
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

**PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
PROPOSED AMENDMENTS TO THE WORKING SYSTEM
FOR INDEPENDENT NON-EXECUTIVE DIRECTORS,
THE RULES FOR MANAGEMENT OF EXTERNAL GUARANTEES,
THE RULES FOR THE MANAGEMENT OF THE RELATED PARTY
TRANSACTIONS, THE RULES FOR THE
MANAGEMENT OF THE PROCEEDS AND THE
RULES FOR MANAGEMENT OF EXTERNAL INVESTMENTS
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PROPOSED AMENDMENTS TO THE PROCEDURE RULES OF THE
GENERAL MEETING
PROPOSED AMENDMENTS TO THE
PROCEDURE RULES FOR THE BOARD
AND
NOTICE OF THE 2025 FIFTH EXTRAORDINARY
GENERAL MEETING**

A letter from the Board is set out on pages 3 to 5 of this circular. A notice of the EGM of the Company to be held at 2:00 p.m. on Friday, 15 August 2025 at Conference Center, 3/F, South Building, Block B, Macalline Global Center, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaredstar.com) 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 authorized 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 authorized 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 authorization, must be notarized.

In the case of joint holders of Shares, only the holder whose name stands first in the register of members of the Company shall alone 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, Wan Chai, 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.

28 July 2025

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DEFINITIONS

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)
“Director(s)”	the director(s) of the Company
“EGM”	the 2025 fifth extraordinary general meeting to be convened and held on Friday, 15 August 2025
“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, 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”	23 July 2025, being the latest practicable date for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“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
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	percent

LETTER FROM THE BOARD



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. LI Yupeng (*Chairman*)
Mr. CHE Jianxing
Mr. SHI Yaofeng
Mr. YANG Yingwu

Registered office in the PRC:

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

Non-executive Directors:

Ms. YE Yanliu
Mr. ZOU Shaorong
Mr. SONG Guangbin
Ms. XU Di

Principal place of business in Hong Kong:

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

Independent non-executive Directors:

Mr. XUE Wei
Mr. HUANG Jianzhong
Mr. CHEN Shanang
Mr. WONG Chi Wai
Mr. CAI Qinghui

28 July 2025

To the Shareholders

Dear Sir or Madam,

**PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
PROPOSED AMENDMENTS TO THE WORKING SYSTEM
FOR INDEPENDENT NON-EXECUTIVE DIRECTORS,
THE RULES FOR MANAGEMENT OF EXTERNAL GUARANTEES,
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TRANSACTIONS, THE RULES FOR THE
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GENERAL MEETING
PROPOSED AMENDMENTS TO THE
PROCEDURE RULES FOR THE BOARD
AND
NOTICE OF THE 2025 FIFTH EXTRAORDINARY
GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular is to provide you with, among other things, the notice of the EGM and the information of the above-mentioned resolutions to be proposed for consideration at the EGM, in order to enable you to make informed decisions on whether to vote for or against the resolutions at the EGM.

LETTER FROM THE BOARD

Ordinary resolutions to be proposed at the EGM for the Shareholders to consider and approve include: (1) the proposed appointment of Xu Guofeng as non-executive Director; (2) the proposed amendments to the working system for independent non-executive Directors; (3) the proposed amendments to the rules for management of external guarantees; (4) the proposed amendments to the rules for the management of the related party transactions; (5) the proposed amendments to the rules for the management of the proceeds; and (6) the proposed amendments to the rules for management of external investments.

Special resolutions to be proposed at the EGM for the Shareholders to consider and approve include: (1) the proposed amendments to the Articles of Association; (2) the proposed amendments to the procedure rules of the general meeting; and (3) the proposed amendments to the procedure rules for the Board.

Details of the matters to be considered at the EGM are set out on pages 6 to 200 in this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the EGM and to make well-informed decisions, the Company has provided detailed information in this circular, including matters to be considered at the EGM (see Appendix I), the proposed amendments to the working system for independent non-executive Directors (see Appendix II), the proposed amendments to the rules for management of external guarantees (see Appendix III), the proposed amendments to the rules for the management of the related party transactions (see Appendix IV), the proposed amendments to the rules for the management of the proceeds (see Appendix V), the proposed amendments to the rules for management of external investments (see Appendix VI), the comparative table of amendments to the Articles of Association (see Appendix VII), the proposed amendments to the procedure rules of the general meeting (see Appendix VIII) and the proposed amendments to the procedure rules for the Board (see Appendix IX).

II. THE 2025 FIFTH EXTRAORDINARY GENERAL MEETING

The notice of the EGM to be held at 2:00 p.m. on Friday, 15 August 2025 at Conference Center, 3/F, South Building, Block B, Macalline Global Center, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 201 to 202 of this circular.

The proxy form for the EGM is also enclosed herein and published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.chinaredstar.com). 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, Wan Chai, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

LETTER FROM THE BOARD

Pursuant to the Articles of Association, for the purpose of holding the EGM, the register of members of H Shares will be closed from Tuesday, 12 August 2025 to Friday, 15 August 2025 (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 Tuesday, 12 August 2025 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, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 11 August 2025.

For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury shares, shall abstain from voting at the EGM.

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 resolutions proposed at the EGM will be voted by poll.

III. RECOMMENDATION

The Directors consider that all 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 Directors recommend the Shareholders to vote in favour of all 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

I. PROPOSED APPOINTMENT OF XU GUOFENG AS NON-EXECUTIVE DIRECTOR OF THE COMPANY

Reference is made to the announcement of the Company dated 18 July 2025 in relation to the proposed appointment of Mr. Xu Guofeng (“**Mr. Xu**”, 徐國峰) as the non-executive Director by the Board of the Company. Upon Mr. Xu’s appointment as the non-executive Director, he will also serve as a member of the strategy and investment committee.

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

Mr. Xu, born in March 1966. He joined in the Company since June 2007 and successively served as executive Director, vice General Manager and non-executive Director. He has successively served as a factory manager at the Changzhou Red Star Furniture General Factory (常州市紅星傢俱總廠), a vice president of Red Star Furniture Group (紅星傢俱集團), an executive Director, deputy general manager and non-executive Director of the Company; and has been serving as executive president of Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) since February 2021. Mr. Xu is the brother-in-law of Mr. Che. Mr. Xu completed the executive master of business administration program at Cheung Kong Graduate School of Business (長江商學院).

Ms. Che Jianfang (車建芳), the sister of Mr. Che, is the spouse of Mr. Xu. Under the Securities and Future Ordinance, Mr. Xu is deemed to be interested in the 123,420 A Shares in which Ms. Che Jianfang is interested.

Mr. Xu will enter into non-executive Director’s service contract with the Company upon his appointment being approved by the Shareholders at the general meeting. The term of his appointment will commence from the date of approval of his appointment at the general meeting to the expiration of the term of the fifth session of the Board. According to the provisions of the Articles of Association, Mr. Xu may seek re-election after the expiration of the term of his office. According to the non-executive Director’s service contract, Mr. Xu will not receive any remuneration during his tenure as a non-executive Director.

Save as disclosed above, as at the Latest Practicable Date, Mr. Xu did not hold any other positions in the Company or its subsidiaries, nor did he hold any directorships in any other public companies within three years prior to the date of his proposed appointment, of which the securities are listed on any securities market in Hong Kong or overseas, and nor did he have other major appointments and professional qualifications.

Save as disclosed above, to the best knowledge of the Company, as at the Latest Practicable Date, Mr. Xu does not have any relationship with any other Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company, and does 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 has 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 herein, 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 proposed appointment of Mr. Xu that need to be brought to the attention of the Shareholders.

The above-mentioned resolution is hereby proposed for Shareholders' consideration and approval.

II. THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE WORKING SYSTEM FOR INDEPENDENT NON-EXECUTIVE DIRECTORS

In order to further optimize the Company's internal management system, the Company has amended the relevant contents of the Working System for Independent Non-executive Directors of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix II to this circular. The amended Working System for Independent Non-executive Directors of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

III. THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE RULES FOR MANAGEMENT OF EXTERNAL GUARANTEES

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Rules for Management of External Guarantees of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix III to this circular. The amended Rules for Management of External Guarantees of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

IV. THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE RULES FOR THE MANAGEMENT OF THE RELATED PARTY TRANSACTIONS

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Rules for the Management of the Related Party Transactions of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix IV to this circular. The amended Rules for the Management of the Related Party Transactions of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

V. THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE RULES FOR THE MANAGEMENT OF THE PROCEEDS

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Rules for the Management of the Proceeds of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix V to this circular. The amended Rules for the Management of the Proceeds of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

VI. THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE RULES FOR MANAGEMENT OF EXTERNAL INVESTMENTS

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Rules for Management of External Investments of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix VI to this circular. The amended Rules for Management of External Investments of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

VII. TO CONSIDER AND APPROVE THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 25 July 2025 in relation to the resolution that the Board proposes to amend the existing Articles of Association and abolish the Supervisory Committee pursuant to the provisions of the Company Law of the People's Republic of China (the "**Company Law**"), the Guidelines for Articles of Association of Listed Companies and Rules for General Meetings of Listed Companies issued by the China Securities Regulatory Commission and other laws and regulations, details of which are set out in Appendix VII to this circular. Subject to the approval of the Shareholders at the EGM. The legal advisers to the Company as to the laws of Hong Kong and the laws of the PRC have respectively confirmed that the proposed amendments to the Articles of Association comply with requirements of the Listing Rules and applicable laws of the PRC. The Company confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company incorporated in the PRC and listed on the Stock Exchange. The proposed amendments to the Articles of Association may be formally come into effect.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

VIII. TO CONSIDER AND APPROVE THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE PROCEDURE RULES OF THE GENERAL MEETING

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Procedure Rules of the General Meeting of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix VIII to this circular. The amended Procedure Rules of the General Meeting of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

IX. TO CONSIDER AND APPROVE THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE PROCEDURE RULES FOR THE BOARD

In order to further optimize the Company's internal management system, the Company has amended relevant contents of the Procedure Rules for the Board of Red Star Macalline Group Corporation Ltd. in accordance with the laws and regulations in China, details of which are set out in Appendix IX to this circular. The amended Procedure Rules for the Board of Red Star Macalline Group Corporation Ltd. shall come into effect from the date of approval upon consideration at the EGM.

The above-mentioned resolution was considered and approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval.

RED STAR MACALLINE GROUP CORPORATION LTD.

THE WORKING SYSTEM FOR INDEPENDENT NON-EXECUTIVE DIRECTORS

Chapter 1 General Provisions

- Article 1** For the purpose of improving governance structure of Red Star Macalline Group Corporation Ltd. (the “Company”), promoting the Company’s normal operation, protecting the Company’s and shareholders’ interests, according to the Company Law of the People’s Republic of China, the articles of association of Red Star Macalline Group Corporation Ltd. (the “Articles of Association”), the Measures for the Administration of Independent Directors of Listed Companies (the “Measures for Independent Directors”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “SSE Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”, together with the SSE Listing Rules, the “Listing Rules”) and requirements of other relevant laws, regulations and normative documents, in combination with the Company’s actual circumstances, the system is formulated. If any provisions of the system are inconsistent with any provisions of any relevant laws, regulations, the Articles of Association, the SSE Listing Rules and the Hong Kong Listing Rules, the more stringent provisions shall prevail.
- Article 2** Independent non-executive Directors refer to directors who are not serving as other positions except Directors of the Company, and have no direct or indirect interest relationship with the Company, substantial shareholders or de facto controller of the Company, or other relationships that may affect their independent and objective judgment.
- Article 3** Independent non-executive Directors have obligations of loyalty and diligence to the Company and all shareholders. Independent non-executive Directors shall earnestly perform their duties, play the role of participation in decision-making, supervision and checks and balances, and professional consulting in the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders, according to relevant laws, administrative regulations, the SSE Listing Rules, the Hong Kong Listing Rules, the Articles of Association and the Working System.
- Article 4** Independent non-executive Directors shall perform their duties independently and shall not be affected by the Company, its substantial shareholders, de facto controller and other units or individuals.

Article 5 Independent non-executive Directors shall ensure that they have sufficient time and effort to effectively perform their duties as independent non-executive Directors. In principle, independent non-executive Directors of the Company may serve as independent Directors in up to three domestic listed companies in China.

Article 6 At least one third of the board of Directors of the Company shall be comprised of (at least 3) independent non-executive Directors. The independent non-executive Directors of the Company shall include at least one member who is an accounting professional. An accounting professional who is nominated as a candidate for independent non-executive Directors shall meet the relevant requirements of the regulatory rules of the place where the Company's shares are listed. At least one member of independent non-executive Directors of the Company shall be ordinarily resident in Hong Kong.

Article 7 When independent non-executive Directors fail to meet the conditions for independence or are otherwise unsuitable for performing their duties as independent non-executive Directors, resulting in the number of independent non-executive Directors of the Company failing to meet the requirements of the system, the Measures for Independent Directors, the SSE Listing Rules, the Hong Kong Listing Rules, the Company shall make up for the number of independent non-executive Directors as required.

Chapter 2 Qualifications of Independent Non-executive Directors

Article 8 Persons serving as independent non-executive Directors of the Company shall meet the following basic conditions:

- (I) being qualified to serve as a director of a listed company in accordance with laws, regulations, other normative documents, the Listing Rules and other relevant provisions;
- (II) having the independence required by the Measures for Independent Directors and the Listing Rules;
- (III) possessing the basic knowledge of the operation of a listed company, and being familiar with relevant laws, administrative regulations, regulations and rules;

- (IV) having work experience of more than five years in legal, economic, financial, management or other aspects necessary to perform the duties of independent non-executive Directors;
- (V) having good personal moral characters, and having no bad records such as serious breach of trust;
- (VI) other conditions stipulated by laws and regulations, the Articles of Association, the Measures for Independent Directors and the Listing Rules.

Article 9 Independent non-executive Directors must be of independence. The following persons shall not serve as independent non-executive Directors:

- (I) persons who hold positions in the Company or its affiliated enterprises and their immediate family members and major social relations (immediate family members refer to spouses, parents and children; main social relations refer to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, parents of spouses of children, etc.);
- (II) persons directly or indirectly holding more than 1% of the issued shares of the Company or being natural person shareholders and their immediate family members among the top ten shareholders of the Company;
- (III) persons who hold positions in shareholder units that directly or indirectly hold more than 5% of the issued shares of the Company or in the top five shareholder units of the Company and their immediate family members;
- (IV) persons who hold positions in controlling shareholders and de facto controller of the Company and its affiliated enterprises and their immediate family members;
- (V) persons who have material business transactions with the Company and its controlling shareholders, de facto controllers or their respective affiliated enterprises, or hold positions in units with such material business transactions and their controlling shareholders, de facto controllers;

- (VI) persons who provide financial, legal, consulting, sponsorship and other services for the Company and its controlling shareholders, de facto controller or their respective affiliated enterprises, including but not limited to all the project team personnel of the intermediary agencies providing services, reviewers at all levels, personnel who sign the reports, partners, Directors, senior management and principal responsible persons;
- (VII) persons who have had the circumstances set out in the preceding six items within the past 12 months;
- (VIII) other persons who are not independent as stipulated in laws, administrative regulations, departmental rules, the Articles of Association, the Listing Rules and the system;
- (IX) persons who are identified as having no independence by the CSRC and the stock exchanges.

The “material business transactions” as provided in the preceding paragraphs refers to the matters subject to consideration at the general meeting in accordance with the Listing Rules or the Articles of Association, or other material matters as regarded by the stock exchanges; the “holding positions” refers to holding a position as director, supervisor, senior management and other staff. The affiliated enterprises of controlling shareholders and de facto controller of the Company in item (4), (5) and (6) of this article do not include those enterprises that are under control of the same state-owned asset management institution with the Company and do not constitute a connected relationship with the Company in accordance with relevant regulations.

Independent non-executive Directors shall conduct self-examinations on their independence every year and submit the self-examination results to the board of Directors. The board of Directors shall evaluate the independence of serving independent non-executive Directors every year and issue special opinions, which shall be disclosed simultaneously with annual reports.

Article 10 After an independent non-executive director takes office, should there be any changes which may affect his/her independence, the independent non-executive director shall notify the Company and the Hong Kong Stock Exchange as soon as possible and confirm his/her independence to the Company every year. The Company shall disclose the receipt of confirmation from the independent non-executive director in its annual report and explain whether the Company still considers the independent non-executive director to be independent.

Article 11 Candidates for independent non-executive Directors shall have good personal moral characters, shall not be involved in any circumstances that prevent them from being nominated as directors of listed companies as stipulated by laws, regulations and the stock exchanges, and shall not have the following bad records:

- (I) persons who are convicted on criminal charges of securities and futures subject to administrative punishment by the CSRC or criminal penalties by judicial authorities in the recent 36 months;
- (II) persons who are suspected on criminal charges of securities and futures and are subject to inspection by the CSRC or judicial inspection without clear conclusions;
- (III) persons who are publicly condemned or criticized for more than three times by any stock exchange within the last 36 months;
- (IV) persons who have bad records such as serious breach of trust;
- (V) former independent non-executive Directors who were removed by the board of directors at a general meeting within 12 months due to failure to attend in person for two consecutive board meetings without alternative independent non-executive Directors appointed to attend the meetings on their behalf;
- (VI) other circumstances recognized by the CSRC and the stock exchanges.

**Chapter 3 Nomination, Election and Replacement of
Independent Non-executive Directors**

Article 12 Candidates for independent non-executive Directors shall be nominated by the board of directors, shareholders of the Company who solely or jointly hold more than 1% of issued shares of the Company (“Nominators”), and shall be decided on election of general meetings.

Investor protection institutions established in accordance with laws may publicly request and entrust shareholders to exercise the right to nominate independent non-executive Directors on their behalf.

Nominators specified in paragraph 1 shall not nominate interested persons or other closely related persons who may affect the independent performance of duties as candidates for independent non-executive Directors.

Article 13 Nominators of independent non-executive Directors shall be approved by nominees before nomination. Nominators shall fully understand the occupation, education, job title, the detailed working experience, all and any part-time jobs of nominees and whether nominees have any bad records such as serious breach of trust, etc., and shall issue opinions on their qualification and independence as independent non-executive Directors. A nominee shall make a public statement regarding his/her independence and other conditions for serving as an independent non-executive director. The nomination committee of the board of directors of the Company shall review the qualifications of the nominees and formulate clear review opinions.

The board of directors of the Company shall disclose the above item as required before convening a general meeting for election of independent non-executive Directors.

Article 14 The Company shall submit the relevant information of the candidates for independent non-executive Directors to the Shanghai Stock Exchange through the Corporate Business Management System of the Shanghai Stock Exchange, including the Statement and Commitment of Candidate of Independent Director, the Statement and Commitment of Nominator of Independent Director, Curriculum Vitae of Independent Director and other written documents, disclose relevant statements and commitments and the review opinions of the nomination committee, and ensure that the content of the notice is true, accurate and complete, no later than the time when the notice of the general meeting for the election of independent non-executive Directors is issued. If the board of directors of the Company disputes the particulars pertaining to the nominees, its written opinions shall also be submitted.

The Shanghai Stock Exchange may require the board of directors of the Company, candidates for independent non-executive Directors, and Nominators of independent non-executive Directors to truthfully answer enquiries from the Shanghai Stock Exchange within the specified time, and promptly supplement relevant materials to the Shanghai Stock Exchange as required. If such persons fail to respond to enquiries or supplement relevant materials in a timely manner as required, the Shanghai Stock Exchange will decide whether to express dissents on the ability of candidates for independent non-executive Directors to perform duties and their independence based on the existing materials.

During the election of independent non-executive Directors at the general meeting, the board of directors of the Company shall make a statement on whether the Shanghai Stock Exchange has expressed dissents on any candidates for independent non-executive Directors. The Company shall promptly disclose such candidates, shall not propose such candidates to the general meeting for election as independent non-executive Directors if the Shanghai Stock Exchange objects to such candidates, and shall cancel the relevant proposal in accordance with the Rules for General Meetings of Listed Companies, if such candidates have been submitted to the general meeting for consideration.

Article 15 If more than two independent non-executive Directors are to be elected at the general meeting of the Company, a cumulative voting system shall be adopted.

The voting results of minority shareholders shall be counted separately and disclosed.

Article 16 The independent non-executive Directors have the same term of office as other Directors of the Company. After the term expires, they can be re-elected, but the term of re-election shall not exceed six years. The independent non-executive Directors who have been serving with the Company as independent non-executive Directors for six consecutive years shall not be nominated as candidates of the independent non-executive Directors of the Company within 36 months from the date of occurrence of such fact.

Article 17 Before the expiration of the term of office of an independent non-executive Director, the Company may terminate his/her duties in accordance with legal procedures. In the event that an independent non-executive Director is dismissed in advance, the Company shall disclose the specific reasons and justifications for such dismissal in a timely manner. If an independent non-executive Director is dismissed by the Company prior to the expiration of the term of office and believes that the reasons for the dismissal are inappropriate, he/she may submit objections and reasons, and the Company shall disclose in a timely manner.

An independent non-executive Director of the Company who fails to fulfill the qualifications for serving as an independent non-executive Director or the requirements of independence after his/her appointment shall cease to perform his/her duties immediately and resign from his/her position as an independent non-executive Director. If he/she fails to resign as an independent non-executive Director in accordance with the relevant requirements, the Board of Directors of the Company shall terminate his/her duties in accordance with the relevant requirements after it becomes aware of the occurrence of such fact.

If an independent non-executive Director fails to attend any two consecutive meetings of the Board of Directors of the Company in person, or fails to appoint another independent non-executive Director to attend such meetings on his/her behalf, the Board of Directors of the Company shall propose to convene a shareholders' general meeting to dismiss the independent non-executive Director within 30 days from the date of occurrence of such fact.

If an independent non-executive Director resigns from his/her position or is dismissed by the Company as a result of the circumstances set out in the preceding paragraph, which resulting in the proportion of independent non-executive Directors on the Board of Directors of the Company or its special committees not complying with the requirements of laws, regulations, the Articles of Association and the System, or a lack of accounting professionals among the independent non-executive Directors, the Company shall complete the election to fill the vacancies within 60 days from the date of the occurrence of the aforesaid fact.

Article 18 An independent non-executive Director may resign before the expiration of his/her term of office. An independent non-executive Director who resigns from his/her position shall tender in writing a letter of resignation to the Board of Directors, explaining the circumstances related to his/her resignation or that he/she deems necessary to bring to the attention of the Shareholders and creditors of the Company. The Company shall disclose the reasons for and concerns regarding the resignation of an independent non-executive Director.

If the resignation of an independent non-executive Director will result in the proportion of independent non-executive Directors on the Board of Directors or its special committees not complying with the requirements of the System or the Articles of Association, or a lack of accounting professionals among the independent non-executive Directors, the independent non-executive Director who intends to resign shall continue to perform his/her duties until the date on which a new independent non-executive Director is appointed, except that the independent non-executive Director resigns due to loss of independence or is dismissed according to law. The Company shall complete the election to fill the vacancies within 60 days from the date on which the independent non-executive Director tenders his/her resignation.

Chapter 4 Duties and Means of Performance of Independent Non-executive Directors

Article 19 The independent non-executive Directors have the obligations of honesty and diligence to the Company and all shareholders, and shall conscientiously perform their duties in accordance with the requirements of relevant national laws, regulations, regulatory documents, the Articles of Association and the System, so as to protect the interests of the Company and all shareholders as a whole, and shall especially pay attention that the legal interests of minority shareholders shall not be jeopardized.

Article 20 The independent non-executive Directors shall work in the office of the Company for at least 15 days every year. The means of performance of the independent non-executive Directors include, but are not limited to, attending shareholders' general meetings, meetings of Board of Directors and its special committees, special meetings of the independent non-executive Directors, obtaining information about the operations of the Company on a regular basis, listening to reports from the management, communicating with intermediaries, such as the head of the internal audit firm and the accounting firm, conducting site inspections and communicating with minority shareholders.

Article 21 The independent non-executive Directors shall perform the following duties:

- (I) participating in the decision-making of the Board of Directors and expressing their views on the matters discussed;
- (II) supervising potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior management as set out in the Measures for Independent Directors, so as to ensure that the decisions of the Board of Directors are in line with the interests of the Company as a whole, and to protect the legitimate interests of minority shareholders;
- (III) providing professional and objective advices on the Company's operation and development, so as to promote the enhancement of the decision-making level of the Board of Directors;
- (IV) other duties as stipulated by laws, administrative regulations, the Listing Rules, the requirements of the CSRC and the Articles of Association.

Article 22 The independent non-executive Directors shall exercise the following special duties and powers:

- (I) independently engaging intermediary institutions to conduct audits, consultations or verifications on specific matters of the Company;
- (II) proposing to the Board of Directors to convene extraordinary general meetings;
- (III) proposing to convene shareholders' general meetings;
- (IV) publicly soliciting voting rights from shareholders before the convening of shareholders' general meetings;
- (V) expressing independent opinions on matters that may impair the interests of the Company or minority shareholders;
- (VI) other duties and powers as stipulated by laws, regulations, the Listing Rules and the Articles of Association.

Consent of a majority of all independent non-executive Directors is required for an independent non-executive Directors to exercise the duties and powers under paragraphs (I) to (III) above.

If an independent non-executive Director exercises the duties and powers under paragraph (I), the Company shall disclose in a timely manner.

In the event that the aforesaid duties and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons thereof.

Article 23 Prior to the convening of a Board meeting, the independent non-executive Directors may communicate with the secretary to the Board of Directors to ask questions, request for supplementary materials, and put forward opinions and suggestions on the matters to be considered. The Board of Directors and relevant personnel shall seriously consider the questions, requests and opinions raised by the independent non-executive Directors, and provide timely feedback to the independent non-executive Directors on the amendments to the proposals.

Article 24 The independent non-executive Directors shall attend the Board meetings in person, and if an independent non-executive Director is unable to attend for certain reasons, he/she shall review the meeting materials in advance to form a clear opinion, and entrust other independent non-executive Director of the Company to attend the meeting on his/her behalf in writing. The power of attorney shall specify:

- (I) the name of the principal and proxy;
- (II) the scope of authorization to the proxy;
- (III) the instructions of the principal on the voting intention of each proposal;
- (IV) signature of the principal and date.

The independent non-executive Directors shall not issue a blank power of attorney, nor shall they delegate discretionary power to the proxy. The delegation shall be granted on a case-by-case basis.

The independent non-executive Director who is appointed as a proxy for the Board meeting shall submit to the chairman of the meeting the written power of attorney and specify in the attendance record that he/she attends the meeting as a proxy. An independent non-executive Director shall not accept the delegation of more than two independent non-executive Directors at a Board meeting.

**APPENDIX II PROPOSED AMENDMENTS TO THE WORKING SYSTEM
FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

Article 25 Where other independent non-executive Directors are entrusted to sign written confirmation opinions on the Company’s periodic reports, special delegation shall be given in the power of attorney.

Article 26 Where an independent non-executive Director votes against or abstains from voting on a resolution of the Board of Directors, he/she shall state the specific reasons and basis thereof, the legality and compliance of the matters involved in the resolution, the possible risks and the impact on the interests of the Company and the minority shareholders. The Company shall disclose the dissenting opinions of the independent non-executive Directors when disclosing the resolutions of the Board of Directors, and shall set out the dissenting opinions in the resolutions of the Board of Directors and minutes of such meetings.

Article 27 The independent non-executive Directors shall pay continuous attention to the implementation of the resolutions of the Board of Directors relating to the matters set out in the Measures for Independent Directors, if they find that there is any violation of laws, administrative regulations, the requirements of the CSRC, the business rules of the stock exchanges and the Articles of Association or any violation of the resolutions of the shareholders’ general meeting and the Board of Directors, they shall report to the Board of Directors in a timely manner, and may request the Company to provide a written explanation. Where disclosure matters are involved, the Company shall make timely disclosure.

If the Company fails to provide an explanation or make timely disclosure in accordance with the provisions of the preceding paragraph, the independent non-executive Directors may report to the CSRC and the stock exchanges.

