may vote on the resolution 4.00 at his/her/its own discretion within the limit of 500 votes. Such investor may concentrate those 500 votes on one candidate, or vote for different candidates dispersedly with any combination of the votes.

As shown in the table below:

No.	Name of Resolution	Number of votes			
		Method 1	Method 2	Method 3	Method...
4.00	Resolution on the election of directors	–	–	–	–
4.01	e.g. CHEN ××	500	100	100	
4.02	e.g. ZHAO ××	0	100	50	
4.03	e.g. JIANG ××	0	100	200	
.....	.....	.....	.....	.....	
4.06	e.g. SONG ××	0	100	50	

5. Under the cumulative voting system, “Against” and “Abstain” votes will be considered invalid.

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## NOTICE OF THE 2023 THIRD EXTRAORDINARY GENERAL MEETING

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### **Red Star Macalline Group Corporation Ltd.** **紅星美凱龍家居集團股份有限公司**

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1528)**

#### **NOTICE OF THE 2023 THIRD EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2023 third extraordinary general meeting (the “EGM”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) will be held at 2:00 p.m. on Tuesday, 15 August 2023 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC for the purpose of considering, and if thought fit, passing the following resolutions:

#### **ORDINARY RESOLUTIONS EFFECTED BY THE ADOPTION OF CUMULATIVE VOTING SYSTEM**

1. To consider and approve the re-election of Mr. CHE Jianxing as an executive director of the Company
2. To consider and approve the re-election of Mr. LI Jianhong as an executive Director of the Company
3. To consider and approve the election of Mr. SHI Yaofeng as an executive Director of the Company
4. To consider and approve the election of Mr. YANG Yingwu as an executive director of the Company
5. To consider and approve the re-election of Mr. ZHENG Yongda as a non-executive director of the Company
6. To consider and approve the re-election of Mr. WANG Wenhui as a non-executive director of the Company
7. To consider and approve the re-election of Mr. ZOU Shaorong as a non-executive director of the Company
8. To consider and approve the election of Ms. XU Di as a non-executive director of the Company
9. To consider and approve the election of Mr. SONG Guangbin as a non-executive director of the Company

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## NOTICE OF THE 2023 THIRD EXTRAORDINARY GENERAL MEETING

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10. To consider and approve the election of Mr. XUE Wei as an independent non-executive director of the Company
11. To consider and approve the election of Mr. CHEN Shanang as an independent non-executive director of the Company
12. To consider and approve the election of Mr. HUANG Jianzhong as an independent non-executive director of the Company
13. To consider and approve the election of Mr. WONG Chi Wai as an independent non-executive director of the Company
14. To consider and approve the election of Mr. CAI Qinghui as an independent non-executive director of the Company
15. To consider and approve the election of Ms. MA Chenguang as an independent supervisor of the Company
16. To consider and approve the election of Mr. CHEN Jiasheng as an independent supervisor of the Company

### SPECIAL RESOLUTIONS

17. The amendments to the articles of association
18. The amendments to the procedural rules of the general meetings
19. The amendments to the procedural rules of the board of directors

By order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC  
27 July 2023

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## NOTICE OF THE 2023 THIRD EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Unless the context otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 27 July 2023.
2. For the purpose of holding the EGM, the register of members of the Company will be closed from Thursday, 10 August 2023 to Tuesday, 15 August 2023 (both days inclusive), during which period no transfer of shares can be registered. In order for H Share Shareholders to be qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 August 2023 for registration.

The Shareholders whose names appear on the register of members of the Company on Thursday, 10 August 2023 are entitled to attend and vote at the EGM.

3. The Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not to be a shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same on its behalf.
5. In order to be valid, the proxy form must be deposited, for H Share Shareholders of the Company, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under the power of attorney or other authority, a notarized copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders of the Company from attending the voting in person at the EGM or any adjourned meetings should they so wish.
6. Shareholders shall produce their identification documents and supporting documents in respect of the shares of the Company held when attending the EGM. If corporate Shareholders appoint authorized representative to attend the EGM, the authorized representative shall produce his/her identification documents and a notarized copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarized documents allowed by the Company. Proxies shall produce their identification documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
7. The EGM is expected to take for less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the EGM will be conducted by poll.
9. Regarding ordinary resolutions (1 to 16), a cumulative voting system will be adopted. "Cumulative voting system" refers to a system where each of the shares held by a shareholder shall carry the same number of voting rights as the number of director candidates; when the Board or a qualified shareholder separately proposes the director candidates, the number of voting rights carried by each share shall be calculated as per the number of non-repetitive director candidates. In casting his/her/its votes for the director candidates, a shareholder may exercise his/her/its voting rights by allocating his/her/its voting rights evenly and cast for each director candidate the same number of voting rights as the shares he/she/it holds; or he/she/it may focus on one particular director candidate and cast for that candidate all the voting rights represented by all of his/her/its shares multiplied by the number of director candidates; or he/she/it may allocate his/her/its voting rights over several director candidates and cast for each of them part of the voting rights represented by all of his/her/its shares multiplied by the number of director candidates.

Upon the exercise of his/her/its voting rights by focusing all the voting rights represented by all of his/her/its shares multiplied by the number of director candidates on one or several of the director candidates, a shareholder shall not have any right to vote for any other director candidates. If the total number of voting rights centrally exercised by a shareholder on one or several of the director candidates exceeds the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be invalid and the shareholder shall be deemed to have abstained from voting; if the total number of voting rights centrally exercised by a shareholder on one or several of the director candidates is less than the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be valid and the remaining voting rights held by such shareholder shall be deemed to be waived. A Shareholder only needs to fill in the number of votes in the box marked "FOR", and any number of votes in the boxes marked "AGAINST" and "ABSTAIN" shall be deemed to be invalid.

Where the "For" votes cast for a particular candidate for director are more than half of the total number of shares held by all shareholders attending (before cumulation), the candidate in question will be considered to have been elected.