Article 28 The following matters shall be submitted to the Board of Directors for consideration after approval by a majority of all independent non-executive Directors of the Company:

- (I) connected transactions that should be disclosed;
- (II) plans of the Company and related parties to change or waive their commitments;
- (III) decisions made and measures taken in relation to the acquisition of the Company at the time of the acquisition;
- (IV) other matters as stipulated by laws, regulations, the Listing Rules and the Articles of Association.

Article 29 The Company shall regularly or irregularly convene meetings attended by all independent non-executive Directors (hereinafter referred to as the “Special Meetings of Independent Non-executive Directors”). Matters listed in Items (I) to (III) under the first paragraph of Article 22 and Article 28 of the System shall be considered at the Special Meetings of Independent Non-executive Directors.

The Special Meetings of Independent Non-executive Directors may consider and discuss other matters of the Company as required.

The Special Meetings of Independent Non-executive Directors shall be convened and chaired by an independent non-executive Director jointly elected by a majority of the independent non-executive Directors. In the event that the convener fails to perform his/her duties or is unable to perform his/her duties, two or more independent non-executive Directors may convene and elect a representative to chair the meetings.

The Company shall facilitate and support the convening of the Special Meeting of Independent Non-executive Directors.

Article 30 The independent non-executive Directors shall perform their duties in the special committees of the Board of Directors of the Company in accordance with laws, administrative regulations, the requirements of the CSRC, the business rules of the stock exchanges and the Articles of Association. The independent non-executive Directors shall attend the Special Meetings of Independent Non-executive Directors in person, and if they are unable to attend the meetings in person for any reason, they shall review the meeting materials in advance, form clear opinions, and appoint other independent non-executive Directors in writing to attend the meetings on their behalf. The independent non-executive Directors, in performing their duties, may submit major issues of the Company within the scope of the duties of the special committees to the special committees for discussion and consideration in a timely manner in accordance with the procedures.

Article 31 The independent non-executive Directors shall attend shareholders’ general meetings in person and communicate with the Company’s shareholders on site.

Article 32 The independent non-executive Directors shall read all operating and financial reports as well as all reports on the Company made by the media in earnest, keep abreast with the business operation and management of the Company as well as any material event of the Company occurred or likely to occur and its impact on a timely and continuous basis, timely report to the Board of Directors any problem with the operating activities of the Company, and not evade any liability with the excuse of no direct participation in the operation and management or no information on the issue and situation.

Article 33 At the annual general meetings of the Company, the independent non-executive Directors shall submit their yearly work reports and make a statement on their fulfilment of duties. The yearly work reports shall contain the following items:

- (I) times and manner of attending and voting at the Board meetings, as well as times of attending at the shareholders' general meetings;
- (II) attendance at the meetings of special committees of the Board of Directors and the Special Meetings of Independent Non-executive Directors;
- (III) the review of matters as set out in the Measures for Independent Directors and the exercise of the special duties and powers of the independent non-executive Directors as set out in the Measures for Independent Directors;
- (IV) the material matters, manner and results of communication with the internal audit firm and the accounting firm that undertakes the Company's auditing business in respect of the Company's financial and business conditions;
- (V) the communication with minority shareholders;
- (VI) hours and contents of on-site work in the Company;
- (VII) other circumstances in the perform of their duties.

The yearly work reports of the independent non-executive Directors shall be disclosed no later than when the Company gives notices of its annual general meetings.

Article 34 The members of the Company's Audit Committee shall be directors who do not serve as senior management of the Company, of which a majority shall be independent non-executive Directors, and it shall be convened by a member of the independent non-executive Directors who is an accounting professional. The Nomination Committee and the Remuneration and Evaluation Committee under the Board of Directors of the Company shall consist of members a majority of which are independent non-executive Directors and be convened by an independent non-executive Director.

Article 35 The Company's Board of Directors, its specialized committees and the Specialized Meetings of Independent Non-executive Directors shall prepare minutes of the meetings in accordance with the regulations, and the opinions of the independent non-executive Directors shall be set out in the minutes of the meetings. The independent non-executive Directors should sign the minutes for confirmation.

The Company and the independent non-executive Directors shall prepare records of their work and record in detail the performance of their duties. Information obtained by the independent non-executive Directors in the course of performing their duties, minutes of relevant meetings, and records of communications with staff of the Company and intermediary organizations shall form an integral part of the work records. The independent non-executive Directors may request the secretary of the Board of Directors and other relevant personnel to sign the important contents of the work records for confirmation, and the Company and the relevant personnel shall cooperate with them.

Records of the work of independent non-executive Directors and the information provided by the Company to independent non-executive Directors should be kept for at least ten years.

**Chapter 5 Duty Performance Guarantee for Independent
Non-executive Directors**

Article 36 Independent non-executive Directors, as members of the Board of Directors, enjoy the same status as other directors. The Company shall provide independent non-executive Directors with the necessary working conditions and personnel support to perform their duties, and designate the office of the Board of Directors, the secretary of the Board of Directors and other specialized departments and specialized personnel to assist the independent non-executive Directors to perform their duties. When the independent non-executive Directors exercise their powers and duties, the secretary of the Board of Directors of the Company and other relevant persons shall actively cooperate with them.

The secretary of the Board of Directors should ensure that there is a smooth flow of information between the independent non-executive Directors and other directors, senior management and other relevant persons, and that the independent non-executive Directors have access to adequate resources and necessary professional advice in the performance of their duties.

Article 37 The Company shall ensure that independent non-executive Directors enjoy the same right to know as other directors. In order to ensure that independent non-executive Directors exercise their functions and powers effectively, the Company shall inform independent non-executive Directors of the Company's operations on a regular basis, provide them with information, and organize or cooperate with them to carry out on-site inspections and other work.

The Company may organize independent non-executive Directors to participate in the research and argumentation process before the Board of Directors' consideration of major and complex matters, take into full consideration the opinions of independent non-executive Directors, and provide timely feedback to independent non-executive Directors on the adoption of their opinions.

Article 38 The Company shall give notice of board meetings to independent non-executive Directors in a timely manner, provide relevant meeting information no later than the notice period for board meetings stipulated by laws, administrative regulations, CSRC regulations or the Articles of Association, and provide independent non-executive Directors with effective communication channels; when a specialized committee of the Board of Directors convenes a meeting, the Company shall, in principle, provide the relevant materials and information no later than three days prior to the meeting of the specialized committee. The Company shall keep the above meeting information for at least ten years.

If two or more independent non-executive Directors consider that the materials for a meeting are incomplete, insufficiently justified or not provided in time, they may propose in writing to the Board of Directors that the meeting be postponed or the consideration of the matter be postponed, and the Board of Directors shall adopt such proposal.

Article 39 When independent non-executive Directors exercise their powers and duties, the Company's directors, senior management and other relevant personnel shall cooperate with them, and shall not refuse, hinder or conceal relevant information, or interfere with their independent exercise of functions and powers.

If independent non-executive Directors encounter obstruction when exercising their powers and duties in accordance with the law, they may explain the circumstances to the Board of Directors, request the directors, senior management and other relevant personnel to cooperate with them, and record the specific circumstances of the obstruction and the resolution of the situation in their work records; if the obstruction still cannot be eliminated, they may report it to the CSRC and the stock exchange.

Article 40 If the performance of duties by independent non-executive Directors involves information that should be disclosed, the Company shall handle the disclosure in a timely manner; if the Company does not disclose the information, the independent non-executive Directors may apply for disclosure directly or report to the CSRC and the stock exchange. The Company should bear the expenses incurred by the independent non-executive Directors in engaging professional organizations and exercising other functions and powers.

Article 41 The Company shall bear the expenses incurred by the independent non-executive Directors in engaging professional organizations and exercising other powers and duties.

Article 42 The Company shall grant the independent non-executive Directors allowances appropriate to their duties. The criteria for the allowance shall be formulated by the Board of Directors, approved at the general meeting and disclosed in the annual report of the Company. In addition to the above allowances, independent non-executive Directors shall not obtain other benefits from the Company, its substantial shareholders, de facto controllers or interested units and individuals.

Article 43 The Company can establish indemnity insurance systems for independent non-executive Directors to reduce the possible risks arising from the normal duty performance of independent non-executive Directors.

Chapter 6 Supplementary Provisions

Article 44 The terms “no less than” and “within” as mentioned in the system include the underlying number, while “more than”, “less than”, “a majority” and “at least” do not include the underlying number.

Article 45 The system herein shall be approved at general meeting of the Company. The same applies to amendment of the system.

It shall be the responsibility of the Board of Directors of the Company to formulate and interpret the system.

Article 46 The matters uncovered in the system shall be conducted in accordance with relevant laws, regulations, the Measures for Independent Directors, the SSE Listing Rules, the Hong Kong Listing Rules, other regulations of the securities regulatory authorities and relevant regulations of the Articles of Association. If relevant regulations of the system contravene relevant laws and regulations, the Measures for Independent Directors, the SSE Listing Rules, the Hong Kong Listing Rules, other regulations of the securities regulatory authorities and the Articles of Association to be issued or amended in the future, they shall be implemented according to relevant laws, regulations, the SSE Listing Rules, the Hong Kong Listing Rules, other regulations of the securities regulatory authorities and relevant regulations of the existing or amended Articles of Association.

RED STAR MACALLINE GROUP CORPORATION LTD.

THE RULES FOR MANAGEMENT OF EXTERNAL GUARANTEES

Chapter 1 General Provisions

- Article 1** In order to regulate the provision of external guarantees by Red Star Macalline Group Corporation Ltd. (the “Company”), effectively avert risks in the provision of external guarantees by the Company, ensure the safety of the Company’s assets and protect the interest of shareholders, the Company has formulated the Rules based on its actual situation in accordance with such laws and regulations as the Company Law of the People’s Republic of China, the Civil Code of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Listing Rules of Shanghai Stock Exchange (the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Listing Rules of Shanghai Stock Exchange collectively as the “Listing Rules”), the Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Funds Transactions and External Guarantees by Listed Companies and the Guidelines of Shanghai Stock Exchange No. 1 for the Application of Self-Regulation Rules for Listed Companies – Standardized Operations as well as the relevant provisions of the articles of association of Red Star Macalline Group Corporation Ltd. (the “Articles of Association”).
- Article 2** External guarantees as referred to in the Rules refer to any guarantees provided by the Company to others, including guarantees provided by the Company for its controlled subsidiaries. External guarantee made by subsidiaries which the Company has a controlling equity stake in or exercises de facto control over shall be deemed as made by the Company, and the Rules shall be applicable to external guarantee made by those companies. Forms of guarantees include guarantee, mortgage and pledge.
- Article 3** External guarantees shall be subject to unified management by the Company, unless otherwise considered and approved by the board of directors or the general meeting of the Company, and no persons shall have the right to enter into any contracts, agreements or other similar legal documents of external guarantee in the name of the Company.

**APPENDIX III PROPOSED AMENDMENTS TO THE RULES FOR
MANAGEMENT OF EXTERNAL GUARANTEES**

Article 4 Where a controlled subsidiary of the Company provides a guarantee for a legal person within the scope of the Company’s consolidated statements or other organizations, the Company shall disclose the same in a timely manner after the controlled subsidiary has examined and approved the guarantee, except for guarantees required to be presented before the general meeting of the Company for consideration under the Listing Rules.

If a controlled subsidiary of the Company provides a guarantee for an entity other than the one specified in the preceding paragraph, it shall be deemed to be a guarantee provided by the Company and shall comply with the relevant provisions of the Rules.

Article 5 When the Company provides guarantees for other parties, it shall take necessary measures such as obtaining counter-guarantees to prevent risks and providers of the counter-guarantees shall have actual financial capacity to honor them. No guarantee shall be provided to a party if the property securing the counter-guarantee issued by such party is prohibited by relevant laws and regulations from circulation or otherwise non-transferable.

When the Company provides guarantees for its controlled shareholders, de facto controllers and their related parties, it shall require them to provide counter-guarantees.

Article 6 The provision of counter-guarantee by the Company and its controlled subsidiaries shall be implemented in accordance with the relevant provisions of the guarantee, and shall go through examination and approval procedures and fulfill information disclosure obligations based on the amount of counter-guarantee provided, except for counter-guarantees provided to support guarantees on the debts of the Company and its controlled subsidiaries.

Article 7 For any external guarantee approved by the Board or at general meeting of the Company, related disclosure shall be made in a timely manner on the website of the stock exchange and in media that meet the requirements of the CSRC, including but not limited to the resolutions of the Board or the general meeting, and the total amount of external guarantees provided by the Company and its controlled subsidiaries and the total amount of guarantees provided by the Company for its controlled subsidiaries as at the date of the information disclosure.

Article 8 The Company shall observe the principles of legal compliance, prudence, mutual benefit and safety when providing external guarantees, and strictly control the risks associated with external guarantees.

Chapter 2 Examination on the Party Receiving External Guarantee

Article 9 When the Company provides external guarantees, it shall take necessary measures to check the credit and financial standing of the guaranteed parties, and shall decide whether to provide guarantees after assessing the repayment ability of guaranteed parties in a prudent manner.

The Board of the Company shall establish a regular verification system and conduct annual verification of all guarantees of the Company, verify the existence of non-compliant guarantees of the Company and disclose the verification results in a timely manner.

Article 10 The Company may provide guarantee to an entity which is an independent legal person and meets one of the following criteria:

- (I) a mutually guaranteed entity due to business needs of the Company;
- (II) an entity with established important business relationship with the Company;
- (III) an entity with potential important business relationship with the Company;
- (IV) it is the Company's subsidiary or other entities under common control.

The aforementioned entities shall have relatively strong solvency and shall meet other relevant provisions of the Rules.

Article 11 If, despite that the entity requesting guarantee does not meet the requirements set forth in Article 10 of this Rules, the Company may, after deliberation and approval by the Board or by the general meeting in accordance with the authority provided in the Articles of Association, provide guarantee to the entity if the Company believes that it is necessary to develop business and cooperation with it and the risk is relatively small.

Article 12 Before making decision to provide a guarantee to a third party or submitting such proposal to the general meeting for voting, the board of directors of the Company shall obtain the information on the debtor's credit status and shall make adequate analysis of the benefits and risks associated with such guarantee.

**APPENDIX III PROPOSED AMENDMENTS TO THE RULES FOR
MANAGEMENT OF EXTERNAL GUARANTEES**

Article 13 The information on the credit status of an applicant for guarantor shall at least include the following contents:

- (I) basic information of the enterprise, including the business license, photocopies of the articles of association, identity certificate of the legal representative, and the relevant information reflecting the affiliated or other relationship between the enterprise and the Company;
- (II) guarantee application letter, setting out, including but not limited to, the way, term and amount of guarantee;
- (III) audited financial statements for the last fiscal year plus an interim period and repayment capacity analysis;
- (IV) a photocopy of the principal loan contract and the relevant files;
- (V) conditions for the guarantee applicant to provide counter-guarantee and relevant materials;
- (VI) statement of absence of any potential or on-going material litigation, arbitration or administrative penalties;
- (VII) other relevant information that the Company deems necessary to be provided.

Article 14 The responsible person shall, based on the basic information provided by the guarantee applicant, investigate and verify the applicant's operational and financial status, project details, credit status, and industry prospects. The case will then be passed to relevant departments for review in accordance with the contract approval procedures. After review and approval by mid-level leaders and the general manager's office, the relevant documents shall be submitted to the Company's Board of Directors or general meetings for approval.

**APPENDIX III PROPOSED AMENDMENTS TO THE RULES FOR
MANAGEMENT OF EXTERNAL GUARANTEES**

Article 15 The board of directors or general meeting of the Company shall examine and approve the materials submitted, vote on them and record the voting result. No guarantee shall be provided in any of the following circumstances or where the materials provided are inadequate:

- (I) application of capital involved does not conform to the laws and regulations or industrial policies of the State;
- (II) there has been any false record or any provision of false materials in the financial and accounting for the last fiscal year plus an interim period;
- (III) the Company had provided guarantee for the entity who subsequently incurred overdue bank loans or default in payment of interests, etc., and there is still outstanding loans or no enforcement of effective measures at the time of the current application;
- (IV) with deteriorated operation and bad reputation and there is no sign of improvement;
- (V) failure to provide effective property to secure the counter-guarantee (if any);
- (VI) any other circumstances under which, in the opinion of the board of directors, guarantee cannot be provided.

Chapter 3 Approval Procedures for External Guarantees

Article 16 The external guarantees provided by the Company shall be reviewed and approved by the Board or submitted to the general meeting for consideration and approval. The Board of the Company shall exercise its approval authority over external guarantees pursuant to the relevant scope of authority as stipulated in the Articles of Association.

When the Board reviews an external guarantee, it shall be considered and approved by a majority of all directors and by more than two-thirds of the directors present at the Board meeting with the corresponding resolution made.

Article 17 External guarantees subject to consideration and approval by the general meeting shall be submitted to the general meeting for consideration and approval after they are considered and approved by the Board. The following external guarantees of the Company shall be submitted to the general meeting for consideration and approval:

- (I) any guarantee to be provided after the total amount of external guarantees of the Company and its controlled subsidiaries has reached or exceeds 50% of the latest audited net assets of the Company;
- (II) any guarantee to be provided after the total amount of external guarantees of the Company has reached or exceeds 30% of the latest audited total assets of the Company;
- (III) any guarantee to be provided to other parties within a year exceeding 30% of the latest audited total assets of the Company;
- (IV) any guarantee in favour of an entity having a gearing ratio exceeding 70%;
- (V) any single guarantee amount exceeding 10% of the latest audited net assets of the Company;
- (VI) any guarantee provided to shareholders, de facto controllers and their related parties;
- (VII) other guarantees required by the laws, administrative regulations, departmental rules, the stock exchanges where the Company's shares are listed and the Articles of Association that shall be approved by the general meeting.

**APPENDIX III PROPOSED AMENDMENTS TO THE RULES FOR
MANAGEMENT OF EXTERNAL GUARANTEES**

When any guarantee as described in item (III) in the preceding paragraph is considered at the general meeting of the Company, the proposal shall be passed by votes representing more than two-thirds of the voting rights represented at the general meeting; When any guarantee as described in item (VI) in the preceding paragraph is considered at the general meeting of the Company, such shareholder or any shareholders under the de facto control of such shareholder shall not vote on such proposal, and the proposal shall be subject to approval by votes representing more than half of the voting rights held by the other shareholders present at the general meeting.

Article 18 Provision of guarantees by the Company for its related parties shall be subject to consideration and approval of more than half of all non-related directors, and shall be considered and approved by more than two-thirds of the non-related directors present at the Board meeting by way of a resolution, which shall be submitted to the general meeting for consideration.

If the guaranteed party becomes a related party of the Company due to a transaction or related transaction, the Company shall go through relevant examination and approval procedures and fulfill information disclosure obligations for the existing related guarantee while executing such transaction or related transaction.

If the related guarantee specified in the preceding paragraph is not approved at the Board meeting or the general meeting, the parties to the transaction shall take effective measures to terminate the guarantee, such as early termination.

Article 19 Where the Company provides guarantees for its controlled subsidiaries, if there is a large number of transactions each year, and it is difficult to submit to the Board or the general meeting for consideration due to the need of entering into guarantee agreement on a recurring basis, the Company may estimate the total amount of new guarantees for the next 12 months for two groups of subsidiaries: those having a gearing ratio of over 70% and those below 70%, respectively, and submit the estimation to the general meeting for consideration.

When the aforesaid guarantee actually takes place, the Company shall make disclosures in a timely manner, and the balance of the guarantee at any time shall not exceed the amount of guarantee as approved at the general meeting.

**APPENDIX III PROPOSED AMENDMENTS TO THE RULES FOR
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Article 20 Where the Company provides guarantees for joint ventures or associates, and the guaranteed party is not a related party of a director, supervisor (if any), senior management member, shareholder holding more than 5% of the shares, controlling shareholder or de facto controller of the Company, provided that there is a large number of transactions each year and it is difficult to submit to the Board or the general meeting for consideration due to the need of entering into guarantee agreement on a recurring basis, the Company may reasonably predict the specific guaranteed entities and estimate the corresponding amount of new guarantees for the next 12 months, and submit the estimation to the general meeting for consideration.

When the aforesaid guarantee matter actually takes place, the Company shall make disclosures in a timely manner, and the balance of the guarantee at any time shall not exceed the amount of guarantee considered and approved at the general meeting.

Article 21 In preparing the guarantee limits granted to joint ventures or associates, the Company may reallocate the guarantee limits among such joint ventures or associates provided that the following conditions are satisfied:

- (I) the a single increment granted does not exceed 10% of the latest audited net assets of the beneficiary entity;
- (II) for any guaranteed entity with a gearing ratio exceeding 70% at the time of reallocation, the increment guarantee can only transferred from the amount reserved for other guaranteed entities with a gearing ratio exceeding 70% (when the general meeting considers the amount of guarantee);
- (III) the beneficiary entity does not have overdue outstanding debts at the time of reallocation.

Upon the occurrence of the aforesaid reallocation, the Company shall make disclosures in a timely manner.

Article 22 The Company may, when necessary, engage external professional organizations to assess the risks of implementing external guarantees in order to assist the Board or the general meeting in making decisions.

Article 23 The independent non-executive Directors of the Company may, if necessary, engage an accounting firm to verify the Company's accumulated and current external guarantees. If any abnormality is found, it shall be promptly reported to the Board and the regulatory authorities.

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Article 24 The Company shall enter into a guarantee contract in writing in respect of external guarantees. The guarantee contract shall include contents as required by laws and regulations such as the Civil Code of the People’s Republic of China.

Article 25 The guarantee contract shall at least include the following contents:

- (I) the type and amount of the principal claim to be guaranteed;
- (II) the period of time for the debtor to fulfill the debt;
- (III) the manner of the guarantee;
- (IV) the scope of the guarantee;
- (V) the duration of the guarantee;
- (VI) any other matters that the parties consider necessary to agree on.

Article 26 Upon entering into a guarantee contract, the person in charge shall comprehensively and diligently review the signing parties and relevant contents of the master contract and the guarantee contract. The person in charge shall request the relevant party to amend any clause that violates laws, regulations, the Listing Rules, the Articles of Association, relevant resolutions of the Board or the general meeting of the Company, as well as any clause that imposes an unreasonable obligation on the Company or any term involving unpredictable risks. Should any party refuse revision of the same, the person in charge shall refuse to provide guarantees for such party and report to the Board or the general meeting of the Company.

Article 27 The chairman of the Board of the Company or any other person legally authorized shall sign a guarantee contract on behalf of the Company in accordance with the resolution of the Board or the general meeting of the Company. No person shall sign a guarantee contract on behalf of the Company without a resolution passed and authorized by the general meeting or the Board of the Company. The person in charge shall not sign a guarantee contract or sign or seal the master contract in the capacity of a guarantor beyond his/her authority.

Article 28 The Company may enter into a mutual guarantee agreement with an enterprise legal person that meets the conditions set forth in the Rules. The person in charge shall promptly require the counterparty to provide, in good faith, relevant financial and accounting statements and other information that can reflect its solvency.

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Article 29 When accepting mortgages or pledges in a counter-guarantee, the financial department of the Company shall, in conjunction with the legal department of the Company, perform the relevant legal procedures, in particular, handle the registration of mortgages or pledges in a timely manner.

Article 30 If the term of a guaranteed debt is extended beyond its maturity date so that the Company needs to extend its guarantee period, the Company shall be deemed it as a new grant of guarantee and follow related approval procedures and information disclosure obligations.

Chapter 4 Management of External Guarantees

Article 31 External guarantee shall be the responsibility of the financial department with the assistance of the legal department.

Article 32 The principal responsibilities of the Company's financial department are as follows:

- (I) to investigate into and evaluate the creditworthiness of the guaranteed entity;
- (II) to complete the formalities for the guarantee procedures;
- (III) to duly keep track of, inspect and monitor the guaranteed entity after external guarantee becomes effective;
- (IV) to manage the filing of the documentation relevant to the guaranteed enterprise in a serious manner;
- (V) to provide the Company's auditor with a complete and accurate record of all the Company's external guarantees in a timely manner in accordance with the requirements;
- (VI) to handle such other matters related to guarantee.

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Article 33 The principal responsibilities of the legal department during the process of external guarantee are as follows:

- (I) to assist the financial department in investigating and evaluating the creditworthiness of the guaranteed entity;
- (II) to be responsible for the examination of all documentation relevant to the guarantee;
- (III) to be responsible for the legal disputes relevant to the external guarantee;
- (IV) to assist the business department in handling matters related to the relevant obligations after the provision of guarantee by the Company;
- (V) to handle such other matters relevant to the guarantee.

Article 34 The Company shall properly manage the guarantee contracts and relevant historical data, conduct timely inspections, and regularly check with relevant institutions such as banks to ensure that the archived documents are complete, accurate and valid, and pay attention to the effective period of the guarantees. Any abnormal contract identified that has not been approved by the Board or the general meeting shall be reported to the Board in a timely manner.

Article 35 The Company shall assign special personnel to monitor the situation of the guaranteed party, collect the latest financial information and audit reports of the guaranteed party, analyze its financial position and solvency regularly, pay attention to the changes in its production and operations, assets and liabilities, external guarantees, division and merger and change of legal representative. If the relevant responsible person notes any serious deterioration in the state of operation of the guaranteed party or occurrence of major events such as company dissolution or division, he/she shall promptly report to the Board. The Board is responsible for adopting effective measures to minimize losses. When a guaranteed debt comes due, the Company shall urge the guaranteed party to repay its debts within a specified period. If the guaranteed party fails to perform its obligations on time, the Company shall take necessary countermeasures in a timely manner.

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- Article 36** When the Company provides guarantees to others, once the guaranteed party is unable to fulfill its debt repayment obligation when the debt is due, or the guaranteed party goes bankrupt and enters into liquidation, or creditors advocate for the performance of guarantee obligations by the Company, the responsible departments shall timely learn about the debt repayment status of guaranteed party and report to the secretary to the Board who will then report to the Board immediately.
- Article 37** In the event that the guaranteed party fails to fulfill its contractual obligations and its creditor requests the Company to fulfill its guarantee obligation, the Company's responsible departments shall report to the secretary to the Board who will then report to the Board immediately.
- Article 38** Upon fulfillment of the guarantee obligations for the debtor, the Company shall take effective measures to recover its debts from the debtor. The Company's responsible departments shall report the debt recovery status to the secretary to the Board, who shall promptly inform the Board of the same.
- Article 39** If the Company finds evidence that the guaranteed party loses or may lose the ability to fulfill its debt repayment obligation, it shall promptly take necessary measures to effectively control the risk; if the Company finds that the creditor and the debtor are on a malicious conspiracy and prejudice the interests of the Company, it shall immediately take measures such as requesting confirmation that the guarantee contract is invalid; if the guaranteed party defaults and causes economic losses, the Company shall promptly demand repayment from the guaranteed party.
- Article 40** In response to other potential risks that may occur, the financial department and legal department shall propose corresponding measures to a competent division leader for review and such leader shall submit the same to the general manager's office meeting and the Board depending on the circumstances.
- Article 41** If the Company acts as one of the guarantors for a debt that has been secured by two or more guarantors and it is agreed that the guarantors shall take their respective guarantee obligations in proportion, the Company shall refuse to undertake any guarantee obligation beyond and additional to the agreed proportion.
- Article 42** Subsequent to the acceptance of the debtor's bankruptcy application by the People's Court and when no creditor's claims has been declared, the relevant responsible person, financial department and legal department shall propose to the Company to participate in the distribution of insolvent assets and exercise its right of recourse in advance.

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Article 43 Pursuant to the relevant provisions of the Listing Rules, other regulatory requirements of the place where the Company's shares are listed, the Articles of Association and the Rule for Information Disclosure, the Company shall duly perform its information disclosure obligation in relation to the provision of external guarantees.

Chapter 5 Responsibilities of Relevant Personnel

Article 44 The Company shall strictly comply with these policies in respect of the provision of guarantees. The Board of the Company shall impose corresponding penalties on the responsible person at fault in respect of the loss, scale of the risk, and the seriousness of the case.

Article 45 Any director, general manager or other senior management member of the Company who entered into a guarantee contract beyond their authority without prior consent and without abiding by the provisions of these Rules shall be held accountable.

Article 46 Any responsible department officers or other responsible persons who breach the provisions of laws or these Rules, neglect the risks and provide guarantees without authorization causing losses to the Company, shall assume liability for compensation. If the Company's responsible department officers or other responsible persons fail to fulfill their duties and cause losses to the Company, they shall be subject to economic punishment or sanctions depending on the seriousness of the case.

Article 47 Where a guarantor is free from guarantee liability under the law, but due to the acts of the Company's responsible department officers or other responsible persons beyond their scope of authorization, the Company subsequently assumes extra liability and losses, the above persons shall assume liability for compensation and shall be subject to sanctions by the Company.

Chapter 6 Supplementary Provisions

Article 48 The terms "no less than" as mentioned in these Rules include the underlying number, while "below" and "more than" do not include the underlying number.

Article 49 The Rules herein are prepared by the Board and will come into effect and be implemented after the approval at the general meeting of the Company.

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Article 50 The matters uncovered in these Rules shall be conducted in accordance with relevant laws, regulations, the Listing Rules, other requirements of the place where the Company's shares are listed and relevant regulations of the Articles of Association. If relevant provisions of these Rules contravene relevant laws and regulations, the Listing Rules, other requirements of the securities regulatory authority at the location where the Company's shares are listed and the Articles of Association to be issued or amended in the future, such provisions shall be implemented according to relevant prevailing laws, regulations, the Listing Rules, other requirements of the securities regulatory authority at the location where the Company's shares are listed and relevant regulations of the existing or amended Articles of Association.

Article 51 These Rules shall be subject to the amendment and interpretation of the Board.

RED STAR MACALLINE GROUP CORPORATION LTD.

THE RULES FOR THE MANAGEMENT OF THE
RELATED PARTY TRANSACTIONS

Chapter 1 General Provisions

Article 1 In order to regulate the related party transactions (“connected transactions” under Hong Kong Listing Rules, to be referred collectively hereinafter) of Red Star Macalline Group Corporation Ltd. (the “Company”), guarantee the fairness and reasonableness of related party transactions and safeguard the interests of the Company and shareholders, the following rules are hereby formulated in accordance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, the articles of association of Red Star Macalline Group Corporation Ltd. (the “Articles of Association”) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”), the Listing Rules of the Shanghai Stock Exchange (the “SSE Listing Rules”) and other relevant laws, regulations and regulatory documents.

Article 2 The Company implements categorized management for related party transactions, determines the scope of related parties in accordance with the Hong Kong Listing Rules, the SSE Listing Rules and other relevant laws and regulations and perform the procedures of approval and information disclosure for related party transactions in accordance with relevant requirements.

When conducting transactions, the Company shall consider the circumstances in accordance with the Hong Kong Listing Rules and the SSE Listing Rules (whichever has the more stringent requirements shall prevail) in determining whether the parties involved in the transactions are related parties and whether the transactions constitute related party transactions, the applicable decision-making procedures and the disclosure requirements.

Article 3 Related party transactions of the Company shall observe the following basic principles:

(I) A written agreement shall be entered into for the related parties transactions between the Company and related person, and such written agreement shall be in the principle of equality, voluntariness, equal value and compensation; the agreement contents shall be clear, specific and executable;

- (II) Principles of impartiality, fairness and openness. A related party transaction shall have commercial substance, and its price shall be fair. In principle, it shall not deviate from the price or charging standard of an independent third party in the market and other trading conditions. For related party transactions that are difficult to compare market prices or with price restrictions, the standards for costs and profits should be clearly defined through contracts;
- (III) Related shareholders shall abstain from voting at the general meeting in considering related party transactions related to them;
- (IV) Any director with any interest with related parties shall abstain from voting on the said matter when voting by the Board of Directors;
- (V) The Board of the Company should judge whether related party transactions are beneficial to the Company based on objective standards, and if necessary, hire professional assessors or independent financial advisors to express opinions.

Article 4

The general meeting and the Board shall supervise, manage and approve the related party transactions of the Company in accordance with the Hong Kong Listing Rules, the SSE Listing Rules and the Articles of Association. The Finance Department is responsible for the daily management of related party transactions, formulating the pricing principles of related party transactions, calculating the transaction amounts of related party transactions and assisting the secretary of the Board for information disclosure of related party transactions. The secretary of the Board is responsible for the information disclosure of related party transaction.

Chapter 2 Related Parties

Article 5 Related parties of the Company include related legal persons (or other organisations) and related natural persons, which are defined as per the Hong Kong Listing Rules, the SSE Listing Rules and relevant laws and regulations.

Article 6 According to the SSE Listing Rules, the following persons (or other organisations) shall be considered as a related legal person (or other organisation) of the Company:

- (I) legal persons (or other organisations) who have direct or indirect control over the Company;
- (II) legal persons (or other organisations) who are directly or indirectly controlled by the legal persons or other organisations set out in the preceding paragraph, except for the Company, its controlling subsidiaries and other entities controlled by it;
- (III) legal persons (or other organisations) who are directly or indirectly controlled by the related natural persons listed set out in Article 7 herein, or whose directors (other than being an independent director of both parties) and senior management are such related natural persons, except for the Company, its controlling subsidiaries and other entities controlled by it;
- (IV) legal persons (or other organisations) who hold more than 5% of the shares of the Company as well as persons acting in concert;
- (V) legal persons (or other organisations) identified by the Company based on the “substance over form” principle that have a special relationship with the Company, which may cause or have caused the interests of the Company to be inclined to them.

Where the circumstance set out in the preceding Paragraph (II) occurs due to that the Company and the legal person set out in Paragraph (II) are controlled by the same state-owned assets administration and form, no related party relationship shall be formed as a result thereof, except the legal representative, chairman of the Board, general manager or more than half of the directors of such legal person concurrently serve as the directors or senior management of the Company.

Article 7 According to the SSE Listing Rules, the following persons shall be considered as a related natural person of the Company:

- (I) natural persons who directly or indirectly hold more than 5% of the shares of the Company;
- (II) directors and senior management of the Company;
- (III) directors, supervisors (if any) and senior management of the legal person (or other organisation) set out in Paragraph (I) of Article 6 herein;
- (IV) close family members of the persons set out in Paragraphs (I) and (II) of this Article, including the spouse, parents and parents of the spouse, brothers and sisters and their spouses, children over the age of 18 and their spouses, brothers and sisters of the spouse and parents of the spouses of the children;
- (V) natural persons identified by the Company based on the “substance over form” principle that have a special relationship with the Company, which may cause or have caused the interests of the Company to be inclined to them.

Article 8 Based on the SSE Listing Rules, the following legal persons or other organizations or natural persons shall be considered as a related person of the Company:

- (I) When one of the circumstances described in Article 6 or Article 7 herein will occur upon which an agreement or arrangement is signed or made with the Company after or within the coming 12 months the agreement or arrangement comes into effect;
- (II) When one of the circumstances described in Article 6 or Article 7 herein occurred in the past 12 months.

Article 9 A relation between the parties mainly refers to the methods or means which can directly or indirectly control or impose major influence on the Company in terms of financial and operating policies; it mainly includes relationships in respect of shareholding, personnels, management and commercial interests between the related person and the Company.

Article 10 Determination of a related party relationship shall be based on the specific method, means and extent in which the related party controls or influences the Company.

Article 11 According to the Hong Kong Listing Rules, apart from the exceptions prescribed by it, related persons of the Company and its subsidiaries usually include the following parties:

- (I) Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries (as defined in the Hong Kong Listing Rules) (i.e., persons entitled to exercise or control the exercise of 10% or more of the voting rights at the general meetings of the Company);
- (II) Any person who has served as a director of the Company or any of its subsidiaries within the past 12 months (together with persons referred to in Paragraph (I) of this Article as the “Basic Connected Person”);
- (III) Associates of any of the Basic Connected Person, including:
 - 1. Where the Basic Connected Person is an individual:
 - (1) The spouse of the individual, and any child or step-child (natural or adopted) of the individual or his/her spouse under the age of 18 years (the “Immediate Family Member”);
 - (2) The trustee of any trust acting as trustee in favour of that individual or any Immediate Family Member thereof or, in the case of a discretionary trust, the subject of (to his/her knowledge) the discretionary trust;
 - (3) A controlled company (as defined in the Hong Kong Listing Rules), 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Immediate Family Member and/or the trustee (individually or jointly), or any subsidiary of the company;
 - (4) Any person with whom he/she cohabits like a spouse, any child, step-child, parent, step-parent, sibling, step-sibling (the “Family”); or any company in which a family member (individually or jointly) directly or indirectly holds or in which a family member, together with himself/herself, his/her Immediate Family Member and/or the trustee holds a majority of control, or any subsidiary of the company; and
 - (5) If the Basic Connected Person, their Immediate Family Member and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be associate of such a Basic Connected Person.

Subject to the exceptions under the Hong Kong Listing Rules, the persons set out in Paragraphs (1), (2) and (3) above are “close associate” of the Basic Connected Person.

2. Where the Basic Connected Person is a company (i.e., the major corporate shareholder):
 - (1) A subsidiary or controlling company of a major corporate shareholder, or a fellow subsidiary of the controlling company (the “Related Company”);
 - (2) The trustee of any trust acting as trustee in favour of the major corporate shareholder or, in the case of a discretionary trust, the subject of the discretionary trust (to the knowledge of the major corporate shareholder);
 - (3) A controlled company, 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Related Company and/or the trustee (individually or jointly), or any subsidiary of the company; and
 - (4) If the Basic Connected Person, their Related Company and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under PRC law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be associate of such a Basic Connected Person.

Subject to the exceptions under the Hong Kong Listing Rules, the persons set out in Paragraphs (1), (2) and (3) above are “close associate” of the Basic Connected Person.

- (IV) A non-wholly-owned subsidiary of the Company, where any connected persons at the corporate level have the right to exercise or control the exercise of 10% or more of the voting rights individually or jointly at the general meeting of the non-wholly-owned subsidiary, and the subsidiaries of the non-wholly-owned subsidiary.

Article 12 The directors, senior management, shareholders holding more than 5% of the shares of the Company and persons acting in concert, and de facto controllers shall promptly submit to the Board a list of related parties and a description of the related relationships, and the Company shall perform the registration and management thereof.

The related party transaction management department of the Company is responsible for collecting and updating the information of related parties.

Chapter 3 Related Party Transactions

Article 13 Related party transactions are the transfer of resources or obligations between the Company, its controlling subsidiaries or other entities controlled by it and related parties of the Company. Such related party transactions may be one-off transactions or continuing transactions.

Article 14 “Transactions” include both capital and revenue nature transactions, whether or not conducted in the ordinary course of business of the Company. These transactions include the following types of transactions:

- (I) acquisition or disposal of assets by the Company, including a deemed disposal under the Hong Kong Listing Rules;
- (II) grant, acceptance, transfer, exercise, non-exercise or termination of an option to acquire or dispose of assets or to subscribe for securities;
- (III) entering into or terminating finance leases or operating leases or sub-leases (including lease or sub-lease of property);
- (IV) granting an indemnity, or providing or receiving financial assistance. “Financial assistance” includes granting credit, lending money, or providing an indemnity, guarantee or security in respect of a loan, interest-bearing or interest-free borrowings, entrusted loans, etc.;
- (V) entering into an agreement or arrangement to set up a joint venture in any form (e.g., a partnership or a company), or any other form of joint arrangement;
- (VI) issuing new securities of the Company or its subsidiaries;
- (VII) providing or receiving services;

- (VIII) external investment (including entrusted wealth management, investment in subsidiaries, etc.);
- (IX) providing financial assistance (including interest-bearing or interest-free borrowings, entrusted loans, etc.);
- (X) providing guarantees;
- (XI) lease or rental of assets;
- (XII) entering into a management contract (including the entrusted or contracted asset and business management, etc.);
- (XIII) donating assets or receiving donated assets;
- (XIV) creditor's rights or debt restructuring;
- (XV) entering into license agreements;
- (XVI) transfer or acceptance of research and development projects;
- (XVII) waiver of rights (including the right of first refusal and right of first offer, etc.);
- (XVIII) purchase or sales of raw materials, fuels and power;
- (XIX) purchase or sales of products and commodities;
- (XX) entrusted or contracted purchase or sales;
- (XXI) deposit and loan businesses;
- (XXII) co-investment with related parties;
- (XXIII) providing, receiving or sharing services;
- (XXIV) other matters that may result in the transfer of resources or obligations by agreement; or
- (XXV) other matters that the stock exchange(s) where the Company's shares are listed deems to be related party transactions.

Article 15 The Company shall, in accordance with the test method of the Hong Kong Listing Rules, distinguish the categories of connected transaction, and comply with or obtain waiver from complying with the requirements of reporting, announcement, and approval of independent shareholders when signing an agreement. In general, any connected transaction that not being expressly exempted under the Hong Kong Listing Rules must comply with the requirements of reporting, announcement, and approval of independent shareholders; among which

- (I) Reporting refers to the disclosure of relevant details in the annual reports and financial statements of the Company after its listing;
- (II) Announcement shall include notification to the Stock Exchange of Hong Kong Limited and announcement on the website of the Stock Exchange and the website of the Company;
- (III) If the approval of independent shareholder is required, the Company shall form an independent board committee and appoint an independent financial adviser. The Company shall prepare circulars to be distributed to shareholders and send to shareholders before the time required by the Hong Kong Listing Rules prior to the general meeting. All connected persons who have a material interest in the transaction must abstain from voting at the general meeting.

Article 16 Continuing related transaction is a related transaction involving the provision of financial assistance, services or goods that are expected to continue or be conducted frequently over a period of time. In addition to judging whether the relevant transactions need to be reported, announced and approved by shareholders when signing the agreement, it is necessary to continuously monitor the execution and whether the amount exceeds the annual cap, and re-comply with the relevant provisions of the SSE Listing Rules and the Hong Kong Listing Rules when the terms of the agreement are materially changed, the amount exceeds the annual cap or the agreement is renewed.

Article 17 The Company shall enter into a written agreement with related parties on each related party transaction (including exempted related party transactions) according to relevant regulations, and state the calculation standard of payment. The duration of the agreement must be fixed and reflect the normal commercial terms. Except as permitted by the Hong Kong Listing Rules and the SSE Listing Rules, the duration of a continuing related transaction agreement shall not exceed three years. A maximum annual amount (the “Cap”) shall be set for each continuing related transaction and the Company shall disclose its basis of calculation. The annual cap shall be expressed in monetary terms, instead of a percentage of the Company’s annual revenue. The Company shall refer to past transactions and data identified in published documents when setting the cap. If the Company has not ever had such transactions, it shall set a cap on reasonable assumptions and disclose details of the assumptions.

If the related party transaction exceeds the cap during implementation, or the agreement needs to be changed or be renewed upon expiration, the related party transaction shall be re-examined and approved in accordance with the Hong Kong Listing Rules, the SSE Listing Rules and the procedures stipulated in the Rules, and re-comply with the relevant requirements of the Hong Kong Listing Rules and the SSE Listing Rules.

Article 18 The related party transaction of the Company shall follow the pricing principles and methods below:

- (I) The principles of the state price, market price and negotiation between the parties shall, in such order, apply when determining the price of the related party transaction. The approach of cost plus reasonable margin shall apply in the event of absence of state price and market price. Should the above pricing approaches be unavailable, the price shall be determined through negotiation between the parties.
- (II) The parties to the transaction should determine the pricing method according the specific circumstances of the related party transaction and clarify it in relevant agreement in respect of the related party transaction.
- (III) Market price: The prices and rates of identical or similar assets, goods or services, which are determined according to normal commercial terms by an independent third party without deviating from the market.
- (IV) Cost-plus price: Transaction prices and rates are determined based on the cost of the assets, goods or services involved in the transaction plus reasonable margin.

- (V) Agreed price: Prices and rates are determined based on arm's length negotiation.

Article 19 Management of the price of related party transaction:

- (I) The parties to the transaction should calculate the transaction amount in accordance with the price and actual quantity agreed in the related party transaction agreement, with payment made according to the means and time agreed in such agreement.
- (II) The financial management department of the Company shall track the market price and cost changes of the related party transaction of the Company, and report the changes to the Board for record.

Article 20 Where the transactions disclosed by the Company involve an asset valuation, the valuation shall be disclosed in accordance with relevant regulations.

Where the appraisal value of the transaction subject involved in the transaction which submitted for consideration at the general meeting has a significant increase or decrease than the book value, the Company shall disclose the detailed reasons for such increase or decrease and the calculation process of the valuation results.

Chapter 4 Decision Procedure of Related Party Transaction

Article 21 When the Board of Directors of the Company deliberates the related party transaction matters, the related directors shall abstain from voting, and may not exercise the voting right on behalf of other directors and his/her voting right shall not be counted towards the total voting rights. The meeting of the Board of Directors may be held when a majority of the non-related directors are attended, while any resolution at the meeting shall be passed by a majority of the non-related directors. If the number of non-related directors attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the general meeting for consideration.

Related directors referred in the preceding paragraph include the following directors or the directors involved in any of the following circumstances:

- (I) a counterparty;
- (II) serves in the counterparty, or serves in a legal person or other organisation that directly or indirectly controls the counterparty or is under direct or indirect control by the counterparty;

- (III) directly or indirectly controls the counterparty;
- (IV) close family members of the counterparty or its direct or indirect controller (refer to Item (IV) of Article 7 of the Rules for the specific scope);
- (V) close family members of the directors or senior management officers of the counterparty or its direct or indirect controller (refer to Item (IV) of Article 7 of the Rules for the specific scope);
- (VI) a director whose independent business judgment may be affected for other reasons as determined by the Company on the basis of the principle of substance over form;
- (VII) other circumstances where, under the Hong Kong Listing Rules, the person or any of his/her related persons has material interests in the transactions.

Article 22 When the general meeting deliberates on related party transactions, any shareholder with a material interest in the transaction (hereinafter referred to as the “Related Shareholder”) as defined under the SSE Listing Rules and the Hong Kong Listing Rules shall abstain from voting.

Article 23 Related shareholders include the shareholders with one of the following circumstances:

- (I) a counterparty;
- (II) directly or indirectly controls the counterparty;
- (III) directly or indirectly controlled by the counterparty;
- (IV) directly or indirectly controlled by the same legal person or other organisation or natural person with the counterparty;
- (V) serves in the counterparty, or serves in a legal person or other organisation that directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty;
- (VI) close family members of the counterparty or its direct or indirect controller;

- (VII) its voting rights are restricted or affected by the existence of an unfulfilled equity transfer agreement or other agreement with the counterparty or its related persons;
- (VIII) shareholders identified by the Company that may cause the interests of the Company to be inclined to them;
- (IX) other circumstances where, under the SSE Listing Rules and the Hong Kong Listing Rules, the person or any of his/her affiliates has material interests in the transactions.

Article 24 The recusal and voting procedures for related directors shall be as follows:

- (I) A related director shall proactively file a recusal request; otherwise, other directors may demand such recusal;
- (II) Where a dispute arises as to whether a director is related, the Board of Directors shall request confirmation of the related relationship from the relevant regulatory authority or the Company's legal counsel, and determine whether recusal is required based on the response from such authority or counsel;
- (III) A related director may attend the meeting to discuss the relevant related party transaction;
- (IV) When the Board of Directors votes on a related party transaction, the related director shall neither exercise voting rights nor delegate voting rights on behalf of other directors.

Article 25 The recusal and voting procedures for Related Shareholders shall be as follows:

- (I) A Related Shareholder shall proactively file a recusal request; otherwise, other shareholders may submit such request to the general meeting;
- (II) Where a dispute arises as to whether a shareholder is related, the presider shall conduct a review, and the legal counsel present at the meeting shall determine whether such shareholder is related in accordance with relevant regulations;
- (III) When the general meeting votes on a related party transaction, the Related Shareholder shall abstain from voting and shall not be counted toward the quorum; shall not delegate voting rights on behalf of other shareholders; after deducting the voting shares represented by the Related Shareholder, the non-related shareholders present shall vote in accordance with the Company's Articles of Association and the Procedure Rules of the General Meeting.

Article 26 Subject to the satisfaction of the requirements under the Hong Kong Listing Rules and the SSE Listing Rules, when the Company and its related parties enter into the following related party transactions, the relevant consideration and disclosure obligations under the Rules may be exempted:

- (I) Subscription by one party in cash for shares, convertible bonds or other derivatives, or publicly issued corporate bonds (including enterprise bonds) offered by the other party to unspecified subscribers;
- (II) Underwriting by one party, as a member of the underwriting syndicate, of shares, convertible bonds or other derivatives, or publicly issued corporate bonds (including enterprise bonds) offered by the other party to unspecified subscribers;
- (III) Receipt by one party of dividends, bonuses or remuneration pursuant to the resolution of the other party's general meeting;
- (IV) Participation by one party in public tenders or auctions conducted by the other party, except where fair pricing cannot be reasonably established through such tenders or auctions;
- (V) Transactions where the Company unilaterally obtains benefits without providing consideration or assuming any obligations, including receiving cash donations, debt forgiveness, guarantees or financial assistance without compensation;

- (VI) Provision of funds to the Company by a related person at an interest rate not higher than the Loan Prime Rate, where no guarantee is required from the Company;
- (VII) Provision of products and services by the Company to related natural persons specified in (II) to (IV) of Article 7 hereof on terms no less favorable than those offered to non-related persons;
- (VIII) Related party transactions where the pricing is mandated by the state;
- (IX) Other circumstances recognized by the stock exchanges where the shares of the Company are listed.

Article 27 Decision-making authority for related party transactions:

The Company shall conduct the following ratio tests for proposed connected transactions in accordance with the Hong Kong Listing Rules, including (i) assets ratio, the total value of assets involved in the transaction as a percentage of the Company's total assets; (ii) profits ratio, the profits attributable to the assets involved in the transaction as a percentage of the Company's profits; (iii) consideration ratio, the consideration involved in the transaction as a percentage of the Company's total market capitalization; and (iv) equity capital ratio, the nominal value of equity capital issued as consideration as a percentage of the nominal value of the Company's issued share capital prior to the transaction. The data used for above ratio tests shall be adjusted as required under the Hong Kong Listing Rules in specific cases, with calculation methods strictly following the Hong Kong Listing Rules provisions.

- (I) Related party transactions which the General Manager has the authority to approve:

Pursuant to the SSE Listing Rules, the General Manager may approve (1) related party transactions with related natural persons involving amounts (including assumed liabilities and expenses) below RMB300,000 (excluding guarantees or financial assistance provided by the Company); and (2) related party transactions with related legal persons (or other organizations) involving amounts (including assumed liabilities and expenses) either below RMB3 million, or less than 0.5% of the absolute value of the Company's most recent audited net assets (excluding guarantees or financial assistance provided by the Company).

For related party transactions falling within the General Manager's approval authority, the relevant department first encountering the matter shall submit a written report to the General Manager, the General Manager or General Manager's Office shall evaluate the necessity, reasonableness and pricing fairness of the related party transaction. Necessary related party transactions shall be implemented upon the General Manager or General Manager's Office's approval. The General Manager shall fully report to the Board the related party transactions in the ordinary course of business of the Company which may involve the Board's approval.

Connected transactions that qualify for full exemption under the Hong Kong Listing Rules (as amended from time to time).

(II) Related party transactions which shall be approved by the Board:

According to the SSE Listing Rules, transactions between the Company and its related parties that reach any of the following thresholds shall be approved by the Board after obtaining the consent of a majority of all independent directors: (1) related party transactions with related natural persons with a value (including debts and expenses borne) higher than RMB300,000 and not falling within the approval scope of the general meeting as stated in Paragraph (III) of this Article (save for provision of guarantees or financial assistance by the Company); (2) related party transactions with related legal persons (or other organisations) with a value (including debts and expenses borne) higher than RMB3 million and accounting for more than 0.5% of the latest audited net assets of the Company but not falling within the approval scope of the general meeting as stated in Paragraph (III) of this Article (save for provision of guarantees or financial assistance by the Company); (3) even if the related party transaction is within the authority of the General Manager's approval and implementation, the Board or the independent directors consider it necessary to submit it for the Board's approval; and (4) related party transactions authorised by the general meeting to be reviewed and implemented by the Board shall be considered and approved by the Board.

Related party transactions subject to the approval by the Board shall be reported to the Board by the General Manager or the director who first became involved in such transactions. The Board shall follow the procedure of convening Board meeting, and make a rational judgment and resolution on whether the transaction is a related party transaction.

Pursuant to the Hong Kong Listing Rules as amended from time to time, (1) connected transactions between the Company and related persons at the issuer level of the listed company with any of the applicable percentage ratios of 0.1% or more inclusive; and (2) connected transactions between the Company and related persons at the subsidiary level with any of the applicable ratios of 1% or more inclusive.

- (III) Related party transactions that shall be approved by the Company's general meeting:

With respect to a connected transaction that is not exempted under the Hong Kong Listing Rules as amended from time to time (subject to reporting, announcements and independent shareholder approval), under the current Hong Kong Listing Rules, where either of the above ratio tests fails to be satisfied "less than 5%, or less than 25% and the transaction has an annual consideration of less than HK\$10 million", the connected transaction shall be proposed to the general meeting for consideration and approval after the approval by the Board.

According to the SSE Listing Rules, (1) related party transactions with related persons with an amount of RMB30 million or more and accounting for 5% or more of the absolute value of the Company's latest audited net assets (excluding the guarantee or financial assistance provided by the Company, the donated cash assets received by the Company, or the debts that purely reduce the obligations of the Company); (2) related party transactions that the general manager and the Board have the right to decide and implement, while in the opinion of the independent directors, shall be proposed to the general meeting for consideration and approval.

With respect to a related party transaction that shall be submitted to the general meeting for approval based on the judgment of the Board, the Board shall resolve to propose the same to the general meeting for consideration and issue a circular on the convening of the general meeting in which the date, place and resolutions of the general meeting shall be specified and the contents and nature of the related party transaction and information of related persons involved shall be expressly specified.

Pursuant to the Hong Kong Listing Rules as amended from time to time, connected transactions with related persons where any of the applicable percentage ratios is more than five percent (5%).

Article 28 Where the transaction between the Company and related parties (other than the receipt of cash assets as gift, the debts that purely reduce the obligations of the Company, and provision of guarantee or financial assistance) exceeds RMB30 million and accounts for more than 5% of the latest audited net assets of the Company, the Company shall engage an intermediary agency qualified to perform securities and futures businesses to evaluate or audit the subject of the transaction, and submit the transaction to the general meeting for consideration and approval.

Ordinary related transactions hereunder are not required to be audited or valued.

Where the Company and its related parties jointly contribute capital to establish a company, and the capital contribution of the Company falls within the approval scope of the general meeting under Paragraph (III) of Article 27, in which case all contributors make all capital contributions in cash and the proportion of equity in the established company held by each party is determined based on the proportion of their respective capital contribution, the Company may be exempted from the requirements of the submission to the general meeting for consideration and approval.

Where a related party transaction of the Company does not fall within the approval scope of the general meeting under Paragraph (III) of Article 27, but is subject to the principle of prudence of the CSRC and the Shanghai Stock Exchange, the requirements of the Articles of Association or other regulations, or the voluntary submission to the general meeting for consideration, the Company shall fulfil the consideration procedures and information disclosure obligations set out in the preceding paragraph and be subject to relevant audit or valuation requirements.

Where the subject of the transaction is the equity of the Company, the Company shall engage certified public accountants qualified to perform securities and futures businesses to audit the financial accounting report for the last fiscal year plus an interim period relating to the subject of the transaction, and the interval between the closing date of audit and the date of the general meeting to consider such transaction shall not exceed 6 months. Where the subject of the transaction is assets other than the equity of the Company, the Company shall engage an asset valuation agency qualified to perform securities and futures businesses to conduct a valuation, and the interval between the valuation base date and the date of entering into the agreement shall not exceed one year.

Article 29 The related party transactions conducted between the Company and related parties in the ordinary course of business shall follow the corresponding consideration procedures in accordance with the following provisions:

- (I) For an ordinary related transaction conducted for the first time, the Company shall enter into a written agreement with the related party, and submit the transaction amount involved in the agreement that is applicable to the provisions of Article 27 to the Board or the general meeting for consideration and approval (if necessary). Where there is no specific transaction amount in the agreement, it shall be submitted to the general meeting for consideration and approval;
- (II) For an ordinary related transaction agreement which is considered and approved by the Board or the general meeting and is being performed, if there is no significant change in the principal terms during the execution, the Company shall disclose the actual performance of each agreement in the annual and interim reports as required, and state whether it conforms to the provisions of the agreement. If there are material changes in the principal terms of the agreement during the execution or the agreement needs to be renewed upon expiration, the Company shall amend or renew the ordinary related transaction agreement, and submit the transaction amount involved in the agreement that is applicable to the provisions of Article 27 to the Board or the general meeting for consideration and approval (if necessary);
- (III) The Company may reasonably estimate the amount of ordinary related transactions for the current year by category, and fulfil the consideration procedures and information disclosure obligations. If the actual amount exceeds the estimated amount, the Company shall re-comply with the consideration procedures and information disclosure obligations based on the excess amount;
- (IV) The Company shall disclose the actual performance of ordinary related transactions by category in the annual and interim reports;

- (V) For an ordinary continuing related transaction agreement relating to a large number of ordinary related transactions each year, if it is difficult to submit each agreement to the Board or the general meeting for consideration and approval due to the frequent conclusion of agreements, the Company shall enter into a related party transaction framework agreement with each counterparty in accordance with the Hong Kong Listing Rules and the provisions of Article 16 and Article 17 herein, and set an annual cap for the transaction amount. Such framework agreement and annual cap shall be submitted to the Board or the general meeting for consideration and approval under Article 27 of the Rules. Where the amount of an ordinary related transaction exceeds the estimated annual cap, the Company shall re-comply with the reporting, announcement or independent shareholders' approval requirements under the Hong Kong Listing Rules based on the excess amount that is applicable to Article 27.

Article 30 The agreements for related party transactions involved in the usual course of business of the Company shall at least include main clauses such as clauses on the transaction price, the principle and basis of pricing, the total number of the transactions or its method of determination, the payment date and payment terms. Subject to the satisfaction of the requirements under the Hong Kong Listing Rules and the SSE Listing Rules, if the duration of the agreement of such related party transaction between the Company and the related parties is more than three years, the relevant review procedures and disclosure obligations shall be fulfilled every three years in accordance with relevant requirements.

Article 31 For the relevant transactions which the Company enters into with different related parties for 12 consecutive months on subject matters under the same transaction category, or related party transactions entered into with the same related parties, the cumulative transaction amounts shall be calculated and submitted to the Board or the general meeting for approval in accordance with Article 27 herein, and disclosed in accordance with relevant requirements. The same related party includes other related parties which are under the same direct or indirect control by a legal person or other organizations or natural person, or with mutual equity holding relationships.

Article 32 Any provision of guarantee by the Company to its related persons, regardless of its value, is subject to consideration by general meeting after being considered and passed by the Board.

Where the Company provides guarantee to related persons, in addition to the consideration and approval by more than half of all non-related directors, it is also subject to consideration and approval by more than two-thirds of the non-related directors present at the Board meeting, and shall be submitted to the general meeting for consideration. Where a guarantee is provided by the Company to the controlling shareholder, de facto controller and its related parties, such controlling shareholder, de facto controller and related parties shall provide counter guarantee.

If the guaranteed party becomes a related person of the Company due to a transaction or related party transaction, the Company shall perform the corresponding review procedures and information disclosure obligations for the existing related guarantee while executing such transaction or related party transaction.

If the related guarantee specified in the preceding paragraph fails to be approved at the Board meeting or the general meeting, the parties to the transaction shall take effective measures such as early termination of the guarantee.

If the Company provides guarantee for a shareholder who holds less than 5% of the Company's shares, it shall be subject to the requirements as prescribed in the preceding paragraph, and such shareholder shall not vote at the general meeting.

Article 33 The Company shall not provide financial assistance to the related persons specified in Article 6 and Article 7 of these Rules, except for financial assistance provided to an affiliated joint-stock company not controlled by the controlling shareholders and de facto controllers of the Company whose other shareholders will provide financial assistance on the same conditions in proportion to their capital contributions.

Where the Company provides financial assistance to the affiliated joint-stock company specified in the preceding paragraph, in addition to the consideration and approval by more than half of all non-related directors, it is also subject to consideration and approval by more than two-thirds of the non-related directors present at the Board meeting, and shall be submitted to the general meeting for consideration.

Article 34 For a joint venture set up by the Company and related persons, the Company's capital contribution shall be taken as the transaction value, and the provisions of Article 27 of these Rules shall apply.

Article 35 If there is a related party transaction between the Company and its related parties due to the waiver of rights, in accordance with the standards stipulated in Rule 6.1.14 of the SSE Listing Rules, the provisions of Articles 27 of these Rules shall apply.

Article 36 If the relevant arrangement of the transaction between the Company and its related party involves a conditionally determined amount such as consideration that may be paid or received in the future, the estimated maximum amount shall be the transaction amount, and the provisions of Articles 27 of these Rules shall apply.

Article 37 For entrusted wealth management between the Company and its related parties, if it is difficult to perform the consideration procedures and disclosure obligations for each investment transaction due to the frequency of transactions and time-limitation requirements, the investment scope, investment quota and period may be reasonably estimated and, using the quota as the basis of calculation, the provisions of Articles 27 of these Rules shall apply.

The period for using the relevant quota shall not exceed 12 months, and the transaction amount at any point of time in the period (including the relevant amount for reinvestment of the aforementioned investment gains) shall not exceed the investment quota.

Article 38 The Company shall take effective measures to prevent shareholders and their related parties from interfering in the Company's operation by means of monopolizing procurement or sales channels, etc., and damaging the Company's interests. The Company shall not directly or indirectly provide funds to the controlling shareholder and other related persons for use in the following ways:

- (I) Paying salaries, benefits, insurance and advertisement in advance for controlling shareholders, de facto controller and other related parties and undertaking any cost and other outgoings;
- (II) Lending the Company's funds (including entrusted loans) to the controlling shareholders, de facto controllers and other related persons with or without compensation, except when the other shareholders of the Company's joint-stock companies provide funds in the same proportion. The aforementioned "joint-stock companies" do not include companies controlled by the controlling shareholders or de facto controllers;

- (III) Entrusting controlling shareholders, de facto controllers and other related persons to carry out investments;
- (IV) Issuing commercial acceptance notes without real transactions background for controlling shareholders, de facto controllers and other related persons, and providing funds in the form of purchase payment, payment for asset transfer, prepayment, etc. in the absence of consideration for goods and services or when it is obviously contrary to business logic;
- (V) Repaying debts for controlling shareholders, de facto controllers and other related persons;
- (VI) other means as identified by the CSRC.

Article 39 Under the Hong Kong Listing Rules as amended from time to time, related party transactions shall be disclosed in accordance with the existing Hong Kong Listing Rules, except for those having total exemption (exempt from obligations of reporting, announcement and independent shareholder's approval) below:

when each ratio stated in Article 27 is (1) lower than 0.1%, or (2) lower than 1% and when relevant transactions become related party transactions only because the related persons is related to one of more subsidiaries of the Company, or (3) lower than 5% and the consideration of transactions is lower than HK\$3,000,000 each year.

Pursuant to the SSE Listing Rules, related party transactions between the Company and related natural persons with an amount over RMB300,000 (except where the Company provides a guarantee or financial assistance) shall be disclosed in a timely manner. Related party transactions between the Company and related legal persons with an amount over RMB3 million and higher than 0.5% of the latest audited net assets of the Company (except where the Company provides a guarantee or financial assistance) shall be disclosed in a timely manner. For related party transactions of the Company which do not meet the aforementioned criteria but are required by the CSRC and the Shanghai Stock Exchange in accordance with the principle of prudence or by the Articles of Association or other regulations to or on a voluntary basis be submitted to the general meeting for consideration, the disclosure obligations shall be performed in accordance with the regulations as prescribed in the preceding paragraph. If the guaranteed party became a related party of the Company due to a transaction or related party transaction, the Company shall perform the corresponding disclosure obligations for the existing related party guarantee while executing such transaction or related party transaction.

Chapter 6 Supplementary Provisions

- Article 40** Related party transactions between subsidiaries (within the meaning prescribed in the Hong Kong Listing Rules) or controlled subsidiaries (namely, companies of which the Company holds more than 50% of its shares, which can determine the election of more than half of the members of its board of directors, or which is controlled by the Company through agreement or other arrangements) of the Company and related parties shall be deemed to be conducted by the Company and shall be subject to the approval procedures under the Rules.
- Article 41** Documents in relation to the decision-making records of related party transactions and resolutions shall be kept by the Board secretary for a term of no less than ten years.
- Article 42** For the purpose of the Rules, the terms of “no less than” or “no more than” shall each include the said number; and the terms of “lower than” or “above” shall not include the said number.
- Article 43** The Rules shall be formulated by the Board of the Company and considered and approved at the general meeting of the Company, which is also required for any amendment.
- Article 44** Matters not covered by the Rules shall be subject to the Articles of Association, the Hong Kong Listing Rules, the SSE Listing Rules and other relevant laws and regulations. In case of any conflict or inconsistency between the Rules and the Articles of Association, the Hong Kong Listing Rules, the SSE Listing Rules and other relevant laws and regulations to be issued or amended in the future, the latter shall prevail.
- Article 45** The Rules shall be subject to the interpretation by the Board of the Company.

RED STAR MACALLINE GROUP CORPORATION LTD.

THE RULES FOR THE MANAGEMENT OF THE PROCEEDS RAISED

Chapter 1 General Provisions

Article 1 In order to strengthen and regulate the use and management of proceeds raised by Red Star Macalline Group Corporation Ltd. (the “Company”), and improve the efficiency and effectiveness of the use of proceeds, the Rules for the Management of Proceeds of Fund (the “Rules”) are formulated according to the relevant laws, regulations and regulatory documents, such as the Company Law of the PRC, the Listing Rules of Shanghai Stock Exchange (the “SSE Listing Rules”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), Shanghai Stock Exchange Self-regulatory Guidelines for Listed Companies No. 1 – Standardized Operation (the “Guidelines for Standardized Operation”), Guidelines for the Application of Regulatory Rules – Issue No. 7, and the Rules on the Supervision of Funds Raised by Listed Companies, and the Articles of Association of Red Star Macalline Group Corporation Ltd. (hereinafter referred to as “Articles of Association”) in consideration of the Company’s actual condition.

Article 2 The proceeds refer to the funds raised from investors for specific use by our Company in the stock exchanges where the Company’s shares are listed (the “Stock Exchanges”) by the issuance of stocks or other securities with equity nature (including initial public offering of shares, allotment of shares, additional issue of shares, issuing convertible corporate bonds, etc.), but do not include the funds raised by listed companies for the implementation of equity incentive plans.

The excess fund (“Excess Fund”) refers to the excess of the actual net proceeds over the amount of proceeds planned to be raised.

Article 3 The proceeds shall be carefully used by the Company in accordance with the purposes listed in the prospectus or other public offering documents and the purpose shall not be changed without authorization.

The Company shall make true, accurate and complete disclosure of the actual use of the proceeds. In case of any situation having a serious impact on the normal operation of the proceeds investment plan, the Company shall make a relevant announcement in a timely manner.

As to the Investment Project implemented through the Company's subsidiaries or other entities controlled by the Company, the Company shall ensure compliance with the Rules by such subsidiaries or such other entities controlled by it.

Article 4 The board of directors of the Company shall continue to pay attention to the deposit, management and use of proceeds, effectively prevent investment risks and improve the efficiency of the use of proceeds. The directors and senior executives of the Company shall perform their duties diligently to ensure the security of the Company's proceeds and shall not manipulate the Company for an unauthorised or disguised change of the use of proceeds.

Article 5 The accounting department of the Company shall set up a ledger for the use of proceeds, and record in detail the expenditure of proceeds and the investment in the proceeds-financed projects.

The internal audit department of the Company shall inspect the deposit and use of proceeds at least once every six months, and report the results of inspection to the audit committee in a timely manner.

If the audit committee of the Company is of the view that there are non-compliance or material risks in the management of the proceeds by the Company, or the internal audit department has not submitted a report on the results of inspection in accordance with the provisions of the preceding paragraph, it shall report to the Board in a timely manner. The Board shall, after receiving the report, report to the Stock Exchanges and make an announcement in a timely manner.

Article 6 The controlling shareholder(s), de facto controller(s) and other related parties of the Company shall not occupy the proceeds of the Company, nor use the proceeds of the Company and the investment projects in which the proceeds are invested (the "Investment Projects) to obtain improper benefits.

Article 7 Sponsors should follow the Administrative Measures for the Sponsorship Business of the Issuance and Listing of Securities and the Rules to perform sponsorship duties and implement the continuous supervision of management and use of proceeds of the Company.

Article 8 Where the use of proceeds is subject to information disclosure, it shall be implemented in accordance with the Company's the Rule of Information Disclosure.

Chapter 2 Deposit of the Proceeds into the Special Account

Article 9 The Company shall prudently select a commercial bank and open a special account for proceeds (hereinafter referred to as “special account”). Proceeds shall be deposited in a special account opened as determined by the Board for centralized management and use, the Special Account shall not be used for depositing funds other than the proceeds or for other purposes.

If the Company has undertaken two or more fund raising activities, it shall open a special account for proceeds separately for each activity. The Excess Fund shall also be deposited in the special account for proceeds for management.

Chapter 3 Use of the Proceeds

Article 10 The Company shall sign the three-party supervision agreement with the sponsors or independent financial advisers and the commercial bank in which the proceeds are deposited (the “Commercial Bank”) within one month after the proceeds are transferred to the account and make a timely announcement. After the relevant agreement is signed, the Company can use the proceeds. The agreement shall at least include the following contents:

- (I) The Company shall deposit all proceeds into the special account;
- (II) Account number of the special account, the projects funded by the proceeds related to the special account and the amount deposited;
- (III) The Commercial Bank shall provide the Company bank statements of the special account on a monthly basis and make a copy for the sponsors or independent financial advisers;
- (IV) If the Company withdraws more than RMB50 million at one time or in aggregate within 12 months from the special account for deposit of proceeds, and the amount reaches 20% of net proceeds deducting the issuing expense from the total proceeds (the “Net Proceeds”), the Company shall promptly notify the sponsors or independent financial advisers;
- (V) The sponsors or independent financial advisers may visit the Commercial Bank for access of the information related to the special account for deposit of proceeds any time;

- (VI) The supervision duties of the sponsors or independent financial advisers, the notification and cooperation duties of the Commercial Bank, the supervision method of the sponsors or independent financial advisers and the Commercial Bank on the use of the proceeds of the Company;
- (VII) Liability for breach of contract of the Company, the Commercial Bank and the sponsors or independent financial advisers;
- (VIII) In case of the Commercial Bank's failure, for three times, to timely provide bank statements to the sponsors or independent financial advisers, and failure to meet the sponsors' or independent financial advisers' request to inquire and investigate into information on the special account, the Company may terminate the agreement and cancel such special account for deposit of proceeds.

If the agreement is terminated before the expiry date, the Company shall sign a new agreement with relevant parties within two weeks from the date of termination of the agreement, and promptly make an announcement.

Article 11 If proceeds are invested in overseas projects, in addition to being in compliance with the provisions of the Rules, the Company and sponsors shall also take effective measures to ensure the security and regulatory-compliant utilization of proceeds invested in overseas projects, and disclose the relevant specific measures and actual results in the Special Report on the Deposit, Management and Actual Use of Proceeds of the Company.

Article 12 If the sponsors or independent financial advisers find that the Company and the Commercial Bank have not performed the three-party supervision agreement for deposit of proceeds in the special account in accordance with the agreement, the sponsors or independent financial advisers shall promptly report to the Stock Exchanges in writing upon knowledge of the relevant facts.

Article 13 The Company shall establish and improve an internal control system for the deposit, management, use, change of purpose, supervision and accountability of proceeds, clarify the hierarchical approval, decision-making procedures, risk control measures and information disclosure requirements for the use of proceeds and standardize the use of proceeds. The use of proceeds shall strictly adhere to the procedures for decision-making and approval as stipulated in these Rules and the relevant regulations of the Company. Information disclosure obligations shall be fulfilled in accordance with applicable laws and regulations.

Article 14 If one of the following situations occurs for any Investment Project, the Company shall promptly re-assess the feasibility and expected return, etc. of the Investment Project to determine whether the implementation of the Investment Project should proceed:

- (I) Significant changes in the market environment relating to the Investment Project;
- (II) After proceeds are received, the suspension of the Investment Project has been for over 1 year;
- (III) The time of completion for the investment plan of proceeds has elapsed and the investment amount has not reached 50% of relevant expected amount;
- (IV) Occurrence of other abnormalities for the Investment Project.

If the Company identifies the circumstances specified in the preceding paragraphs, it shall disclose them in a timely manner. If adjustments are required, the adjusted investment plan of proceeds shall also be disclosed. If any change is involved, the relevant deliberation procedures for changing the use of proceeds shall apply.

The Company shall disclose in its latest periodic report the specific circumstances of the re-examination of Investment Project during the reporting period.

Article 15 The proceeds should be used for specific purposes. The Company's use of proceeds should comply with national industrial policies and relevant laws and regulations, practice the concept of sustainable development, and fulfill its social responsibilities. In principle, the proceeds should be used for Company's main business, which will help enhance its competitiveness and innovation capabilities. The Company shall not perform the followings when using proceeds:

- (I) except for financial enterprises, carrying out financial investments such as financial assets held for trading, other equity instrument investments, provision of loans and entrusted wealth management, as well as direct or indirect investment in companies that engage in trading of marketable securities as their principal business;
- (II) change the use of proceeds in disguised form by way of pledges, entrusted loans or other means;

(III) make available the proceeds, whether directly or indirectly, to controlling shareholder(s), de facto controller(s) and other connected parties, or provide convenience to connected parties for improper gains from the Investment Projects;

(IV) other acts that violate the provisions on the management of proceeds.

Article 16 When the Company uses the proceeds for the following purposes, the usage shall be considered and approved by the Board, and the Company shall make timely disclosure after giving an explicit opinion by the sponsors or independent financial advisers:

(I) Using proceeds to replace self-raised funds invested for the Investment Project;

(II) Using temporarily idle proceeds for cash management;

(III) Using temporarily idle proceeds for temporary replenishment of liquidity;

(IV) Changing the use of the proceeds;

(V) Using Excess Fund for projects under construction and new projects, the repurchase and cancellation of the Company's shares in accordance with the laws;

In the event of the circumstances stipulated in items (IV) and (V) of the preceding paragraph, such subjects shall also be considered and approved by the general meeting;

Where any related transaction, asset acquisition or external investment is involved, the review procedure and disclosure obligation shall be performed in accordance with the SSE Listing Rules.

Article 17 If the Company invests its self-raised funds in Investment Projects in advance and replaces the self-raised funds with proceeds after the proceeds are received, it shall be implemented within six months after proceeds have been transferred to a special account.

During the implementation of Investment Projects using proceeds, funds shall in principle be paid directly from proceeds. Where direct payment from proceeds is indeed difficult for matters such as payment of staff salaries or purchase of overseas products and equipment, replacement with proceeds may be implemented within six months after the self-raised funds are used for payment.

The replacement with proceeds shall be reviewed and approved by the board of directors of the listed company. The sponsors shall express explicit opinions and the Company shall promptly disclose relevant information.

Article 18 The Company may conduct cash management of temporarily idle proceeds, and the cash management shall be implemented through a special account for proceeds or a publicly disclosed product-specific settlement account. If cash management is implemented through a product-specific settlement account, the account shall not be used to deposit non-issuance proceeds or for other purposes. The implementation of cash management shall not affect the normal implementation of the investment plan of the proceeds. Cash management products must meet the following conditions:

- (I) Products with high security, such as structured deposits and certificates of deposit, can not be non-principal-guaranteed products;
- (II) High liquidity, with the product maturity not exceeding twelve months;
- (III) Cash management products may not be pledged.

Only after the due funds of the abovementioned investment products are returned to the special account of proceeds on schedule and make an announcement, can the Company carry out cash management again within the authorized period and amount.

Article 19 When the Company uses temporarily idle proceeds for cash management, it should do so after obtaining approval from the Board, with explicit opinions provided by sponsors or independent financial advisers, and the Company shall announce the following contents within two trading days after the Board meeting:

- (I) Basic information of the proceeds, including the fundraising time, amount of proceeds, Net Proceeds and investment plans;
- (II) Status of the use of proceeds;
- (III) Approved quota and duration of cash management, whether there is any disguised change in the use of proceeds, and measures to ensure that the normal progress of the investment projects with proceeds is not affected;
- (IV) Methods of profit distribution, scope of investment and safety of cash management products;
- (V) Opinions issued by sponsors or independent financial advisers.

The Company shall make an announcement of risk reminder timely and indicate the risk control measures adopted by the Company to guarantee the safety of the funds in the event of circumstances that may harm the interests of the listed company and investors, such as if financial conditions of the issuer have deteriorated and product invested has suffered losses.

Article 20 The Company may temporarily use the idle proceeds to replenish working capital. The maximum period for a single temporary replenishment of working capital shall not exceed twelve months. When the Company temporarily uses idle proceeds to replenish its working capital, it should do so through a special account for proceeds and limit the use to production and operation activities related to its main business. If the Company uses temporarily idle proceeds to temporarily replenish working capital, matters such as the approved quota and duration shall be reviewed and approved by the Board, the sponsor shall express explicit opinions, and the Company shall disclose relevant information in a timely manner.

Article 21 The Company should properly arrange the use plan of Excess Fund based on the Company's development plan and actual production and operation needs. The Excess Fund should be used for ongoing projects and new projects, repurchase and lawful cancellation of the Company's shares. The Company shall clarify the specific use plan of the Excess Fund at the latest when the same batch of Investment Projects are completed as a whole, and shall allocate and utilize the fund according to the plan.

Article 22 The use of Excess Fund shall be resolved by the Board in accordance with the law, the sponsors shall express explicit opinions and submit it to the general meeting for deliberation, and the Company shall promptly and fully disclose relevant information such as the necessity and rationality of using Excess Fund. If the Company uses the Excess Fund for ongoing projects and new projects, it should fully disclose information of relevant projects, such as the implementation plan, investment cycle, rate of return, etc. If it is really necessary to use temporarily idle Excess Fund for cash management or temporary replenishment of working capital, the necessity and rationality should be explained. If the Company uses temporarily idle Excess Fund for cash management or to temporarily replenish working capital, matters such as the approved quota and duration shall be reviewed and approved by the Board, the sponsors shall express explicit opinions, and the Company shall disclose relevant information in a timely manner.

Article 23 Subsequent to the completion of a single Investment Project, any proposed use of remaining proceeds (including interest income) in this Investment Project by the Company for the purpose of any other Investment Projects shall be subject to the consideration and approval of the Board, with explicit opinions provided by sponsors or independent financial advisers. The Company shall make an announcement in a timely manner after the consideration of the Board.

If the remaining proceeds (including interest income) is less than RMB1 million, or less than 5% of the promised investment amount of the proceeds for the said project, the procedure in the preceding paragraph can be waived, provided that usage details should be disclosed in the annual report.

For the use of the remaining proceeds (including interest income) of any single Investment Project for purposes other than the Investment Projects (including replenishment of working capital), the corresponding procedural and disclosure obligations for the change of Investment Projects shall apply.

Upon completion of all of the Investment Projects, the remaining proceeds (including interest income) shall be used by the Company after the consideration and approval of the Board, with explicit opinions provided by sponsors or independent financial advisers. The Company shall make an announcement in a timely manner after the consideration of the Board. If the remaining proceeds (including interest income) account for more than 10% of the Net Proceeds, their use shall also be considered and approved by the general meeting.

If the remaining proceeds (including interest income) is less than RMB5 million, or less than 5% of the Net Proceeds, the procedure in the preceding paragraph can be waived, provided that usage details should be disclosed in the latest periodic report.

Article 24 Where the Investment Projects expected to fail to be completed within the originally scheduled timeframe and the Company proposes to extend its implementation period, such extension shall be subject to timely review and approval by the Board of Directors, and the sponsor shall issue a clear opinion. The Company shall promptly disclose the specific reasons for the failure to complete as scheduled, the current deposit status and accounting records of the proceeds, whether any circumstances exist that may affect the normal progress of the proceeds utilization plan, the expected completion timeline and phased investment schedule and relevant measures to ensure on-schedule completion following the extension.

Article 25 The Company shall arrange the use of proceeds according to the importance of specific projects.

Article 26 The Investment Projects using proceeds shall be implemented in accordance with the scheduled progress of the proceeds investment plan. The Company's project department shall establish a project management system to inspect and supervise fund application, project progress and project engineering quality, and maintain corresponding project files. The Company's finance department shall establish and improve relevant accounting records and original accounts for activities involving the use of proceeds, and regularly inspect and supervise the usage status and effectiveness of the proceeds.

Article 27 Subsidiaries responsible for project execution shall submit fund withdrawal applications based on project progress within the monthly budget. After review by relevant departments within their respective responsibilities, payment procedures shall be processed according to the authorized approval limits for payment amounts.

Chapter 4 Changes in the Use of Proceeds

Article 28 The Company shall not alter the purpose of proceeds without adhering to the requirements of the laws and regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association of the Company. If it becomes necessary to alteration the purpose of the use of proceeds due to market changes, such purposes can be altered only when such alternation has been considered by the Board, approved by the general meeting in accordance with statutory procedures, with express consent from the sponsors or the independent financial advisers, approved by the relevant authorities (if necessary), and disclosed in accordance with SSE Listing Rules, Hong Kong Listing Rules and other regulatory requirements. Related directors or shareholders shall not vote where such alteration involves related transactions.

Article 29 The Company shall use its proceeds in accordance with the purposes specified in the prospectus or other public offering documents, and shall not alter such purposes without authorization. Any of the following circumstances shall be deemed an alteration of the use of proceeds, which shall be resolved by the Board of Directors in accordance with applicable laws, supported by a clear opinion from the sponsor, and submitted to the general meeting for approval. The Company shall promptly disclose the relevant information:

- (I) Cancellation or termination of the original Investment Projects using proceeds and implementation of a new project or permanently replenish working capital;
- (II) Change of the subject of implementation of the Investment Projects using proceeds;
- (III) Change of the implementation methods of the Investment Projects using proceeds;
- (IV) Any other circumstance deemed by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) as constituting an alteration of the use of proceeds.

Where the Company falls under item (I) of the preceding paragraph, the sponsor shall provide a detailed explanation of the primary reasons for the change in the Investment Projects using proceeds and the rationale for its prior sponsorship opinion, with reference to the previously disclosed proceeds related documents.

A change in the subject of implementation of the Investment Projects using proceeds between the Company and its wholly-owned subsidiaries, or solely involving a change in the implementation location, shall not be deemed an alteration of the use of proceeds. Such changes shall be resolved by the Board of Directors without requiring approval by the general meeting, but the sponsor shall issue a clear opinion, and the Company shall promptly disclose the relevant information.

If the Company’s use of proceeds under Articles 18, 20, or 21 of the Rules exceeds the amount or timeframe approved by the Board of Directors, and such breach is material, it shall be deemed an unauthorized alteration of the use of proceeds.

Article 30 The use of proceeds after alteration shall be invested in the Company’s principal business.

Article 31 The Company should scientifically and cautiously analyze the feasibility of the new Investment Project and ensure that the Investment Project is conducive to enhancing the Company's competitive and innovative capabilities, so as to effectively prevent investment risks and improve efficiency of the use of proceeds.

Disclosure regarding the changes in Investment Project shall be made in a timely manner in accordance with the Articles of Association, the Company's Rule of Information Disclosure, SSE Listing Rules, the Hong Kong Listing Rules and other requirements of the securities regulators where the Company's shares are listed. The Company should make an announcement with details of the following after submitting the change to the Board for consideration:

- (I) The basic information of the original Investment Project and the specific reasons for the change;
- (II) Basic information, feasibility analysis and reminders of risks of the new Investment Project;
- (III) Investment plan of the new Investment Project;
- (IV) Explanation of whether the new Investment Project has been approved by the relevant authorities (if applicable);
- (V) Opinions of the sponsors or independent financial advisers in respect of the change of the Investment Project;
- (VI) Explanation that the change of the Investment Project still requires approval at the general meeting;
- (VII) Such other information as required by Stock Exchanges.

A new Investment Project that involves related party transactions, asset acquisition and foreign investments shall also be subject to deliberation procedures and information disclosure obligations in accordance with the relevant requirements of the SSE Listing Rules and other rules.

Article 32 Where the Company changes the use of proceeds to acquire assets (including equity interests) from its controlling shareholder or de facto controller, it shall ensure that such acquisition effectively avoids intra-industry competition and reduces related party transactions.

Article 33 Except that the Investment Project has been transferred to an external party or replaced in the implementation of major asset restructuring by listed companies, where an Investment Project is intended to be transferred to an external party or replaced, the Company should, after approval by the Board, announce the following in a timely manner:

- (I) the specific reasons for the external transfer or replacement of the Investment Project;
- (II) the amount invested in the project from the proceeds;
- (III) the progress and realized profits of the project;
- (IV) basic information, feasibility analysis and reminders of risks (if applicable) of the new project after replacement;
- (V) pricing basis and related profit of the transfer or replacement;
- (VI) opinions of sponsors or independent financial advisers on the transfer or replacement of the Investment Project;
- (VII) explanation that the transfer or replacement of the Investment Project requires approval at the general meeting.

The Company should pay full attention to the receipt and use of the proceeds from the transfer, as well as the ownership changes and continuous operation of the newly-replaced assets, and perform the necessary obligations of information disclosure as required.

Chapter 5 The Management and Supervision of the Proceeds

Article 34 The Board of the Company shall continuously keep track of the actual management and use of proceeds and Excess Fund (if any), conduct a comprehensive inspection of the progress of the Investment Projects every six months, and prepare, review and disclose the Special Report on the Deposit, Management and Actual Use of Proceeds of the Company (the “Special Report on Proceeds”). Relevant special report shall include the basic information of proceeds and Excess Fund and the deposit, management and use of proceeds as stipulated in the “Rules on the Supervision of Proceeds Raised by Listed Companies” and the “No. 1 Guidelines for Self-regulation of Companies Listed on the Shanghai Stock Exchange – Regulation of Operations”.

In case of inconsistency between the actual investment progress and the investment plan for the Investment Projects, the Company shall explain the specific reasons in the Special Report on Proceeds.

During the annual audit, the Company shall engage an accounting firm to issue an assurance report on the deposit and use of proceeds, and shall, at the same time when the annual report is disclosed, submit such report.

Article 35 The subsidiary responsible for the implementation of the project shall regularly or irregularly report to the Company in writing on the Investment Projects, explaining the implementation of the project and the use of funds, and the deposit, management and use of the Special Account for Proceeds, as well as report to the Company every year on the implementation of the project and the use of funds throughout the year.

Article 36 The sponsors or independent financial advisers shall, in accordance with the Administrative Measures for the Sponsorship Business of the Issuance and Listing of Securities, continuously supervise the deposit, management and use of the proceeds raised by the Company. If any abnormal situation is found in the continuous supervision, on-site verification shall be carried out in a timely manner. The sponsors or independent financial advisers shall conduct on-site verification of the deposit, management and use of the proceeds raised by the Company at least every half year. If the sponsors or independent financial advisers find any abnormal situation in continuous supervision and on-site verification, they shall report to the branch office of the CSRC and the Stock Exchanges in a timely manner.

After the conclusion of each fiscal year, the sponsors or the independent financial advisers shall issue a special audit report on the deposit, management and use of proceeds, and the audit report shall be submitted to the Stock Exchanges and disclosed on the Stock Exchanges website when the Company discloses its annual report. The audit report should contain the following contents:

- (I) The deposit and use of proceeds and balance of the special account;
- (II) Progress of the Investment Projects, including the deviation from the planned progress;
- (III) Replacement of the self-raised funds invested in the Investment Projects with the proceeds (if applicable);
- (IV) Replenishment of working capital with idle proceeds and the effects (if applicable);

- (V) Cash management of idle proceeds (if applicable);
- (VI) Use of Excess Fund (if applicable);
- (VII) Changes in the use of proceeds (if applicable);
- (VIII) Use of remaining proceeds (if applicable);
- (IX) Conclusive comments on the compliance of the deposit, management and use of proceeds;
- (X) Other information required by the Stock Exchanges.

After the conclusion of each fiscal year, the Board of the Company shall disclose the specific audit report of the sponsors or the independent financial advisers and conclusive comments in the authentication report of the accounting firm in the Specific Report on Proceeds.

If the sponsor or the independent financial adviser finds that the Company and the Commercial Bank have not performed the three-party supervision agreement for deposit into the special account of proceeds in accordance with the agreement, or discovers significant non-compliance or major risks in the management of the Company's proceeds during the on-site inspection, it shall urge the Company to promptly rectify and report to the Stock Exchanges.

The Company shall cooperate with the sponsors for their continuous supervision, on-site inspection and with the accounting firms for their audit work, and provide, or apply to the bank to provide necessary information related to the deposit, management and use of proceeds.

Article 37 Pursuant to the PRC laws and regulations on foreign exchange administration, the Company shall report relevant information to the competent foreign exchange administration authority in a timely manner.

Chapter 6 Supplementary Provisions

Article 38 After being approved at the general meeting of the Company, the Rules shall come into effect. The same applies to amendment of the Rules.

Article 39 Matters not addressed in the Rules shall be handled in accordance with relevant provisions of the country's laws, regulations, SSE Listing Rules, Hong Kong Listing Rules and the Articles of Association. In case of conflict between provisions of the Rules and the laws, regulations, SSE Listing Rules, Hong Kong Listing Rules or the Articles of Association, the provisions of such laws, regulations, SSE Listing Rules, Hong Kong Listing Rules and the Articles of Association shall prevail.

Article 40 The Rules shall be subject to the formulation, amendment and interpretation of the Board of the Company.

Red Star Macalline Group Corporation Ltd.

Rules for Management of External Investments

Chapter 1 General Provisions

Article 1 To regulate the management of External Investments of Red Star Macalline Group Corporation Ltd. (the “Company”), standardize External Investment behavior of the Company, prevent investment risk and achieve greater External Investment benefits, these Rules are formulated pursuant to the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “SSE Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other laws and regulations and the Articles of Association of Red Star Macalline Group Corporation Ltd. (the “Articles of Association”) together with the specific circumstances of the Company.

Article 2 “External Investments” in these Rules refer to the following domestic and overseas investment behavior of the Company and the wholly-owned subsidiaries and controlled subsidiaries of the Company (the “Subsidiaries”) with an aim for profit or capital preservation and capital gain:

- (I) Engaging in enterprises independently established by the Company or operational projects independently funded by the Company;
- (II) Investments by the Company in establishing joint ventures, cooperative companies or development projects with other domestic or foreign independent legal entities or natural persons;
- (III) Additional investment in holding or investee companies;
- (IV) Holding, participating in, acquiring and transferring other domestic and foreign independent legal entities;
- (V) Investments in financial products such as stocks, funds, bonds, entrusted wealth management, and provision of entrusted loans;
- (VI) Investments in financial derivatives such as hedging, forwards, options and futures or combinations of the above products, underlying assets including interest rates, exchange rates and currencies;
- (VII) Other investments permitted by laws and regulations necessary for the Company’s business development.

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Article 3 The investment activities of the Company shall comply with the following principles:

- (I) compliance with national and provincial and municipal industrial policies;
- (II) compliance with the strategic plan of the Company;
- (III) good economic benefits, and contribution to optimizing the industrial structure of the Company, and development of its core competitiveness;
- (IV) adherence to the scientific outlook on development, adjustment between the investment scale and the asset structure, action according to ability, scientific verification and decision-making.

Chapter 2 Decision-Making Authority for External Investment

Article 4 The authority on investment decision making and decision-making process of the general meeting, the board of directors and the general manager of the Company shall be executed pursuant to the requirements of the Company Law, the SSE Listing Rules, the Hong Kong Listing Rules, the Articles of Association and relevant management mechanism of the Company.

Article 5 If any transaction of the Company (other than the provision of guarantee and financial assistance) fulfills one of the following conditions, such transaction shall be submitted to the board meeting of the Company for consideration and approval and disclosed in due time:

- (I) the total amount of assets involved in the transaction (book value or appraised value, whichever is higher) accounts for more than 10% of the most recent audited total assets of the Company;
- (II) the net assets involved in the subject of the transaction (such as equity) (book value or appraised value, whichever is higher) accounts for more than 10% of the most recent audited net assets of the Company and the absolute amount of the net assets exceeds RMB10 million;
- (III) the volume of the transaction (including debts and expenses borne) accounts for more than 10% of the most recent audited net assets of the Company and the absolute amount of the volume of transaction exceeds RMB10 million;

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- (IV) the profit derived from the transaction accounts for more than 10% of the most recent audited net profit of the Company in the last fiscal year and the absolute amount of the profit exceeds RMB1 million;
- (V) the operating revenue of the subject of the transaction (such as equity) in the last fiscal year accounts for more than 10% of the most recent audited operating revenue of the Company in the last fiscal year and the absolute amount of operating revenue exceeds RMB10 million;
- (VI) the net profit of the subject of the transaction (such as equity) in the last fiscal year accounts for more than 10% of the most recent audited net profit of the Company in the last fiscal year and the absolute amount of the net profit exceeds RMB1 million.

If any data involved in the above mentioned indices is negative, the absolute value of such data shall apply.

If any transaction of the Company falls within the circumstances stipulated in Article 6 of the Rules, it shall also be submitted to the general meeting for consideration.

Article 6

If any transaction of the Company (other than the provision of guarantee and financial assistance) fulfills one of the following conditions, such transaction shall be submitted to the general meeting of the Company for consideration and approval and disclosed in due time:

- (I) the total amount of assets involved in the transaction (book value or appraised value, whichever is higher) accounts for more than 50% of the most recent audited total assets of the Company;
- (II) the net assets involved in the subject of the transaction (such as equity) (book value or appraised value, whichever is higher) accounts for more than 50% of the most recent audited net assets of the Company and the absolute amount of the net assets exceeds RMB50 million;
- (III) the volume of the transaction (including debts and expenses borne) accounts for more than 50% of the most recent audited net assets of the Company and the absolute amount of the volume of transaction exceeds RMB50 million;
- (IV) the profit derived from the transaction accounts for more than 50% of the most recent audited net profit of the Company in the last fiscal year and the absolute amount of the profit exceeds RMB5 million;

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES FOR
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(V) the operating revenue of the subject of the transaction (such as equity) in the last fiscal year accounts for more than 50% of the most recent audited operating revenue of the Company in the last fiscal year and the absolute amount of operating revenue exceeds RMB50 million;

(VI) the net profit of the subject of the transaction (such as equity) in the last fiscal year accounts for more than 50% of the most recent audited net profit of the Company in the last fiscal year and the absolute amount of the net profit exceeds RMB5 million.

If any data involved in the above mentioned indices is negative, the absolute value of such data shall apply.

Article 7 If any transaction of the Company falls within one of the following circumstances, it may be exempted from the submission to the general meeting for consideration under Article 6 of the Rules, but are still subject to the information disclosure obligations under the Rules:

(I) Any transaction of the Company does not involve any payment of consideration or attach any obligations, such as receiving cash assets as gift and waiver of debts;

(II) Any transaction of the Company only fulfills the conditions of item (IV) or (VI) as set out in Paragraph (I) of Article 6 of the Rules, and the absolute amount of the earnings per share of the Company in the last fiscal year is less than RMB0.05.

Article 8 When the Company purchases or disposes of equity, the provisions of Article 5 and Article 6 of the Rules shall be applied for the calculation of key financial indicators based on the changes in the proportion of equity of the target company held by the Company.

Where the transaction will lead to a change in the scope of the consolidated statements of the Company, the relevant financial indicators of the target company corresponding to the equity shall be used as the basis for calculation, and the provisions of Article 5 and Article 6 of the Rules shall apply.

Where the scope of the consolidated statements of the Company changes due to the lease or rental of assets, the entrusted or contracted asset and business management, etc., the provisions of the preceding paragraph shall apply.

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES FOR
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Article 9 If any transaction of the Company fulfills the conditions of Article 6 of the Rules and the subject of the transaction is the equity of the Company, the underlying assets shall be disclosed in the audited financial accounting report for the last fiscal year plus an interim period issued by certified public accountants. The audit opinions issued by such certified public accountants shall be standard unqualified opinions, and the interval between the closing date of audit and the date of the general meeting to consider such transaction shall not exceed 6 months.

If any transaction of the Company fulfills the conditions of Article 6 of the Rules and the subject of the transaction is assets other than the equity of the Company, the underlying assets shall be disclosed in the valuation report issued by an asset valuation agency. The interval between the valuation base date and the date of the general meeting to consider such transaction shall not exceed one year.

The preceding two paragraphs shall apply to transactions which are subject to the principle of prudence of the CSRC and the Shanghai Stock Exchange, the requirements of the Articles of Association of the Company or other law and regulations, and the voluntary submission to the general meeting for consideration.

Article 10 If any transaction of the Company fulfills the conditions of Article 5 of the Rules and the counterparty of such transaction uses non-cash assets as the consideration of such transaction or to offset the debts of the Company, the Company shall disclose the audit report or valuation report of the underlying assets under Article 8 of the Rules.

Article 11 When the Company purchases or disposes of minority equity, if the subject of the transaction is indeed impossible to audit in the financial accounting report for the last fiscal year plus an interim period due to objective reasons such as the Company's inability to exert a control, joint control or significant influence on the subject of the transaction prior to and following the transaction, the Company may be exempted from the disclosure of the audit report under Article 8 of the Rules after disclosing relevant information, unless otherwise provided by the CSRC or the Shanghai Stock Exchange.

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES FOR
MANAGEMENT OF EXTERNAL INVESTMENTS**

Article 12 When the Company conducts transactions other than “provision of guarantees”, “provision of financial assistance”, “entrusted wealth management”, etc., the provisions of Article 5 or Article 6 of the Rules shall be applied for each relevant transaction under the same transaction type, in accordance with the principle of cumulative calculation within 12 consecutive months. If the relevant obligations have been fulfilled in accordance with Article 5 or Article 6 of the Rules, the transaction will no longer be included in the relevant cumulative calculation range.

Except as provided in the preceding paragraph, when the Company purchases or disposes of assets, regardless of whether the subject of the transaction is related or not, if the total assets or transaction amount involved, in aggregate, exceeds 30% of the latest audited total assets of the Company for a cumulative period of 12 consecutive months, in addition to the disclosure and the audit or evaluation with reference to the provisions of Article 9 of the Rules, it shall also be submitted to the general meeting for consideration and passed by more than two-thirds of the voting rights represented by the shareholders who present at the meeting.

Article 13 Despite the requirements as stipulated in the abovementioned Articles 5 and 6, External Investments of the Company may constitute connected transactions and/or discloseable transactions under the SSE Listing Rules, the Hong Kong Listing Rules. Under such conditions, the Company shall make references to the SSE Listing Rules, the Hong Kong Listing Rules, the Rules for the Management of Related Party Transactions and the Rules for Information Disclosure of the Company, and shall meet the relevant requirements of the SSE Listing Rules, the Hong Kong Listing Rules (including the requirements in relation to the restrictions to the authority to approve transactions, abstention from voting by connected persons, information disclosure, whether or not auditing and/or asset valuation is required, etc.).

Article 14 Except for External Investments matters stipulated in the Rules that requires the approval of the board of directors and the general meeting of the Company, all other External Investment matters shall be approved by the general manager of the Company or a financial officer authorized by the general manager based on investment category.

Chapter 3 Subsequent Daily Management of External Investment

- Article 15** The general manager of the Company may formulate an annual investment plan of the Company at the beginning of each year, to be included in its budget management plan, and may submit the same to the strategy committee, the board of directors and the general meeting of the Company for consideration by virtue of his/her authority in decision-making.
- Article 16** Based on the development requirements of the Company, the general manager could select investment projects beyond the scope of the annual investment plan, formulate investment plans thereon and report to the strategy committee, the board of directors and the general meeting of the Company for consideration and approval according to the decision-making authority, and then the project shall be arranged and implemented by the general manager.
- Article 17** In case of any necessary adjustments to the annual investment plan or a separate investment project or investment budget, such adjustments should be under relevant approval procedures after being verified by relevant departments instructed by the general manager.
- Article 18** The investment committee of the Company is responsible for the special research and evaluation of the feasibility of investment projects.
- Article 19** The investment committee of the Company is responsible for tracking the implementation of investment projects and evaluating investment projects.
- Article 20** The internal audit department of the Company is responsible for auditing and supervising investment projects. No one shall refuse or evade supervision in any form or under whatever excuse.
- Article 21** The general manager shall report to the board of directors the progress of major investment projects on a regular or irregular basis.
- Article 22** If failures to invest as planned or to achieve expected return in the investment project or losses occurring in the investment, or other issues are discovered in the internal audit, the general manager shall be responsible for identifying the cause, investigating the responsibility of the relevant personnel and reporting to the board of directors.

Chapter 4 Reporting and Information Disclosure of Significant Event

Article 23 The Company shall perform its information disclosure obligation in respect of its External Investments in strict compliance with the requirements, including the information disclosure obligation stipulated in the SSE Listing Rules and the Hong Kong Listing Rules and the disclosure obligation of inside information which would be likely to materially affect the prices of the Company's securities as set out in relevant laws and regulations.

Article 24 The Subsidiaries shall observe the management system on company information disclosure, and the Company has the right to be informed of relevant information of other investment targets.

Article 25 The information provided by the Subsidiaries and other investment targets shall be true, accurate and complete, and shall be submitted to the Company immediately to allow the secretary to the board of directors to make disclosure in a timely manner.

Chapter 5 Supplementary Provisions

Article 26 For the purpose of the Rules, the terms of "above" and "below" shall be inclusive of the figure itself, whereas "less than" and "more than" shall be exclusive of the figure itself.

Article 27 The Rules has been considered and approved at the general meeting of the Company.

Article 28 Matters not covered in the Rules shall be executed in accordance with relevant laws and regulations, the SSE Listing Rules, the Hong Kong Listing Rules, other requirements of securities regulatory authorities in the place(s) where the stocks of the Company are listed and relevant provisions of the Articles of Association. If there are any contraventions between the relevant requirements of the Rules and relevant laws and regulations, the SSE Listing Rules, the Hong Kong Listing Rules, other requirements of securities regulatory authorities in the place(s) where the stocks of the Company are listed and the Articles of Association to be subsequently promulgated or amended, relevant laws and regulations, the SSE Listing Rules, the Hong Kong Listing Rules, other requirements of securities regulatory authorities in the place(s) where the stocks of the Company are listed and the current Articles of Association or the amended Articles of Association shall prevail.

Article 29 The Rules shall be only be amended and interpreted by the board of director of the Company.

Articles of Association of Red Star Macalline Group Corporation Ltd.

List of Revisions

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 1 The Articles of Association are formulated pursuant to <i>Company Law of the People’s Republic of China</i> (“<i>Company Law</i>”), <i>Securities Law of the People’s Republic of China</i> (“<i>Securities Law</i>”), the <i>Constitution of the Communist Party of China</i> (“<i>Party Constitution</i>”), <i>Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i> (“<i>Listing Rules</i>” or <i>Listing Rules</i>) and other relevant regulations, in order to protect the legitimate rights and interests of Red Star Macalline Group Corporation Ltd. (“<i>Company</i>” or “<i>the Company</i>”) and shareholders and creditors thereof and regulate the organization and behavior of the Company.</p>	<p>Article 1 The Articles of Association are formulated pursuant to <i>Company Law of the People’s Republic of China</i> (“<i>Company Law</i>”), <i>Securities Law of the People’s Republic of China</i> (“<i>Securities Law</i>”), the <i>Constitution of the Communist Party of China</i> (“<i>Party Constitution</i>”), <i>Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i> (“<i>Listing Rules</i>” or <i>Listing Rules</i>) and other relevant regulations, in order to protect the legitimate rights and interests of Red Star Macalline Group Corporation Ltd. (“<i>Company</i>” or “<i>the Company</i>”) and shareholders, employees and creditors thereof and regulate the organization and behavior of the Company.</p>
<p>Article 7 The chairman of the Board is the legal representative of the Company.</p>	<p>Article 7 The chairman of the Board is the legal representative of the Company.</p> <p><u>Where the chairman of the Board resigns, he/she shall be deemed to have resigned as the legal representative at the same time.</u></p> <p><u>Where the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of resignation of the legal representative.</u></p>
<p>Newly added article</p>	<p>Article 8 <u>The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.</u></p> <p><u>Restrictions on the functions and powers of the legal representative under the Articles of Association or by the general meeting shall not be enforceable against a bona fide counterparty.</u></p> <p><u>If the legal representative causes damage to others as a result of the performance of his/her duties, the Company shall bear the civil liability. After the Company has assumed a civil liability, it may, in accordance with laws or the provisions of the Articles of Association, seek indemnification from the legal representative who is at fault.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 8 The Company is a joint stock limited company having perpetual existence.</p> <p>The Company is an independent corporate legal person, which has independent property of a legal person and enjoys the property rights of a legal person.</p> <p>The assets of the Company are divided into equal shares. The shareholders of the Company shall bear liability for the Company to the extent of the shares they hold, and the Company shall bear liability for the debts of the Company with its entire assets.</p>	<p>Article 9 The Company is a joint stock limited company having perpetual existence.</p> <p>The Company is an independent corporate legal person, which has independent property of a legal person and enjoys the property rights of a legal person.</p> <p>The assets of the Company are divided into equal shares. The shareholders of the Company shall bear liability for the Company to the extent of the shares they hold, and the Company shall bear liability for the debts of the Company with its entire assets.</p>
<p>Article 10 The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager and other senior executives, all of whom may, according to the Articles of Association, assert rights in respect of the Company's affairs.</p> <p>Pursuant to the Articles of Association, the shareholders may pursue actions against the Company; pursuant to the Articles of Association, the Company may pursue actions against the shareholders, directors, supervisors and other senior executives; pursuant to the Articles of Association, shareholders may pursue actions against other shareholders; pursuant to the Articles of Association, shareholders of the Company may pursue actions against the Company's directors, supervisors, general manager and other senior executives.</p> <p>The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.</p> <p>"Other senior executives" mentioned in this Article include deputy general manager, secretary of the Board, chief financial officer and other persons appointed by the Board as senior executives of the Company.</p>	<p>Article 11 The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager and other senior executives, all of whom may, according to the Articles of Association, assert rights in respect of the Company's affairs.</p> <p>Pursuant to the Articles of Association, the shareholders may pursue actions against the Company; pursuant to the Articles of Association, the Company may pursue actions against the shareholders, directors, supervisors and other senior executives; pursuant to the Articles of Association, shareholders may pursue actions against other shareholders; pursuant to the Articles of Association, shareholders of the Company may pursue actions against the Company's directors, supervisors, general manager and other senior executives.</p> <p>The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.</p> <p>"Other sSenior executives" mentioned in this Article include general manager, deputy general manager, secretary of the Board, chief financial officer and other persons appointed by the Board as senior executives of the Company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 11 The Company may invest in other limited liability companies or joint stock limited companies and shall be held responsible for the invested companies within the limitation of the amount of the Company's capital contribution. Unless otherwise specified by laws, the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises.</p>	<p>Article 12 The Company may invest in other limited liability companies or joint stock limited companies and shall be held responsible for the invested companies within the limitation of the amount of the Company's capital contribution. Unless otherwise specified by laws, the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises.</p>
<p>Article 14 The Company shall have ordinary shares at all times. With the approval of the company examination and approval authority authorized by the State Council, the Company may have other forms of shares according to relevant laws and administrative regulations when needed.</p>	<p>Deleted</p>
<p>Article 15 The Company shall issue shares in a fair and just manner, and each share of the same category shall have the same right.</p> <p>All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.</p>	<p>Article 15 The Company shall issue shares in a fair and just manner, and each share of the same category<u>class</u> shall have the same right.</p> <p>All shares of the same category<u>class</u> issued at the same time shall be issued under the same conditions and at the same price; any entity or individual<u>the subscribers</u> shall pay the same price for each share.</p>
<p>Article 16 The stock of the Company shall take the form of shares. All shares issued by the Company shall have par values, with each share having a par value of RMB1.</p> <p>RMB referred to in the preceding paragraph refers to the statutory currency of the PRC.</p>	<p>Article 16 The stock of the Company shall take the form of shares. All<u>The</u> shares <u>with par value</u> issued by the Company shall have par values <u>be denominated in RMB</u>, with each share having a par value of RMB1.</p> <p>RMB referred to in the preceding paragraph refers to the statutory currency of the PRC.</p>
<p>Newly added article</p>	<p>Article 19 <u>If the share capital of the Company contains different classes of shares, any alteration made to the rights attached to any shares of such class shall be approved by shareholders attending general meetings of such class of shares with voting rights by special resolutions unless otherwise required. For the purpose of this Article, A Shares and H Shares of the Company shall be deemed as the same class of shares.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Article 19 The total number of ordinary shares issued by the Company upon approval at the time of the Company's incorporation is 3,000,000,000, all of which have been subscribed by the promoters at the time of the Company's incorporation.	Article 20 The total number of ordinary shares issued by the Company upon approval at the time of the Company's incorporation is 3,000,000,000, <u>with a par value of RMB1 per share</u> , all of which have been subscribed by the promoters at the time of the Company's incorporation.
Article 22 The Company or its subsidiaries (including its affiliates) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.	<p>Article 23 The Company or its subsidiaries (including its affiliates) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company. <u>to others for the acquisition of shares of the Company or those of its parent company, except where the Company has implemented an employee stock ownership plan or financial assistance in compliance with Article 23 of the Articles of Association.</u></p> <p><u>In the interests of the Company and in compliance with laws, administrative regulations, departmental rules, and relevant requirements of securities regulatory authorities in the place(s) where the Company's shares are listed, the Company may, by the resolution of a general meeting, or by the resolution of the Board in accordance with the Articles of Association or a mandate granted by the general meeting, provide financial assistance to others for the acquisition of shares of the Company or those of its parent company, provided that the cumulative total of such financial assistance shall not exceed 10% of the total issued share capital. The relevant resolution of the Board shall be passed by more than two-thirds of all directors.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 25 Pursuant to the requirements of the relevant laws, administrative regulations, rules of relevant authorities and the listing rules of the stock exchanges on which its shares are listed, the Company may increase capital based on the needs of operation and development and in accordance with the Articles of Association.</p> <p>The Company may increase its capital by:</p> <p>(I) Public offering of shares;</p> <p>(II) Non-public offering of shares;</p> <p>(III) Placement or offer of new shares to existing shareholders;</p> <p>(IV) Conversion of capital reserve into share capital; or</p> <p>Other means stipulated by laws and administrative regulations and approved by the CSRC.</p> <p>Issuance of new shares by the Company shall be subject to approval as specified in the Articles of Association and follow the procedure specified in the relevant laws and administrative regulations of the state and the place of listing for the shares of the Company.</p>	<p>Article 26 Pursuant to the requirements of the relevant laws, administrative regulations, rules of relevant authorities and the listing rules of the stock exchanges on which its shares are listed, the Company may increase capital based on the needs of operation and development and in accordance with the Articles of Association.</p> <p>The Company may increase its capital by:</p> <p>(I) Public Offering of shares <u>to non-specific targets;</u></p> <p>(II) Non-public Offering of shares <u>to specific targets;</u></p> <p>(III) Placement or Offer of new<u>bonus</u> shares to existing shareholders;</p> <p>(IV) Conversion of capital reserve into share capital; or</p> <p>Other means stipulated by laws and administrative regulations and approved by the CSRC <u>relevant requirements of securities regulatory authorities in the place(s) where the Company's shares are listed.</u></p> <p>Issuance of new shares by the Company shall be subject to approval as specified in the Articles of Association and follow the procedure specified in the relevant laws and administrative regulations of the state and the place of listing for the shares of the Company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 27 The Company shall prepare a balance sheet and a list of property inventory when decreasing its registered capital.</p> <p>The Company shall notify all creditors within 10 days after adoption of the resolution to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall have the right to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.</p> <p>The Company's registered capital shall not, upon the decrease of capital, be less than the statutory minimum limit.</p>	<p>Article 28 The Company shall<u>will</u> prepare a balance sheet and a list of property inventory when decreasing its registered capital.</p> <p>The Company shall notify all creditors within 10 days after adoption of the resolution <u>of the general meeting</u> to decrease the registered capital and shall make announcements in newspapers <u>or on the National Enterprise Credit Information Publicity System</u> within 30 days. The creditors shall have the right to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.</p> <p>The Company's registered capital shall not, upon the decrease of capital, be less than the statutory minimum limit. <u>The Company shall reduce contributed amounts or shares according to shareholding proportion of shareholders when reducing its registered capital, except as otherwise prescribed by laws or the Articles of Association.</u></p>
<p>Article 29 The Company may buy back its shares through open centralized trading or other methods permitted by laws, administrative regulations and CSRC.</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 28 of the Articles of Association shall be conducted through open centralized trading.</p>	<p>Article 30 The Company may buy back its shares through open centralized trading or other methods permitted by laws, administrative regulations and CSRC.</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 28<u>9</u> of the Articles of Association shall be conducted through open centralized trading.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 30 After buying back its shares according to the laws, the Company shall cancel or transfer the said shares before the deadline specified 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) or (II) of Article 28 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 28 of the Articles of Association shall be resolved by more than two-thirds of the directors present at the board meeting.</p> <p>After the Company has bought back its shares in accordance with Article 28 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>Article 31 After buying back its shares according to the laws, the Company shall cancel or transfer the said shares before the deadline specified 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) or (II) of Article 28<u>29</u> 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 28<u>29</u> of the Articles of Association shall be resolved by more than two-thirds of the directors present at the board meeting.</p> <p>After the Company has bought back its shares in accordance with Article 28<u>29</u> 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>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Article 31 Unless otherwise specified in the laws, administrative regulations and the Listing Rules, shares of the Company may be transferred legally.	Article 32 Unless otherwise specified in the laws, administrative regulations and the Listing Rules, <u>Shares of the Company may</u> shall be transferred legally.
Article 32 The Company shall not accept its own shares as pledge object.	Article 33 The Company shall not accept its own shares as pledge object.
<p data-bbox="229 514 794 740">Article 33 The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.</p> <p data-bbox="229 783 794 1166">The directors, supervisors and senior executives shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.</p>	<p data-bbox="801 514 1359 1017">Article 34 The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange. <u>Where the laws, administrative regulations, or the relevant securities regulatory authority and the stock exchange in the place(s) where the Company's shares are listed prescribe other requirements on the transfer of shares held by the Company's shareholders or de facto controllers, such provisions shall prevail.</u></p> <p data-bbox="801 1059 1359 1515">The directors,supervisors and senior executives shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares <u>of the same class</u> per annum during their terms of office <u>determined at the time of taking office and within 6 months after the expiration of their terms of office</u>; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 47 Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in shareholders' register.</p> <p>The shareholders enjoy rights and fulfil obligations as per the type and number of shares they hold; shares of the same type represent the same rights and the same obligations. All class shareholders of the Company enjoy the same rights in dividend distribution or distribution made in other form.</p> <p>If any shareholder is a legal person, its legal representative or proxy thereof shall exercise its rights on its behalf.</p> <p>The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his equity to the Company.</p>	<p>Article 48 Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in shareholders' register.</p> <p>The shareholders enjoy rights and fulfil obligations as per the type and number<u>class</u> of shares they hold; shares of the same type<u>class</u> represent the same rights and the same obligations. All class shareholders of the Company enjoy the same rights in dividend distribution or distribution made in other <u>forms</u>.</p> <p>If any shareholder is a legal person, its legal representative or proxy thereof shall exercise its rights on its behalf.</p> <p>The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his equity to the Company.</p>
<p>Article 48 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(I) To receive dividends and other profit distributions in proportion to the shares they hold;</p> <p>(II) To attend general meetings either in person or by proxy and exercise the voting right (except where a shareholder is required by the listing rules of the place where the securities of the Company are listed to abstain from voting on specific matters) and speak at the general meetings;</p>	<p>Article 49 The ordinary shareholders of the Company shall be entitled to the following rights:</p> <p>(I) To receive dividends and other profit distributions in proportion to the shares they hold;</p> <p>(II) To attend general meetings either in person or by proxy and exercise the voting right (except where a shareholder is required by the applicable laws and regulationslisting rules of the place where the securities of the Company are listed to abstain from voting on specific matters) and speak at the general meetings;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(III) To supervise, present suggestions on or make inquiries about the business activities of the Company;</p> <p>(IV) To transfer shares in accordance with the laws, administrative regulations and the Articles of Association;</p> <p>(V) Review the Articles of Association, the register of shareholders, corporate bond counterfoils, minutes of shareholders' general meetings, the resolution of the Board of Directors, resolutions of the Board of Supervisors, and financial and accounting reports;</p> <p>(VI) In the event of termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company as per their shares;</p> <p>(VII) For shareholders objecting to resolutions of the general meeting concerning merger or division of the Company, to require the Company to buy their shares;</p> <p>(VIII) Pursuant to the Company Law or other laws and administrative regulations, to institute legal proceedings to the People's Court and claim related rights concerning any act infringing upon the interests of the Company or the legitimate rights and interests of the shareholders;</p> <p>(IX) To exercise other rights specified by laws, administrative regulations, departmental rule, listing rules at the location where the Company's shares are listed and the Articles of Association.</p>	<p>(III) To supervise, present suggestions on or make inquiries about the business activities of the Company;</p> <p>(IV) To transfer shares in accordance with the laws, administrative regulations and the Articles of Association;</p> <p>(V) Review <u>or duplicate</u> the Articles of Association, the register of shareholders, corporate bond counterfoils, minutes of shareholders' general meetings, the resolution of the Board of Directors, resolutions of the Board of Supervisors, and financial and accounting reports; <u>Shareholders severally or jointly holding 3% or above of the Company's shares for 180 consecutive days or more may inspect the accounting books and accounting documents of the Company;</u></p> <p>(VI) In the event of termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company as per their shares;</p> <p>(VII) For shareholders objecting to resolutions of the general meeting concerning merger or division of the Company, to require the Company to buy their shares;</p> <p>(VIII) Pursuant to the Company Law or other laws and administrative regulations, to institute legal proceedings to the People's Court and claim related rights concerning any act infringing upon the interests of the Company or the legitimate rights and interests of the shareholders;</p> <p>(IX) To exercise other rights specified by laws, administrative regulations, departmental rules, listing rules at the location where the Company's shares are listed and the Articles of Association.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Newly added article</p>	<p>Article 50 <u>Shareholders requesting to review or duplicate the relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.</u></p> <p><u>Shareholders proposing to inspect the information related to the preceding Article or requesting for materials shall provide the Company with written documents proving the class and number of shares held and pay a reasonable fee. After checking the identity of that shareholder, the Company shall provide him/her with the information in accordance with relevant laws and administrative regulations. When the shareholders of the Company review and duplicate the relevant documents and materials of the Company, they shall review the documents involving the Company's commercial secrets as well as other documents that need to be kept confidential after signing a confidentiality agreement with the Company. Shareholders and the accounting firm, law firm, or other intermediaries retained by them shall comply with the provisions of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy and personal information and shall bear the legal responsibility for the disclosure of secrets.</u></p>
<p>Article 49 If the contents of a shareholders' resolution or a Board resolution is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's Court to invalidate such resolution.</p> <p>If the meeting convening procedures and voting methods adopted at a general meeting or Board meeting are in violation of the laws and administrative regulations or the Articles of Association, or if the contents of the resolution at such meeting are in breach of the Articles of Association, the shareholders shall have the right to request the People's Court to revoke the resolution within 60 days from the date of that resolution.</p>	<p>Article 51 If the contents of a shareholders' resolution or a Board resolution is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's Court to invalidate such resolution.</p> <p>If the meeting convening procedures and voting methods adopted at a general meeting or Board meeting are in violation of the laws and administrative regulations or the Articles of Association, or if the contents of the resolution at such meeting are in breach of the Articles of Association, the shareholders shall have the right to request the People's Court to revoke the resolution within 60 days from the date of that resolution, <u>unless there is only a slight defect in the procedure of convening or the method of voting at a general meeting or Board meeting which has no substantive impact on the resolution.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>Where the Board, shareholders and other stakeholders have disputes over the validity of a resolution at a general meeting, they shall promptly file a lawsuit with the People’s Court. Before the People’s Court makes a judgement or ruling, such as a revocation of a resolution, the stakeholders shall execute the resolution of the general meeting. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.</u></p> <p><u>Where the People’s Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligation to disclose information in accordance with the laws, administrative regulations, and the requirements of the securities regulatory authority and the stock exchange in the place(s) where the shares of the Company are listed to fully explain the impact, and actively cooperate in enforcement of the judgement or ruling after it has come into effect. Where corrections to prior matters are involved, they shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.</u></p>
Newly added article	<p><u>Article 52 A resolution of a general meeting or Board meeting of the Company shall not be valid under any of the following circumstances:</u></p> <p><u>(I) no general meeting or Board meeting is convened to pass the resolution;</u></p> <p><u>(II) the resolution is not voted on at the general meeting or Board meeting;</u></p> <p><u>(III) the number of attendees or the voting rights represented does not reach the quorum or voting threshold as stipulated by the Company Law or the Articles of Association;</u></p> <p><u>(IV) The number of votes in favor of the resolution or the voting rights represented by such votes does not reach the threshold as stipulated by the Company Law or the Articles of Association.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 50 If a director or senior executive breaches the law, administrative regulation or the Articles of Association in the course of carrying out his/her duties for the Company and incur losses to the Company, shareholders who individually or together with others hold 1% or more of the Company's shares for more than 180 days continuously shall have right to request in writing the Supervisory Committee to initiate litigation at the People's Court. If the Supervisory Committee breaches the law, administrative regulations or the Articles of Association when carrying out its duties for the Company, and incurs losses to the Company, the shareholders can request in writing the Board to initiate litigation at the People's Court.</p> <p>If the Supervisory Committee or the Board refuse to initiate litigation after receiving the shareholders' written request under the preceding paragraph, or does not initiate litigation within 30 days of receiving the request, or if the situation is so urgent that the Company will suffer irrevocable losses without an immediate litigation, the shareholder under the preceding paragraph can initiate litigation directly at the People's Court in his/her own name for the interests of the Company.</p> <p>If any person intervenes with the legal interests of the Company, resulting in losses suffered by the Company, a shareholder under the first paragraph of this Article can initiate litigation at the People's Court in accordance with the two preceding paragraphs.</p>	<p>Article 53 If a director or senior executive <u>other than members of the Audit Committee</u> breaches the law, administrative regulation or the Articles of Association in the course of carrying out his/her duties for the Company and incur losses to the Company, shareholders who individually or jointlytogether with others hold 1% or more of the Company's shares for more than 180 days continuously shall have right to request in writing the AuditSupervisory Committee to initiate litigation at the People's Court. If the <u>member of the Audit</u>Supervisory Committee breaches the law, administrative regulations or the Articles of Association when carrying out <u>his/hers</u> duties for the Company, and incurs losses to the Company, the <u>aforementioned</u> shareholders can request in writing the Board to initiate litigation at the People's Court.</p> <p>If the AuditSupervisory Committee or the Board refuse to initiate litigation after receiving the shareholders' written request under the preceding paragraph, or does not initiate litigation within 30 days of receiving the request, or if the situation is so urgent that the Company will suffer irrevocable losses without an immediate litigation, the shareholder under the preceding paragraph can initiate litigation directly at the People's Court in his/her own name for the interests of the Company.</p> <p>If any person intervenes with the legal interests of the Company, resulting in losses suffered by the Company, a shareholder under the first paragraph of this Article can initiate litigation at the People's Court in accordance with the two preceding paragraphs.</p> <p><u>In the event that the directors, senior executives, supervisors (if any) of a wholly-owned subsidiary of the Company violate laws, administrative regulations or the provisions of the Articles of Association in performing their duties, and incur a loss to the Company, or in the event that the legal interests of a wholly-owned subsidiary of the Company are violated by other parties and a loss is incurred, such matters shall be handled in accordance with the provisions of Paragraph 1 and Paragraph 2 of this Article.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 52 The ordinary shareholders of the Company shall have the following obligations:</p> <p>(I) To observe the Articles of Association;</p> <p>(II) To pay subscription funds as per the shares subscribed and the method of subscription;</p> <p>(III) Not to exit shares unless in the circumstances stipulated by laws and regulations;</p> <p>(IV) Not to abuse the shareholders' rights to damage the interests of the Company or other shareholders or the independent legal person status of the Company or shareholders' limited liability to damage the interests of the creditors of the Company; if any shareholder of the Company abuses his shareholder's right, thereby incurring any loss of the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company evades the payment of debts by misusing the independent legal person status of the Company or shareholders' limited liability, thereby seriously harming the interests of the creditors of the Company, the said shareholder shall bear joint liability for such debts of the Company;</p> <p>(V) To fulfil other obligations stipulated by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.</p> <p>If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.</p>	<p>Article 55 The ordinary shareholders of the Company shall have the following obligations:</p> <p>(I) To observe the Articles of Association;</p> <p>(II) To pay subscription monies funds as per the shares subscribed and the method of subscription;</p> <p>(III) Not to withdraw their share capital exit shares unless in the circumstances stipulated by laws and regulations;</p> <p>(IV) Not to abuse the shareholders' rights to damage the interests of the Company or other shareholders or; not to abuse the independent legal person status of the Company or shareholders' limited liability to damage the interests of the creditors of the Company; if any shareholder of the Company abuses his shareholder's right, thereby incurring any loss of the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company evades the payment of debts by misusing the independent legal person status of the Company or shareholders' limited liability, thereby seriously harming the interests of the creditors of the Company, the said shareholder shall bear joint liability for such debts of the Company;</p> <p>(V) To fulfil other obligations stipulated by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.</p> <p>If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 53 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>Article 56 The controlling shareholders and actual<u>de facto</u> controllers of the Company <u>shall exercise their rights and fulfil their obligations, in accordance with laws, administrative regulations, the regulations of the securities regulatory authority and the stock exchange in the place(s) where the Company's shares are listed, to safeguard the interests of the Company.</u> 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>Newly added article</p>	<p>Article 57 <u>The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:</u></p> <p><u>(I) to exercise their rights as shareholders in accordance with laws and not to abuse their control or use their related/connected relationship to damage the legitimate interests of the Company or other shareholders;</u></p> <p><u>(II) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;</u></p> <p><u>(III) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or will occur;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(IV) not to appropriate the Company's funds in any way;</u></p> <p><u>(V) not to order, instruct or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;</u></p> <p><u>(VI) not to make use of the Company's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;</u></p> <p><u>(VII) not to damage the legitimate interests of the Company and other shareholders through unfair related/connected transactions, profit distribution, asset restructuring, external investment or any other means;</u></p> <p><u>(VIII) to ensure the integrity of the Company's assets and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;</u></p> <p><u>(IX) to comply with the laws, administrative regulations and other regulations of the securities regulatory authority and the stock exchange in the place(s) where the Company's shares are listed and the Articles of Association.</u></p> <p><u>Where controlling shareholders or de facto controllers of the Company instruct directors or senior executives to engage in acts that are detrimental to the interests of the Company or its shareholders, they shall bear joint and several liability with the directors or senior executives.</u></p>
Newly added article	Article 58 <u>Where controlling shareholders or de facto controllers pledge the shares of the Company held by them or actually controlled by them, they shall ensure the stability of the Company's control, and production and operation.</u>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Newly added article	Article 59 <u>Where controlling shareholders or de facto controllers transfer the shares of the Company held by them, they shall comply with the restrictive provisions on share transfer stimulated by laws, administrative regulations and the regulations of the securities regulatory authority and the stock exchange in the place(s) where the Company's shares are listed, as well as their undertakings in respect of restrictions on share transfer.</u>
Article 54 The general meeting shall be the authority of power of the Company and shall exercise its functions and powers according to law.	Article 60 <u>The general meeting of the Company shall consist of all shareholders.</u> The general meeting shall be the authority of power of the Company and shall exercise its functions and powers according to law.
<p>Article 55 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>Article 61 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)(I) To elect and replace non-employee representative 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)(II) 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)(III) To examine and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII)(IV) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX)(V) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<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 56;</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 and employee stock ownership scheme;</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>(X)(VI) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p> <p>(XI)(VII) To resolve on the appointment, removal or non-reappointment of certified public accountants <u>that undertake the audit work</u> of the Company;</p> <p>(XII)(VIII) 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)(IX) To examine and approve the guarantees under Article <u>5662 of the Articles of Association;</u></p> <p>(XV)(X) 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)(XI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII)(XII) To review share incentive plans and employee stock ownership scheme;</p> <p>(XVIII)(XIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchanges with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.</p> <p><u>The general meeting may authorize the Board to make a resolution on the issuance of corporate bonds.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 56 The following external guarantees of the Company must be reviewed and approved at the general meeting:</p> <p>(I) Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% or more of the latest audited net assets;</p> <p>(II) Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 30% or more of the latest audited total assets;</p> <p>(III) In accordance with the principle of cumulative calculation of the guarantee amount within 12 consecutive months, the guarantee that exceeds 30% of the Company's latest audited total assets;</p> <p>(IV) Any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;</p> <p>(V) Any single guarantee the amount of which exceeds 10% of the latest audited net assets;</p> <p>(VI) Any guarantee to be provided to the shareholders, actual controller and their associates; and</p> <p>(VII) Other guarantees which are required to be approved by the Company's general meetings under the laws, regulations, rules of the stock exchanges where the Company's shares are listed or the Articles of Association.</p> <p>The Company shall be entitled to hold the relevant persons accountable for any losses to the Company in the event of violation of requirements as to approval authority and procedure of providing external guarantees.</p>	<p>Article 62 The following external guarantees of the Company must be reviewed and approved at the general meeting:</p> <p>(I) Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% or more of the latest audited net assets;</p> <p>(II) Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 30% or more of the latest audited total assets;</p> <p>(III) In accordance with the principle of cumulative calculation of the guarantee amount within 12 consecutive months, the <u>amount of</u> guarantee <u>provided by the Company to others</u> that exceeds 30% of the Company's latest audited total assets;</p> <p>(IV) Any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;</p> <p>(V) Any single guarantee the amount of which exceeds 10% of the latest audited net assets;</p> <p>(VI) Any guarantee to be provided to the shareholders, actual <u>de facto</u> controllers and their associates <u>related/connected parties</u>; and</p> <p>(VII) Other guarantees which are required to be approved by the Company's general meetings under the laws, <u>administrative</u> regulations, <u>departmental</u> rules <u>and the regulations</u> of the stock exchanges where the Company's shares are listed or the Articles of Association.</p> <p>The Company shall be entitled to hold the relevant persons accountable for any losses to the Company in the event of violation of requirements as to approval authority and procedure of providing external guarantees.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 58 General meetings are classified into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings shall be convened once a year within six months after the end of the preceding fiscal year.</p> <p>In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:</p> <p>(I) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required by the Articles of Association;</p> <p>(II) The unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;</p> <p>(III) When shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;</p> <p>(IV) The Board deems it necessary, or the Supervisory Committee proposes, to convene an extraordinary general meeting;</p> <p>(V) In any other circumstance so specified in laws and regulations, the Listing Rules and the Articles of Association.</p>	<p>Article 64 General meetings are classified into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings shall be convened once a year within six months after the end of the preceding fiscal year.</p> <p>In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:</p> <p>(I) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required by the Articles of Association;</p> <p>(II) The unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;</p> <p>(III) When shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;</p> <p>(IV) The Board deems it necessary, or the Supervisory Committee Audit Committee proposes, to convene an extraordinary general meeting;</p> <p>(V) In any other circumstance so specified in laws and regulations, the Listing Rules of the stock exchanges where the Company's shares are listed and the Articles of Association.</p>
<p>Article 61 Where the Company convenes a general meeting, the convener shall notify all the shareholders by means of public announcement at least 20 days before the date of the annual general meeting and at least 15 days before the date of the extraordinary general meeting.</p> <p>The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting. The "business day" in the Articles of Association shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.</p>	<p>Article 67 Where the Company convenes a general meeting, the convener shall notify all the shareholders by means of public announcement at least 20 days before the date of the annual general meeting and at least 15 days before the date of the extraordinary general meeting.</p> <p>The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting. The "business day" in the Articles of Association shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 62 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 3% 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 3% of the Company's shares may submit a written provisional motion 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 said provisional motion, 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 public 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>Article 68 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<u>Audit Committee</u>, and shareholder(s) individually or jointly holding more than 3% 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 3% of the Company's shares may submit a written provisional motion 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 said provisional motion, to <u>announce the contents of the provisional motion</u>notify other shareholders and to submit the said provisional proposal to the general meeting for consideration, <u>unless such proposal violates laws, administrative regulations or provisions of the Articles of Association or is not within the scope of authority of the general meeting.</u></p> <p>Except as provided in the preceding paragraph, after the convener issues a public 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>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 63 The notice of a general meeting shall meet the following requirements:</p> <p>(I) Specifies the venue, date and time of the meeting;</p> <p>(II) Matters and motions to be considered at the meeting;</p> <p>(III) Containing a conspicuous statement that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend at the general meeting, and a shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy is not necessarily be a shareholder of the Company;</p> <p>(IV) Share record date for the right to attend the general meeting;</p> <p>(V) The contact person and telephone number for the meeting;</p> <p>(VI) Voting time and voting procedure of voting via internet or by other ways;</p> <p>(VII) Other requirements stipulated in the laws, administrative regulations, departmental rules, the stock exchanges where the Company's shares are listed and the Articles of Association.</p> <p>All details of all proposals shall be fully and completely disclosed in the notice of the general meeting and its supplementary notice. In the event that independent directors are required to express their opinions on the matters to be discussed, a notice of general meeting or a supplementary notice will, when given, also disclose the opinions and reasons of the independent directors.</p> <p>The time to start voting via internet or by other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite general meeting or later than 9:30 a.m. of the date of the onsite general meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite general meeting.</p> <p>The interval between the share record date and the date of the meeting shall not be more than 7 working days. Once the share record date is confirmed, no change may be made thereto.</p>	<p>Article 69 The notice of a general meeting shall meet the following requirements:</p> <p>(I) Specifies the venue, date and time of the meeting;</p> <p>(II) Matters and motions to be considered at the meeting;</p> <p>(III) Containing a conspicuous statement that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend at the general meeting, and a shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy is not necessarily be a shareholder of the Company;</p> <p>(IV) Share record date for the right to attend the general meeting;</p> <p>(V) The contact person and telephone number for the meeting;</p> <p>(VI) Voting time and voting procedure of voting via internet or by other ways;</p> <p>(VII) Other requirements stipulated in<u>by</u> the laws, administrative regulations, departmental rules, the stock exchanges where the Company's shares are listed and the Articles of Association.</p> <p>All details of all proposals shall be fully and completely disclosed in the notice of the general meeting and its supplementary notice. In the event that independent directors are required to express their opinions on the matters to be discussed, a notice of general meeting or a supplementary notice will, when given, also disclose the opinions and reasons of the independent directors.</p> <p>The time to start voting via internet or by other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite general meeting or later than 9:30 a.m. of the date of the onsite general meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite general meeting.</p> <p>The interval between the share record date and the date of the meeting shall not be more than 7 working days. Once the share record date is confirmed, no change may be made thereto, <u>unless otherwise specified by the listing rules of the stock exchanges where the Company's shares are listed.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 64 If the election of directors or supervisors are proposed to be discussed at a general meeting, the notice of the general meeting must contain the details of the candidates for the directors and the supervisors. It must at least include the following information:</p> <p>(I) biographies such as educational background, work experiences and other simultaneous appointments;</p> <p>(II) whether he/she has any relationship with the Company, the controlling shareholder or the actual controller of the Company;</p> <p>(III) the number of shares he/she holds in the Company;</p> <p>(IV) whether he/she is subject to any punishment by the CSRC or any other relevant government department or sanctioned by any securities exchange.</p> <p>Unless the election of directors and supervisors is to be conducted by way of cumulative voting, each candidate for the director or the supervisor shall be proposed in separate resolutions.</p>	<p>Article 70 If the election of directors or supervisors are proposed to be discussed at a general meeting, the notice of the general meeting must contain the details of the candidates for the directors and the supervisors. It must at least include the following information:</p> <p>(I) biographies such as educational background, work experiences and other simultaneous appointments;</p> <p>(II) whether he/she has any <u>related/connected</u> relationship with the Company, the controlling shareholder or the actual <u>de facto</u> controller of the Company;</p> <p>(III) the number of shares he/she holds in the Company;</p> <p>(IV) whether he/she is subject to any punishment by the CSRC or any other relevant government department or sanctioned by any securities exchange.</p> <p>Unless the election of directors and supervisors is to be conducted by way of cumulative voting, each candidate for the director or the supervisor shall be proposed in separate resolutions.</p>
<p>Article 66 The notice of general meeting shall be delivered to H shareholders (whether or not they are entitled to vote at the general meeting) by personal delivery or by prepaid mail to their addresses as shown in the shareholders' register, or by announcement on the website designated by the Company and the Hong Kong Stock Exchange in accordance with applicable laws, regulations and the Listing Rules. In respect of A Shareholders, the notice of a general meeting may be issued in the form of public announcement.</p>	<p>Article 72 The notice of general meeting shall be delivered to H shareholders (whether or not they are entitled to vote at the general meeting) by personal delivery or by prepaid mail to their addresses as shown in the shareholders' register, or by announcement on the website designated by the Company and the Hong Kong Stock Exchange <u>may be delivered or made available to H shareholders by posting on the websites of the stock exchange and the Company or by electronic means</u> in accordance with applicable laws, regulations and the Listing Rules. In respect of A Shareholders, the notice of a general meeting may be issued in the form of public announcement.</p>

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<p>The aforesaid announcement refers to the information published on the website of Shanghai Stock Exchange and the media meeting the requirements of the CSRC, once the announcement is made, all A Shareholders shall be deemed to have received the notice of the relevant shareholders' general meetings.</p>	<p>The aforesaid announcement refers to the information published on the website of Shanghai Stock Exchange and the media meeting the requirements of the CSRC, once the announcement is made, all A Shareholders shall be deemed to have received the notice of the relevant shareholders' general meetings.</p>
<p>Article 70 If individual shareholders attend the meeting in person, he/she shall present his/her ID card or other valid documents, proof or stock account card to identify him/herself; if a proxy is appointed to attend the meeting, he/she shall present valid identity documents and power of attorney of the relevant shareholder.</p> <p>As for a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend the meeting, deemed to be present in person by such corporate shareholder. The legal representative who attends the meeting shall present his/her ID card, and valid certificates which can prove his/her qualification as a legal representative; if a proxy is appointed to attend the meeting, he/she shall present his/her ID card, the written power of attorney legally issued by the legal representative of the corporate shareholder in accordance with the relevant laws.</p> <p>The clearing company shall be entitled to appoint proxies to attend general meetings of the Company and meetings of creditors, and these proxies or representatives of the Company shall have the same legal rights as other shareholders, including the right to speak and vote.</p>	<p>Article 76 If individual shareholders attend the meeting in person, he/she shall present his/her ID card or other valid documents, or proof or stock account card to identify him/herself; if a proxy is appointed to attend the meeting, he/she shall present valid identity documents and power of attorney of the relevant shareholder.</p> <p>As for a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend the meeting, deemed to be present in person by such corporate shareholder. The legal representative who attends the meeting shall present his/her ID card, and valid certificates which can prove his/her qualification as a legal representative; if a proxy is appointed to attend the meeting, <u>it shall be deemed that the corporate shareholder presents in person,</u> and he/she shall present his/her ID card, the written power of attorney legally issued by the legal representative of the corporate shareholder in accordance with the relevant laws.</p> <p>The clearing company shall be entitled to appoint proxies to attend general meetings of the Company and meetings of creditors, and these proxies or representatives of the Company shall have the same legal rights as other shareholders, including the right to speak and vote.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 71 The power of attorney shall be in writing under the hand of the principal or his proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or a proxy duly authorised.</p> <p>The power of attorney issued by the shareholder to appoint a proxy to attend the general meeting shall include the following contents:</p> <p>(I) Name of the proxy;</p> <p>(II) Whether he/she has the right to vote;</p> <p>(III) Instructions on voting for or against or abstaining from voting in respect to each matter set out in the agenda of the general meeting;</p> <p>(IV) Issuing date and validity period of the power of attorney;</p> <p>(V) Signature (or stamp) of the principal. If the principal is a corporate shareholder, the power of attorney shall be stamped with the corporate seal of the corporate shareholder;</p> <p>(VI) The number of shares held by the shareholder who is represented by the proxy;</p> <p>(VII) If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.</p>	<p>Article 77 The power of attorney shall be in writing under the hand of the principal or his/<u>her</u> proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or a proxy duly authorised.</p> <p>The power of attorney issued by the shareholder to appoint a proxy to attend the general meeting shall include the following contents:</p> <p><u>(I) The name of the principal and the class and number of shares held in the Company;</u></p> <p>(II) <u>(II)</u> Name of the proxy;</p> <p>(II) Whether he/she has the right to vote;</p> <p><u>(III) The shareholder's specific instructions, including instructions</u>Instructions on voting for or against or abstaining from voting in respect to each matter set out in the agenda of the general meeting;</p> <p>(IV) Issuing date and validity period of the power of attorney;</p> <p>(V) Signature (or stamp) of the principal. If the principal is a corporate shareholder, the power of attorney shall be stamped with the corporate seal of the corporate shareholder;</p> <p>(VI) The number of shares held by the shareholder who is represented by the proxy;</p> <p>(VII) If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 72 The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. If the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise, such regulations shall prevail. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the company's domicile or other location as specified in the notice of the meeting.</p> <p>Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision making body shall attend the general meeting of the Company on his behalf.</p> <p>For the purpose of the Articles of Association, the appointed person's attending such meeting or taking any action at such meeting shall be deemed as the principal's attending such meeting or taking relevant action (as the case may be).</p>	<p>Article 78 The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. If the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise, such regulations shall prevail. Where such a power of attorney for proxy voting is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the eCompany's domicile or other location as specified in the notice of the meeting.</p> <p>Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision making body shall attend the general meeting of the Company on his behalf.</p> <p>For the purpose of the Articles of Association, the appointed person's attending such meeting or taking any action at such meeting shall be deemed as the principal's attending such meeting or taking relevant action (as the case may be).</p>
<p>Article 73 Any format issued to a shareholder by the Board of the Company for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting. This will not include the situation where the securities registration and clearing institution is the nominal shareholder of Shanghai-Hong Kong Stock Connect shares and declares in accordance to the instructions of the beneficial owners. Such a format shall contain a statement that, in default of directives, the proxy may vote as he thinks fit.</p>	<p>Deleted</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 74 A vote given by a proxy in accordance with the terms of the power of attorney shall be valid notwithstanding the death, loss of capacity, revocation of the power of attorney, revocation of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given prior to voting, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting.</p>	<p>Deleted</p>
<p>Article 75 The meeting register for participants shall be made by the Company. The meeting register shall set out various matters, such as the names of the individual participants (or names of the corporate participants), ID card numbers, residential addresses, the number of shares with voting rights held or represented and the names of the individual proxy appointors (or names of the corporate proxy appointors).</p>	<p>Article 79 The meeting register for participants shall be made by the Company. The meeting register shall set out various matters, such as the names of the individual participants (or names of the corporate participants), ID card numbers, residential addresses, the number of shares with voting rights held or represented and the names of the individual proxy appointors (or names of the corporate proxy appointors).</p>
<p>Article 78 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution must be approved by votes representing more than one half of the voting rights of the shareholders (including proxies) present at the general meeting.</p> <p>A special resolution must be approved by the votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the general meeting.</p> <p>The attending shareholders (including proxies thereof) shall declare their affirmative or dissenting votes on every issue to be voted on; if the said shareholders or proxies thereof waive their rights of voting, the voting results representing the shares held by such voters shall be counted as “abstentions”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”. Abstentions shall be counted in the votes voted with voting rights when the Company calculates the voting results of an issue.</p>	<p>Article 82 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution must be approved by votes representing more than one half of the voting rights of the shareholders (including proxies) present at the general meeting.</p> <p>A special resolution must be approved by the votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the general meeting.</p> <p>The attending shareholders (including proxies thereof) shall declare their affirmative or dissenting votes on every issue to be voted on; if the said shareholders or proxies thereof vote for abstention or waive their rights of voting, the voting results representing the shares held by such voters shall be counted as “abstentions”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”. Abstentions shall be counted in the votes voted with voting rights when the Company calculates the voting results of an issue.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 79 Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote.</p> <p>When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.</p> <p>Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.</p> <p>Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such shares shall not be included in the total number of shares with voting rights at a general meeting.</p> <p>The Board, independent non-executive directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority under the State Council (hereinafter referred to as “Investor Protection Institutions”) may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders of the listed company to entrust it to attend the general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf.</p>	<p>Article 83 Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote.</p> <p>When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.</p> <p>Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.</p> <p>Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such shares shall not be included in the total number of shares with voting rights at a general meeting.</p> <p>The Board, independent non-executive directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority under the State Council (hereinafter referred to as “Investor Protection Institutions”) may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders of the listed company to entrust it<u>them</u> to attend the general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>If the rights of shareholders are solicited in accordance with the preceding paragraph, the solicitors shall disclose the solicitation documents and the Company shall cooperate.</p> <p>Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited.</p> <p>If any public solicitation of shareholders' rights violates laws, administrative regulations or relevant provisions of the securities regulatory authority under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.</p> <p>When considering related transactions during the general meeting, the related shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.</p> <p>Voting at the general meeting shall be conducted by poll with registration.</p> <p>Pursuant to the applicable laws and regulations and the Listing Rules of the stock exchange on which the Company's shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.</p>	<p>If the rights of shareholders are solicited in accordance with the preceding paragraph, the solicitors shall disclose the solicitation documents and the Company shall cooperate.</p> <p>Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited.</p> <p>If any public solicitation of shareholders' rights violates laws, administrative regulations or relevant provisions of the securities regulatory authority under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.</p> <p>When considering related/<u>connected</u> transactions during the general meeting, the related/<u>connected</u> shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related/<u>non-connected</u> shareholders.</p> <p>Voting at the general meeting shall be conducted by poll with registration.</p> <p>Pursuant to the applicable laws and regulations and the <u>L</u>isting <u>R</u>ules of the stock exchanges on which the Company's shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 80 Voting at general meetings shall be conducted by show of hands, unless the following persons require ballot voting before or after voting by show of hands or relevant regulations of securities regulatory authority at the location where the shares of the Company are listed require ballot voting:</p> <p>Prsider of the meeting;</p> <p>At least two shareholders with voting rights or proxies thereof; or</p> <p>One or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote, individually or jointly, at the meeting.</p> <p>Unless the said persons require voting by ballot, the prsider shall announce the result of voting by show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting.</p> <p>The request for ballot voting can be withdrawn by the proposer.</p> <p>Where ballot voting is required by relevant regulations of securities regulatory authority at the location where the shares of the Company are listed, the prsider may, in the spirit of fairness and honesty, allow voting by show of hands with respect to resolutions relating merely to procedure or administrative issues.</p> <p>In the case of voting by ballot, the Company shall appoint a supervisor for counting votes in accordance with the Listing Rules and shall disclose relevant votes voted as required by laws, administrative regulations, relevant regulatory authority or the Listing Rules of the Hong Kong Stock Exchange.</p>	<p>Article 84 Voting at general meetings shall be conducted by show of hands, unless the following persons require ballot voting before or after voting by show of hands or relevant regulations of securities regulatory authority at the location where the shares of the Company are listed require ballot voting:</p> <p>Prsider of the meeting;</p> <p>At least two shareholders with voting rights or proxies thereof; or</p> <p>One or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote, individually or jointly, at the meeting.</p> <p>Unless the said persons require voting by ballot, the prsider shall announce the result of voting by show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting.</p> <p>The request for ballot voting can be withdrawn by the proposer.</p> <p>Where ballot voting is required by relevant regulations of securities regulatory authority at the location where the shares of the Company are listed, the prsider may, in the spirit of fairness and honesty, allow voting by show of hands with respect to resolutions relating merely to procedure or administrative issues.</p> <p>In the case of voting by ballot, the Company shall appoint a supervisor for counting votes in accordance with the Listing Rules and shall disclose relevant votes voted as required by laws, administrative regulations, relevant regulatory authority or the Listing Rules of the Hong Kong Stock Exchange.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 81 If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issues. The voting results shall still be deemed as resolutions passed at the said meeting.</p>	<p>Deleted</p>
<p>Article 82 The following issues shall be approved by ordinary resolutions at a general meeting:</p> <p>(I) Work reports of the Board and the Supervisory Committee;</p> <p>(II) Profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(III) Appointment and removal of the members of the Board and supervisors who are not the employee representatives, their remuneration and the method of payment thereof;</p> <p>(IV) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the Company; and</p> <p>(V) Other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations, the Listing Rules or the Articles of Association.</p>	<p>Article 85 The following issues shall be approved by ordinary resolutions at a general meeting:</p> <p>(I) Work reports of the Board and the Supervisory Committee;</p> <p>(II) Profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(III) Appointment and removal of the members of the Board (other than the employee representative directors) and supervisors who are not the employee representatives, their remuneration and the method of payment thereof;</p> <p>(IV) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the Company; and</p> <p>(V)(IV) Other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations, the Listing Rules or the Articles of Association.</p>
<p>Article 83 The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or decrease in the registered capital of the Company;</p> <p>(II) Division, spin-off, merger, dissolution, liquidation or transformation of the Company;</p> <p>(III) Revision of the Articles of Association;</p> <p>(IV) Purchase or disposal of material assets or any guarantee made within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;</p>	<p>Article 86 The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or decrease in the registered capital of the Company;</p> <p>(II) Division, spin-off, merger, dissolution, liquidation or transformation of the Company;</p> <p>(III) Revision of the Articles of Association;</p> <p>(IV) Purchase or disposal of material assets or any guarantee madeprovided for others within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(V) Share incentive plans;</p> <p>(VI) Any other matters prescribed by the laws, administrative regulations; the stock exchanges where the Company's shares are listed or the Articles of Association, and those matters approved by ordinary resolution at a general meeting as having a material impact on the Company and are required to be approved by a special resolution.</p>	<p>(V) Share incentive plans;</p> <p>(VI) Any other matters prescribed by the laws, administrative regulations; the stock exchanges where the Company's shares are listed or the Articles of Association, and those matters approved by ordinary resolution at a general meeting as having a material impact on the Company and are required to be approved by a special resolution.</p>
<p>Article 84 Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares may request convening an extraordinary general meeting, and shall follow the procedures below:</p> <p>(I) Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares may sign one or several written requests with the same format and content and propose that the Board convene an extraordinary general meeting, and specify the topics of the meeting. The Board shall provide a written feedback on whether to agree to convene an extraordinary meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.</p> <p>(II) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the requesting shareholder may itself convene a meeting within four months after the Board receives the said request, and the meeting convening procedure shall to the extent possible be the same as the procedure by which the Board convenes a general meeting.</p>	<p>Article 87 Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares <u>(including preference shares with restored voting rights, but excluding treasury shares)</u> may request convening an extraordinary general meeting, and shall follow the procedures below:</p> <p>(I) Shareholder(s) individually or collectively holding more than 10% <u>or more</u> of the Company's total voting shares <u>(including preference shares with restored voting rights, but excluding treasury shares)</u> may sign one or several written requests with the same format and content and propose that the Board convene an extraordinary general meeting, and specify the topics of the meeting. The Board shall provide a written feedback on whether to agree to convene an extraordinary <u>general</u> meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary <u>general</u> meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.</p> <p>(II) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the requesting shareholder may itself convene a meeting within four months after the Board receives the said request, and the meeting convening procedure shall to the extent possible be the same as the procedure by which the Board convenes a general meeting.</p>

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<p>(III) If the Board does not agree to convening an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder who individually or collectively holds more than 10% of the Company's shares has the right to propose convening an extraordinary general meeting and shall make a written request to the Supervisory Committee.</p> <p>If the Supervisory Committee approves the request, it will issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.</p> <p>If the Supervisory Committee fails to issue a notice of the general meeting, it will be deemed that the Supervisory Committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company for over 90 consecutive days can convene and preside over the meeting by themselves.</p> <p>If any general meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company, before announcing the resolutions of the meeting.</p> <p>If the independent non-executive directors or the Supervisory Committee requests to convene an extraordinary general meeting, the following procedures are required to be followed:</p> <p>(I) Sign one or more written requests with the same format and contents, which request the Board to hold the extraordinary general meeting and explain the topic of the meeting. Within ten days after receiving the above-mentioned written request, the Board must provide written feedback regarding approval or rejection of the request.</p>	<p>(II) If the Board does not agree to convening an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder(s) who individually or collectively holds <u>ing</u> more than 10% of the Company's shares <u>(including preference shares with restored voting rights, but excluding treasury shares)</u> has the right to propose (s) convening an extraordinary general meeting and shall make a written request to the Supervisory Committee <u>Audit Committee</u>.</p> <p>If the Supervisory Committee <u>Audit Committee</u> approves the request, it will issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.</p> <p>If the Supervisory Committee <u>Audit Committee</u> fails to issue a notice of the general meeting <u>within the specified period</u>, it will <u>shall</u> be deemed that the Supervisory Committee <u>Audit Committee</u> will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company <u>(including preference shares with restored voting rights, but excluding treasury shares)</u> for over 90 consecutive days can convene and preside over the meeting by themselves.</p> <p>If any general meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company <u>(including preference shares with restored voting rights, but excluding treasury shares)</u>, before announcing the resolutions of the meeting.</p> <p>If the independent non-executive directors or the Supervisory Committee <u>Audit Committee</u> requests to convene an extraordinary general meeting, the following procedures are required to be followed:</p> <p>(I) Sign one or more written requests with the same format and contents, which request the Board to hold the extraordinary general meeting and explain the topic of the meeting. Within ten days after receiving the above-mentioned written request, the Board must provide written feedback regarding approval or rejection of the request.</p>

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<p>(II) If the Board approves the request, it shall provide a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the original requester.</p>	<p>(II) If the Board approves the request, it shall<u>will</u> provide a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the original requester.</p>
<p>(III) If the Board rejects the request from the independent non-executive directors, it shall explain and make a public announcement of the relevant reasons.</p>	<p>(III) If the Board rejects the request from the independent non-executive directors <u>to convene the extraordinary general meeting</u>, it shall explain and make a public announcement of the relevant reasons.</p>
<p>(IV) If the Board rejects the request from the Supervisory Committee, or provides no feedback within ten days after receiving the request, the Board shall be deemed to be unable to or will not fulfill the obligations of convening the meeting and the Supervisory Committee can convene and preside over the meeting itself.</p>	<p>(IV) If the Board rejects the request from the Supervisory Committee <u>Audit Committee</u> <u>to convene the extraordinary general meeting</u>, or provides no feedback within ten days after receiving the request, the Board shall be deemed to be unable to or will not fulfill the obligations of convening the meeting and the Supervisory Committee <u>Audit Committee</u> can convene and preside over the meeting itself.</p>
<p>If the meeting is convened by the Supervisory Committee or the shareholders themselves, a written notice shall be sent to the Board and kept on file in the relevant stock exchange(s). The Supervisory Committee and the meeting convener shall submit relevant supporting documents to the relevant stock exchange(s) when issuing the notice regarding convening the meeting, as well as an announcement about the resolution of the meeting.</p>	<p>If the meeting is convened by the Supervisory Committee <u>Audit Committee</u> or the shareholders themselves, a written notice shall be sent to the Board and kept on file in the relevant stock exchange(s). The Supervisory Committee <u>Audit Committee</u> and the meeting convener shall submit relevant supporting documents to the relevant stock exchange(s) when issuing the notice regarding convening the meeting, as well as an announcement about the resolution of the meeting.</p>
<p>Where the Supervisory Committee or the shareholders convene a general meeting, the Board and secretary to the Board shall provide necessary assistance. The Board shall provide the register of the shareholders as recorded on the relevant registration date. The Company shall assume the necessary costs of the meeting where it is convened by the Supervisory Committee or the shareholders.</p>	<p>Where the Supervisory Committee <u>Audit Committee</u> or the shareholders convene a general meeting, the Board and secretary to the Board shall provide necessary assistance. The Board shall provide the register of the shareholders as recorded on the relevant registration date. The Company shall assume the necessary costs of the meeting where it is convened by the Supervisory Committee <u>Audit Committee</u> or the shareholders.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 85 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, 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>Article 88 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/her duties, more than half<u>the half</u> 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 <u>Audit Committee</u> shall duly convene and preside; if even the Supervisory Committee <u>Audit Committee</u> 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 <u>(including preference shares with restored voting rights)</u> 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 <u>Audit Committee</u> itself shall be presided over by the chief supervisor <u>convener of the Audit Committee</u>. Where the chief supervisor <u>convener of the Audit Committee</u> cannot or fails to fulfil the duty thereof, the majority of the supervisors <u>members of the Audit Committee</u> shall jointly elect a supervisor <u>member of the Audit Committee</u> to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by <u>the convener or</u> 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% <u>a majority</u> of the shareholders present at the meeting who have the voting rights.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 86 The Company shall establish procedure rules of the general meeting and stipulate in detail the procedures for convening and voting at the meeting, including issuing notices, registration, review of resolutions, voting, counting of votes, announcement of voting results, reaching meeting resolutions, meeting minutes, signing meeting minutes and issuing announcement, as well as the principles for giving authorisation to the Board. The procedure rules of the general meeting shall be appended to the Articles of Association, and shall be prepared by the Board and approved by the general meeting.</p>	<p>Article 89 The Company shall establish procedure rules of the general meeting and stipulate in detail the procedures for calling, convening and voting at the meeting, including issuing notices, registration, review of resolutions, voting, counting of votes, announcement of voting results, reaching meeting resolutions, meeting minutes, signing meeting minutes and issuing announcement, as well as the principles for giving authorisation to the Board, and <u>the content of authorisation shall be clear and specific</u>. The procedure rules of the general meeting shall be appended to the Articles of Association, and shall be prepared by the Board and approved by the general meeting.</p>
<p>Article 90 The on-site general meeting shall not end before the meeting being conducted online or via other means. The chairman of the meeting shall announce the voting and poll result of each resolution, and determine whether a resolution has been passed pursuant to the voting results.</p> <p>Before the voting results are officially announced, the companies, vote counters, scrutineers, major shareholders and internet service providers involved at the on-site general meeting, the online meeting or any other voting means shall be obliged to keep the voting results confidential.</p> <p>Where the resolutions are not passed or the general meeting has revised a resolution reached at the previous general meeting, it should be specifically noted in the voting results announcement of the general meeting.</p>	<p>Article 93 The on-site general meeting shall not end before the meeting being conducted online or via other means. The chairman of the meeting shall announce the voting and poll result of each resolution, and determine whether a resolution has been passed pursuant to the voting results.</p> <p>Before the voting results are officially announced, the companies, vote counters, scrutineers, major shareholders and internet service providers involved at the on-site general meeting, the online meeting or any other voting means shall be obliged to keep the voting results confidential.</p> <p>Where the resolutions are not passed or the general meeting has revised a resolution reached at the previous general meeting, it should be specifically noted in the voting results announcement of the general meeting.</p>
<p>Article 92 If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.</p>	<p>Deleted</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 93 If the shareholders' meeting counts votes, the tally should be included in the meeting minutes.</p> <p>The general meeting shall file resolutions as minutes, which should be the responsibility of the secretary to the Board. The directors, supervisors, secretary to the Board, meeting convener or his/her representative and the chairman of the meeting present at the meeting shall sign the meeting minutes and ensure that the contents are true, accurate and complete. Meeting minutes, together with the signature register of attending shareholders and power of attorney of attending proxies, shall be kept at the domicile of the Company for at least 10 years.</p> <p>The meeting minutes shall include the following contents:</p> <p>(I) Meeting time, address, agenda, names of the meeting conveners;</p> <p>(II) Name of the chairman of the meeting as well as the directors, supervisors, managers and other senior executives who attended the meeting;</p> <p>(III) Number of shareholders and their proxies who attended the meeting, number of shares with voting rights and its percentage as to the total number of shares in the Company;</p> <p>(IV) Review process, key points and voting results of each proposed resolution;</p> <p>(V) Inquires or proposals of the shareholders and the replies and explanations;</p> <p>(VI) Names of the lawyers, vote counters and scrutineers;</p> <p>(VII) Other contents as may be required to be included in the meeting minutes under the Articles of Association.</p>	<p>Article 95 If the shareholders' meeting counts votes, the tally should be included in the meeting minutes.</p> <p>The general meeting shall file resolutions as minutes, which should be the responsibility of the secretary to the Board. The directors, supervisors, secretary to the Board, meeting convener or his/her representative and the chairman of the meeting present at the meeting shall sign the meeting minutes and ensure that the contents are true, accurate and complete. Meeting minutes, together with the signature register of attending shareholders and power of attorney of attending proxies, shall be kept at the domicile of the Company for at least 10 years.</p> <p>The meeting minutes shall include the following contents:</p> <p>(I) Meeting time, address, agenda, names of the meeting conveners;</p> <p>(II) Names of the chairman presiding person of the meeting as well as the directors, supervisors, managers and other senior executives who attended attending the meeting;</p> <p>(III) Number of shareholders and their proxies who attended attending the meeting, number of shares with voting rights and its percentage as to the total number of shares in the Company;</p> <p>(IV) Review process, key points and voting results of each proposed resolution;</p> <p>(V) Inquires or proposals of the shareholders and the replies and explanations;</p> <p>(VI) Names of the lawyers, vote counters and scrutineers;</p> <p>(VII) Other contents as may be required to be included in the meeting minutes under the Articles of Association.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 95 Except for the cumulative voting system, the general meeting will vote the resolutions one by one. If there are different resolutions for the same matter, voting shall be conducted in accordance to the time sequence of the resolutions. Except for cases where the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, the meeting shall not be set aside or make no votes for such resolution.</p> <p>When considering the proposed resolutions, the general meeting shall not make any modifications. Otherwise, the relevant modifications shall be regarded as a new resolution, which cannot be subject to voting at the present meeting.</p>	<p>Article 97 Except for the cumulative voting system, the general meeting will vote the resolutions one by one. If there are different resolutions for the same matter, voting shall be conducted in accordance towith the time sequence of the resolutions. Except for cases where the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, the meeting shall not be set aside or make no votes for such resolution.</p> <p>When considering the proposed resolutions, the general meeting shall not make any modifications. Otherwise, the relevant Any resolution with modifications shall be regarded as a new resolution, and which cannot be subject to voting at the present meeting.</p>
<p>Article 103 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 shall be elected and removed by more than half of all the directors, shall serve a term of three years, 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, senior managers 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>Article 105 Non-employee representative dDirectors 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 shall be elected and removed by more than half of all the directors, shall serve a term of three years, 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, senior managers 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>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 104 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>	<p>Article 106 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 non-executive Directors should be made in accordance with the relevant requirements of the laws and regulations.</p>

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 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>	<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>
<p>Article 106 A director may resign prior to the expiration of his term by tendering a written resignation to the Board. The Board shall disclose the relevant information within two days.</p> <p>If the number of directors of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation.</p>	<p>Article 108 A director may resign prior to the expiration of his term by tendering a written resignation to the Board, <u>and the resignation shall take effect on the date when the Company receives the resignation report.</u> The Board shall disclose the relevant information within two <u>trading</u> days.</p> <p>If the numbermembers of directors of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 107 In cases where a director resignation takes effect or his/her tenure expires, he/she shall complete the handing-over procedures with the Board. His/her duty of loyalty owed to the Company and the shareholders shall not be relieved absolutely after the tenure expires and shall remain valid for three years after the resignation takes effect or after his/her tenure expires.</p>	<p>Article 109 <u>The Company shall establish a management system for resignations of directors, clearly specifying the protective measures on accountability and compensation for unfulfilled public commitments and other outstanding matters.</u> In cases where a director resignation takes effect or his/her tenure expires, he/she shall complete the handing-over procedures with the Board. His/her duty of loyalty owed to the Company and the shareholders shall not be relieved absolutely after the tenure expires and shall remain valid for three years after the resignation takes effect or after his/her tenure expires. <u>The liabilities that a director shall bear during his/her term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.</u></p>
<p>Newly added article</p>	<p>Article 110 <u>The general meeting may resolve to remove a director, and such removal shall take effect on the date when the resolution is made.</u></p> <p><u>If a director is removed before the expiration of his/her tenure without just cause, the director may request the Company to provide compensation.</u></p>
<p>Article 109 In cases where the directors have breached the relevant laws, administrative regulations, department rules or the Articles of Association when exercising their duties and causes the Company to incur a loss, they shall be liable to compensate accordingly.</p>	<p>Article 112 <u>Where a director causes damage to others in the course of performing his/her duties, the Company shall be liable for compensation; the director shall also be liable for compensation if there is intent or gross negligence on his/her part.</u></p> <p>In cases where the directors have breached the relevant laws, administrative regulations, department rules or the Articles of Association when exercising their duties and causes the Company to incur a loss, they shall be liable to compensate accordingly.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Article 115 An independent non-executive director shall perform his duties pursuant to laws, regulations and the Listing Rules.	Article 118 An independent non-executive director <u>shall, in accordance with the provisions of laws, administrative regulations, the CSRC, the stock exchanges where the Company's shares are listed, and the Articles of Association, earnestly perform their duties, play the roles of participating in decision-making, supervising and balancing, and providing professional advice in the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.</u>
Article 117 Matters regarding independent non-executive directors and not specified herein shall be governed by relevant requirements on directors in laws, regulations, the Listing Rules and the Articles of Association.	Article 120 Matters regarding independent non-executive directors and not specified herein shall be governed by relevant requirements on directors in laws, regulations, the L isting R ules <u>of the stock exchanges where the Company's shares are listed</u> and the Articles of Association.
Newly added article	<p><u>Article 121 Independent non-executive directors must maintain independence. The following persons are ineligible to serve as independent non-executive directors:</u></p> <p><u>(I) any person employed by the Company or its subsidiaries, as well as their spouses, parents, children and major social relations;</u></p> <p><u>(II) any natural person shareholder who directly or indirectly holds more than one percent of the Company's issued shares or is among the top ten shareholders of the Company, as well as their spouses, parents and children;</u></p> <p><u>(III) any person employed by shareholders who directly or indirectly hold more than five percent of the Company's issued shares or by any of the Company's top five shareholders, as well as their spouses, parents and children;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(IV) any person employed by subsidiaries of the Company’s controlling shareholders or de facto controllers, as well as their spouses, parents and children;</u></p> <p><u>(V) any person who has significant business dealings with the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, or any person employed by entities that have significant business dealings with the Company and their controlling shareholders or de facto controllers;</u></p> <p><u>(VI) any person who provides financial, legal, advisory, sponsorship or other services to the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, signatories to reports, partners, directors, senior management and key personnel of the service-providing intermediary institutions;</u></p> <p><u>(VII) any person who has fallen under any of the circumstances described in (I) to (VI) above within the past twelve months;</u></p> <p><u>(VIII) any core connected person as defined in the Hong Kong Listing Rules and any other person deemed to lack independence under laws, administrative regulations, CSRC provisions, the business rules of the stock exchanges where the Company’s shares are listed and the Articles of Association.</u></p> <p><u>For the purposes of (IV) to (VI) above, the term “subsidiaries of the Company’s controlling shareholders or de facto controllers” shall not include enterprises that are under the control of the same state-owned assets regulatory authority as the Company and which, in accordance with relevant regulations, do not constitute related relationship of the Company.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>Independent non-executive directors shall conduct annual self-assessments of their independence and submit such assessments to the Board. The Board shall annually evaluate the independence of incumbent independent non-executive directors and issue a specific opinions, which shall be disclosed together with the annual report.</u></p>
Newly added article	<p><u>Article 122 To serve as an independent non-executive director of the Company, a person must satisfy the following requirements:</u></p> <p><u>(I) to be qualified to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;</u></p> <p><u>(II) to meet the independence requirements set forth in the Articles of Association;</u></p> <p><u>(III) to possess fundamental knowledge of listed company operations and be familiar with relevant laws, regulations and rules;</u></p> <p><u>(IV) to have at least five years of professional experience in law, accounting or economics necessary for performing duties of an independent non-executive director;</u></p> <p><u>(V) to demonstrate good personal character with no record of serious dishonesty or other misconduct;</u></p> <p><u>(VI) to satisfy other requirements stipulated by laws, administrative regulations, CSRC provisions, business rules of the stock exchange where the Company's shares are listed, and the Articles of Association.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Newly added article	<p data-bbox="810 283 1351 459"><u>Article 123 The independent non-executive directors, as members of the Board, owe duty of loyalty and duty of diligence to the Company and all shareholders, and shall prudently perform the following duties:</u></p> <p data-bbox="810 506 1351 608"><u>(I) to engage in decision-making of the Board and provide clear opinions on matters under discussion;</u></p> <p data-bbox="810 655 1351 832"><u>(II) to supervise potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, or senior management, safeguarding the legitimate rights and interests of minority shareholders;</u></p> <p data-bbox="810 878 1351 1017"><u>(III) to offer professional and objective recommendations on the Company's business development, thereby enhancing the quality of board decision-making;</u></p> <p data-bbox="810 1064 1351 1240"><u>(IV) to fulfil any additional duties stipulated by laws, administrative regulations, CSRC provisions, the business rules of the stock exchanges where the Company's shares are listed, and the Articles of Association.</u></p>
Newly added article	<p data-bbox="810 1257 1351 1321"><u>Article 124 Independent non-executive directors shall exercise the following special authorities:</u></p> <p data-bbox="810 1368 1351 1470"><u>(I) to independently engage intermediaries to conduct audits, provide consultancy, or perform verifications on specific matters of the Company;</u></p> <p data-bbox="810 1517 1351 1581"><u>(II) to propose to the Board the convening of extraordinary general meetings;</u></p> <p data-bbox="810 1627 1351 1655"><u>(III) to propose the convening of board meetings;</u></p> <p data-bbox="810 1702 1351 1766"><u>(IV) to solicit shareholder rights publicly from shareholders in accordance with laws;</u></p> <p data-bbox="810 1813 1351 1915"><u>(V) to issue independent opinions on matters that may jeopardize the rights and interests of the Company and minority shareholders;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(VI) to exercise any additional authorities stipulated by laws, administrative regulations, CSRC provisions, the business rules of the stock exchange where the Company's shares are listed, and the Articles of Association.</u></p> <p><u>The independent non-executive directors exercise of authorities under (I) to (III) of the preceding paragraph shall obtain approval by a majority of all independent non-executive directors.</u></p> <p><u>The Company shall promptly disclose any exercise of the authorities listed in the first paragraph by independent non-executive directors. Where such authorities cannot be duly exercised, the Company shall disclose the specific circumstances and reasons.</u></p>
Newly added article	<p><u>Article 125 The following matters shall be submitted to the Board for deliberation only after obtaining the approval of a majority of all independent non-executive directors of the Company:</u></p> <p><u>(I) any related party transactions that should be disclosed;</u></p> <p><u>(II) proposals to amend or waive commitments made by the Company and related parties;</u></p> <p><u>(III) decisions made or measures adopted by the board of a listed company subject to a takeover offer in response to such acquisition;</u></p> <p><u>(IV) any additional matters stipulated by laws, administrative regulations, CSRC provisions and the Articles of Association.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Newly added article	<p data-bbox="809 280 1351 608"><u>Article 126 The Company shall convene regular or irregular meetings attended exclusively by independent non-executive directors (hereinafter referred to as the “Special Meetings of Independent Non-Executive Directors”). For matters requiring board deliberations such as related party transactions, prior endorsement by the Special Meetings of Independent Non-Executive Directors must be obtained.</u></p> <p data-bbox="809 655 1351 906"><u>The Company shall convene Special Meetings of Independent Non-Executive Directors on a regular or irregular basis. The matters set out in (I) to (III) under the first paragraph of Article 124 and Article 125 shall be subject to deliberation by the Special Meetings of Independent Non-Executive Directors.</u></p> <p data-bbox="809 953 1351 1098"><u>The Special Meetings of Independent Non-Executive Directors may, as necessary, discuss and consider other matters relating to the Company.</u></p> <p data-bbox="809 1144 1351 1472"><u>The Special Meetings of Independent Non-Executive Directors shall be convened and chaired by an independent non-executive director jointly elected by a majority of the independent non-executive directors. If the convenor fails or is unable to perform his/her duties, two or more independent non-executive directors may convene the meeting on their own and elect a representative to preside over the meeting.</u></p> <p data-bbox="809 1519 1351 1770"><u>Minutes of all Special Meetings of Independent Non-Executive Directors shall be prepared in accordance with regulations, accurately recording the views and opinions expressed by the independent non-executive directors. The independent non-executive directors shall sign and confirm the minutes.</u></p> <p data-bbox="809 1817 1351 1923"><u>The Company shall support and facilitate the convening of the Special Meetings of Independent Non-Executive Directors.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 118 The Company sets a Board, which comprises 14 directors, including one 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>Article 127 The Company sets a Board, which comprises 15 directors, including one employee representative director, one 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>Article 119 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, issue of bonds or other securities;</p> <p>(VII) To prepare plans for the Company's material acquisition, repurchase of the Company's share, merger, division, dissolution and transformation;</p> <p>(VIII) To determine matters relating to the Company's external investment, asset acquisition and disposal, asset pledge, external guarantee matters, asset management mandate, related party transactions and external donation within the authorisation of the general meeting;</p>	<p>Article 128 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) toTo 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) (IV) To prepare the Company's profit distribution plans and loss recovery plans;</p> <p>(VI) (V) To formulate the plan for increase or reduction of the Company's registered capital, issue of bonds or other securities;</p> <p>(VII) (VI) To prepare plans for the Company's material acquisition, repurchase of the Company's share, merger, division, dissolution and transformation;</p> <p>(VIII) (VII) To determine matters relating to the Company's external investment, asset acquisition and disposal, asset pledge, external guarantee matters, asset management mandate, related party/connected transactions and external donation within the authorisation of the general meeting;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(IX) To decide on the internal management structure of the Company;</p> <p>(X) To determine the appointment or dismissal of the Company's general manager, the secretary of the Board and other senior officers and decide on their remunerations, rewards and penalties; and pursuant to the president's nominations to determine the appointment or dismissal of the deputy general managers, the senior officers including chief financial officer of the Company and decide on their remuneration rewards and penalties;</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>	<p>(IX) (VIII) To decide on the internal management structure of the Company;</p> <p>(X) (IX) To determine the appointment or dismissal of the Company's general manager, the secretary of the Board and other senior officers and decide on their remunerations, rewards and penalties; and pursuant to the president's nominations to determine the appointment or dismissal of the deputy general managers, the senior officers including chief financial officer of the Company and decide on their remuneration, rewards and penalties;</p> <p>(XI) (X) To work out the basic management system of the Company;</p> <p>(XII) (XI) To formulate the plan for any amendment to the Articles of Association;</p> <p>(XIII) (XII) Manage information disclosure of the Company;</p> <p>(XIV) (XIII) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p>(XV) (XIV) Listen to the work report of the company <u>general</u> managers and inspect the tasks managed by the managers;</p> <p>(XVI) (XV) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange withstock exchanges on which the Company's shares isare 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. Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for deliberation.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 122 In cases when the Company makes investment to other enterprises or provides guarantees to others, the Board is responsible for making decisions unless otherwise specified in the Articles of Association, laws, regulations or listing rules of the exchange where the Company had its shares listed. The Board shall determine the limitation of authority for external investment and external guarantee, establish a stringent review and decision-making procedure, and report to the general meeting for approval. Subject to the Articles of Association, laws and regulations, and relevant listing rules of the exchanges where the Company's shares are listed, the general manager or the operating management of the Company are entitled to review and decide on external investment and external guarantee within their scope of limitation of authority in accordance with the authorization by the Board and the relevant management systems of the Company. However, if the Company provides guarantee for the Company's shareholders or actual controllers, it shall be resolved at the general meeting.</p> <p>Shareholders regulated in above articles or controlled by the actual controller being subject to above articles shall not participate in the voting of matters regulated in above articles. The voting should be made by the majority of other shareholders present.</p>	<p>Article 131 In cases when the Company makes investment to other enterprises or provides guarantees to others, the Board is responsible for making decisions unless otherwise specified in the Articles of Association, laws, regulations or listing rules of the exchange where the Company had its shares listed. The Board shall determine the limitation of authority for external investment and external guarantee, establish a stringent review and decision-making procedure, and report to the general meeting for approval. Subject to the Articles of Association, laws and regulations, and relevant listing rules of the exchanges where the Company's shares are listed, the general manager or the operating management of the Company are entitled to review and decide on external investment and external guarantee within their scope of limitation of authority in accordance with the authorization by the Board and the relevant management systems of the Company. However, if the Company provides guarantee for the Company's shareholders or actual de facto controllers, it shall be resolved at the general meeting.</p> <p>Shareholders regulated in above articles or controlled by the actual de facto controller being subject to above articles shall not participate in the voting of matters regulated in above articles. The voting should be made by the majority of other shareholders present.</p>
<p>Article 123 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>Article 132 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 To supervise and examine the implementation of the resolutions of the Board;</p> <p>(III) To sign the securities certificates issued by the Company;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<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.</p>	<p>(IV) To exercise other functions and powers conferred by the Board or the <u>Listing Rules of the stock exchange where the Company's shares are listed</u>.</p> <p>If the chairman is unable to perform his/<u>her</u> duties, more than half <u>half</u> of the directors may elect a director to perform such duties.</p>
<p>Article 124 Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four regular meetings per 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 3 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>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 more than half of the independent directors;</p> <p>(IV) Proposed by the Supervisory Committee;</p> <p>(V) Deemed necessary by the chairman of the Board.</p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>	<p>Article 133 Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four regular meetings per 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 3 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>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 more than half <u>majority</u> of the independent <u>non-executive</u> directors;</p> <p>(IV) Proposed by the Supervisory Committee <u>Audit Committee</u>;</p> <p>(V) Deemed necessary by the chairman of the Board.</p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 126 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 127 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.</p>	<p>Article 135 Unless otherwise provided herein, board meetings shall be held only if more than half a majority of the directors (including directors attending the meeting on behalf of others pursuant to Article 136 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.</p>
<p>Article 127 Directors shall attend board meetings in person. In the event that a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.</p> <p>The director attending the meeting as proxy shall exercise rights within the scope of authorization. Where a director is not present at a board meeting and fails to authorize a proxy to act on his behalf, the said director shall be deemed to have waived his rights to vote at the meeting. The Board and any committee thereof shall file resolutions of meetings as minutes and record in detail the matters considered and the decisions arrived at the meetings, including any questions or objections raised by the directors. After conclusion of a board meeting, the initial and finalized meeting minutes shall be sent to all the directors successively and in due time, with the initial ones to be commented on by the directors and the final ones to be recorded.</p>	<p>Article 136 Directors shall attend board meetings in person. In the event that a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.</p> <p>The director attending the meeting as proxy shall exercise rights within the scope of authorization. Where a director is not present at a board meeting and fails to authorize a proxy to act on his behalf, the said director shall be deemed to have waived his rights to vote at the meeting. The Board and any committee thereof shall file resolutions of meetings as minutes and record in detail the matters considered and the decisions arrived at the meetings, including any questions or objections raised by the directors. After conclusion of a board meeting, the initial and finalized meeting minutes shall be sent to all the directors successively and in due time, with the initial ones to be commented on by the directors and the final ones to be recorded.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Minutes shall be signed by all attending directors and the person taking the minutes. The meeting minutes shall be kept for at least 10 years. The directors shall be responsible for the resolutions passed at board meetings. Any director who votes for a resolution which runs counter to the relevant laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.</p> <p>The independent non-executive directors' opinions shall be set out in the resolutions of board meetings.</p>	<p>Minutes shall be signed by all attending directors and the person taking the minutes. The meeting minutes shall be kept for at least 10 years. The directors shall be responsible for the resolutions passed at board meetings. Any director who votes for a resolution which runs counter to the relevant laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.</p> <p>The independent non-executive directors' opinions shall be set out in the resolutions of board meetings.</p>
Newly added article	Section 4 Special Committees of the Board
Newly added article	<u>Article 137 The Board of the Company shall establish an Audit Committee to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law.</u>
Newly added article	<u>Article 138 Members of the Audit Committee shall consist of three directors who do not hold senior management positions in the Company. Among them, two members shall be independent non-executive directors, and an accounting professional among the independent non-executive directors shall serve as the convener (chairman).</u>
Newly added article	<p><u>Article 139 The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration with the consent by a majority of all members of the Audit Committee:</u></p> <p><u>(I) disclosure of financial information in the financial accounting reports and regular reports, and the evaluation reports on internal control;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(II) engagement or dismissal of the accounting firm that conducts auditing for the listed company;</u></p> <p><u>(III) appointment or dismissal of the financial controller of the listed company;</u></p> <p><u>(IV) changes in accounting policies, accounting estimates or correction of significant accounting errors for reasons other than changes in accounting standards;</u></p> <p><u>(V) other matters as stipulated by the laws, administrative regulations, CSRC provisions, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.</u></p>
Newly added article	<p><u>Article 140 The Audit Committee shall convene a meeting at least once every quarter. The Audit Committee may convene an extraordinary meeting upon the proposal of two or more members, or when the convener deems necessary. Meetings of the Audit Committee shall be held with the attendance of at least two-thirds of the members.</u></p> <p><u>Resolutions of the Audit Committee shall be passed by a majority of the members of the Audit Committee.</u></p> <p><u>Each member of the Audit Committee shall have one vote for any voting to be resolved by the Audit Committee.</u></p> <p><u>The resolutions of the Audit Committee shall be recorded in minutes as required, and the members of the Audit Committee attending the meeting shall sign the minutes.</u></p> <p><u>The working rules of the Audit Committee shall be formulated by the Board.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Newly added article	<u>Article 141 The Board of the Company shall also establish the Strategy and Investment Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. They shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals of the special committees shall be submitted to the Board for consideration and decision. The working rules of the special committees shall be formulated by the Board.</u>
<p>Article 130 The Company shall have one general manager, who shall be appointed and dismissed by the Board, several vice general managers and one chief financial officer, who shall be appointed or dismissed by the Board as nominated by the general manager.</p> <p>Upon approval of the Board of the Company, a director may serve concurrently as the general manager or other senior executives.</p> <p>The general manager and other senior executives shall serve a term of three years and may be reappointed for consecutive terms if re-elected.</p>	<p>Article 142146 The Company shall have one general manager, who shall be appointed andor dismissed by the Board, several vice general managers and one chief financial officer, who shall be appointed or dismissed by the Board as nominated by the general manager.</p> <p>Upon approval of the Board of the Company, a director may serve concurrently as the general manager or other senior executives.</p> <p>The general manager and other senior executives shall serve a term of three years and may be reappointed for consecutive terms if re-elected.</p>
CHAPTER 13 SUPERVISORY COMMITTEE	Entire chapter deleted
CHAPTER 14 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR EXECUTIVES OF THE COMPANY	CHAPTER 14 3 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS , GENERAL MANAGER AND OTHER SENIOR EXECUTIVES OF THE COMPANY
<p>Article 144 A person shall not serve as director, supervisor, general manager or other senior executives of the Company if the said person:</p> <p>(I) Is without capacity or with limited capacity for civil conduct;</p> <p>(II) Was imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting socialism market economic order and it is less than five years since the completion of enforcement of the criminal penalty; or is deprived of political rights due to criminal offence and it is less than five years since the completion of enforcement of the penalty;</p>	<p>Article 148 A person shall not serve as director, supervisor, general manager or other senior executives of the Company if the said person:</p> <p>(I) Is without capacity or with limited capacity for civil conduct;</p> <p>(II) Was imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting socialism market economic order and it is less than five years since the completion of enforcement of the criminal penalty; or is deprived of political rights due to criminal offence and it is less than five years since the completion of enforcement of the penalty <u>or is declared on probation, and it has not been more than two years since the date of expiration of the probation period;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(III) Was once the director or factory manager, the manager of any company or enterprise which was bankrupted and was responsible for the bankruptcy of the said company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the said company or enterprise;</p> <p>(IV) Ever was the legal representative of any company or enterprise which was revoked business license or ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of the business license;</p> <p>(V) Has large outstanding personal debts;</p> <p>(VI) Is disqualified as corporate leader in laws and administrative regulations;</p> <p>(VII) Is not a natural person;</p> <p>(VIII) Has been prohibited from participating in securities market by the CSRC and such duration has not expired.</p> <p>(IX) Other circumstances as permitted by laws, administrative regulations and Listing Rules of the place in which the Company's shares are listed.</p> <p>Any election, appointment or employment of directors, supervisors or other senior executives in violation of the above provisions shall be invalid.</p> <p>The Company shall dismiss the director, supervisor and senior executive if he is involved in the said circumstances set out in Paragraph 1 herein during his term of office.</p>	<p>(III) Was once the director or factory manager, the manager of any company or enterprise which was bankrupted and was responsible for the bankruptcy of the said company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the said company or enterprise;</p> <p>(IV) Ever was the legal representative of any company or enterprise which was revoked business license or ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of the business license <u>or the close-down order;</u></p> <p>(V) Has large outstanding personal debts <u>and has been listed as a dishonest person subject to enforcement by the People's Court;</u></p> <p><u>(VI) Has been publicly ascertained by any stock exchange to be unsuitable for serving as the directors and senior executives of any listed company and such duration has not expired;</u></p> <p>(VI)<u>(VII)</u> Is disqualified as corporate leader in laws and administrative regulations;</p> <p>(VII)<u>(VIII)</u> Is not a natural person;</p> <p>(VIII)<u>(IX)</u> Has been prohibited from participating in securities market by the CSRC and such duration has not expired.</p> <p>(IX)<u>(X)</u> Other circumstances as permitted by laws, administrative regulations and Listing r<u>Rules</u> of the place in which the Company's shares are listed.</p> <p>Any election, appointment or employment of directors, supervisors or other senior executives in violation of the above provisions shall be invalid.</p> <p>The Company shall dismiss the director, supervisor and senior executive <u>and stop him/her from performing his/her duties</u> if he/she is involved in the said circumstances set out in Paragraph 1 herein<u>forth above</u> during his/<u>her</u> term of office.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 145 In exercising the powers conferred by the Company, directors, supervisors, the general manager and other senior executives of the Company shall fulfill the following obligations to each shareholder in addition to the obligations under the laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed:</p> <p>(I) Not to let the Company operate beyond the business scope specified in its business licence;</p> <p>(II) To sincerely act in the best interest of the Company;</p> <p>(III) Not to seize from the Company the property in any form, including (but not limited to) opportunity favourable to the Company;</p> <p>(IV) Not to seize from any shareholder any personal interests, including (but not limited to) 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>	Deleted
Article 146 In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior executives of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.	Deleted
Article 147 The Directors, supervisors, general manager and other senior executives of the Company's duty of loyalty owed to the Company and the shareholders shall not be relieved absolutely after the tenure expires and shall remain valid for a reasonable period of time as set forth in the Articles of Association.	<p>Article 151 The Directors, supervisors, general manager and other senior executives of the Company's duty of loyalty owed <u>the Company shall assume the following duty of loyalty to the Company</u> the Company and the shareholders; shall not be relieved absolutely after the tenure expires and shall remain valid for a reasonable period of time as set forth in the Articles of Association.</p> <p><u>(I) Not to embezzle the property or misappropriate the funds of the Company;</u></p> <p><u>(II) Not to deposit the funds of the Company into an account opened in his/her own name or in the name of any other individual;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(III) Not to take bribes or accept any other illegal proceeds by taking advantage of his/her power;</u></p> <p><u>(IV) Not to directly or indirectly enter into any contract or conduct any transaction with the Company unless it has been reported to the Board or the general meeting and approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;</u></p> <p><u>(V) Not to exploit his/her position to seek for himself/herself or others any business opportunities that would otherwise belong to the Company, except when reported to the Board or the general meeting and approved by a resolution of the general meeting, or when the Company is unable to utilize such business opportunities according to the provisions of laws, administrative regulations, or the Articles of Association;</u></p> <p><u>(VI) Not to operate on his/her own or for others any business that is of the same kind as the Company's business without reporting to the Board or the general meeting and obtaining approval through a resolution of the general meeting;</u></p> <p><u>(VII) Not to accept commissions from transactions between others and the Company for their own benefit;</u></p> <p><u>(VIII) Not to disclose the secrets of the Company without consent;</u></p> <p><u>(IX) Not to use his/her related/connected relationship to prejudice the Company's interests;</u></p> <p><u>(X) Other duties of loyalty as stipulated by laws, administrative regulations, departmental rules, the stock exchanges where the Company's shares are listed and the Articles of Association.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>Income obtained by directors in violation of this Article should belong to the Company. Directors who cause losses to the Company should bear liability for compensation.</u></p> <p><u>The close relatives of directors and senior executives, enterprises directly or indirectly controlled by directors and senior executives, or their close relatives, as well as related/connected persons who have other related/connected relationships with directors and senior executives, when entering into contracts or conducting transactions with the Company, shall be subject to the provisions of the item (IV) in the second paragraph of this Article. Directors shall comply with the provisions of laws, administrative regulations, and the Articles of Association. They owe the duty of loyalty to the Company and shall take measures to avoid conflicts between their personal interests and those of the Company. No director may exploit their position to seek improper gains.</u></p>
Newly added article	<p><u>Article 152 Directors of the Company shall comply with the provisions of laws, administrative regulations, listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association, owe the duty of diligence to the Company, and perform their duties with reasonable care that a manager generally should have to serve the best interests of the Company.</u></p> <p><u>Directors owe the following duties of diligence to the Company:</u></p> <p><u>(I) to prudently, conscientiously and diligently exercise the rights granted by the Company, so as to ensure that the commercial activities of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;</u></p> <p><u>(II) to treat all shareholders impartially;</u></p> <p><u>(III) to keep informed of the operation and management of the business of the Company;</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><u>(IV) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;</u></p> <p><u>(V) to honestly provide the Audit Committee with relevant information and materials, and not to intervene the Audit Committee from performing their duties and powers;</u></p> <p><u>(VI) to fulfill other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the stock exchanges where the Company's shares are listed and the Articles of Association.</u></p> <p><u>The provisions of the Articles of Association regarding directors' duties of loyalty and diligence shall apply equally to senior executives.</u></p>
<p>Article 148 If directors, supervisors, general manager and other senior executives of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company (exclusive of engagement contract with the Company), they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>If any director has connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director and shall abstain from voting. The Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the issue shall be submitted to the general meeting of the listed company for examination.</p>	<p>Article 153 If directors, supervisors, general manager and other senior executives of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company (exclusive of engagement contract with the Company), they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.</p> <p>If any director has <u>related/connected relationship</u>connection with the enterprise <u>or individual</u> involved in the resolution made at a Board meeting, <u>such director shall promptly submit a written report to the Board. The director with such relationship</u>the said director shall not vote on the said resolution for himself or on behalf of another director and shall abstain from voting. The Board meeting may be held when <u>more than half a majority</u> of the <u>non-related/non-connected</u> directors attend the meeting. The resolution of the Board meeting shall be passed by <u>more than half a majority</u> of the <u>non-related/non-connected</u> directors. If the number of <u>non-related/non-connected</u> directors attending the meetings is less than 3, the issue shall be submitted to the general meeting of the listed company for examination.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Unless under the exceptional circumstances approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting. If the relevant contract, transaction, arrangement or suggestion involves the connected transaction specified in the Listing Rules, the “close associates” herein shall be changed to “associates” (as defined in the applicable Listing Rules which come into effect from time to time).</p> <p>Unless the directors, supervisors, general manager and other senior executives of the Company having material interests have disclosed to the Board as per Paragraph 1 herein, and the said transaction is approved at the Board meeting at which they are not included into the quorum and do not vote, the Company shall have the right to cancel the said contract, transaction or arrangement, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the relevant directors, supervisors, managers and other senior executives.</p> <p>If the connected persons or associates of the directors, supervisors, general manager and other senior executives of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, general manager and other senior executives shall also be deemed as having interests.</p>	<p>Unless under the exceptional circumstances approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting. If the relevant contract, transaction, arrangement or suggestion involves the connected transaction specified in the Listing Rules, the “close associates” herein shall be changed to “associates” (as defined in the applicable Listing Rules which come into effect from time to time).</p> <p>Unless the directors, supervisors, general manager and other senior executives of the Company having material interests have disclosed to the Board as per Paragraph 1 herein, and the said transaction is approved at the Board meeting at which they are not included into the quorum and do not vote, the Company shall have the right to cancel the said contract, transaction or arrangement, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the relevant directors, supervisors, managers and other senior executives.</p> <p>If the connected persons or associates of the directors, supervisors, general manager and other senior executives of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, general manager and other senior executives shall also be deemed as having interests.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 149 If the directors, supervisors, general manager or other senior executives fail to fulfil the obligations to the Company, the Company shall have the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:</p> <p>(I) Require the relevant directors, supervisors, general manager or other senior executives to compensate the Company for the losses arising from their neglect of duty;</p> <p>(II) Cancel the contracts or transactions concluded between the Company and the relevant directors, supervisors, general manager and other senior executives, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, general manager and other senior executives representing the Company have breached their obligations to the Company);</p> <p>(III) Require the relevant directors, supervisors, general manager and other senior executives to surrender gains arising from breach of obligations;</p> <p>(IV) Recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, general manager and other senior executives but receivable by the Company;</p> <p>(V) Require the relevant directors, supervisors, general manager and other senior executives to surrender interests earned or likely to be earned from monies payable to the Company.</p>	Deleted
<p>Article 150 The Company shall conclude written contracts with every director, supervisor and senior executive.</p>	Deleted

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 151 The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations and requirements formulated by the relevant authorities of the state.</p>	<p>Article 154 The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations and requirements formulated by the relevant authorities of the state. <u>The results, financial reports or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the accounting standards required under the rules of the places in which the Company's shares are listed.</u></p>
<p>Article 153 The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards regulations as well as the accounting standards required under the rules of the places in which the Company's shares are listed.</p>	<p>Deleted</p>
<p>Article 154 The Company shall announce two financial reports each fiscal year, i.e. interim financial report announced within 60 days after the end of the first six months of the fiscal year and the annual financial report announced within 120 days after the end of the fiscal year.</p> <p>If the securities regulatory authority of the location where the Company's shares are listed has other provisions, such provisions shall prevail.</p>	<p>Deleted</p>
<p>Article 156 The common reserve funds of the Company shall only serve the following purposes:</p> <p>(I) To make up for losses. The capital reserve shall not be used to make up for the losses.</p> <p>(II) To increase capital. When the statutory common reserve fund is capitalized to increase capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company prior to the increase.</p> <p>(III) To enlarge production capacity.</p>	<p>Article 157 The common reserve funds of the Company shall only serve the following purposes:</p> <p>(I) To make up for losses. The capital reserve shall not be used to make up for the losses. <u>When using the common reserve funds to cover the loss of the Company, the discretionary and statutory common reserve funds shall be used first; if the loss still cannot be covered, the capital reserve can be used in accordance with regulations.</u></p> <p>(II) To increase <u>registered</u> capital. When the statutory common reserve fund is capitalized to increase <u>registered</u> capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company prior to the increase.</p> <p>(III) To enlarge production capacity.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 157 The Board, the Board of supervisors and the general meeting shall consider the opinions of the independent non-executive directors, external supervisors and minority shareholders when determining and evaluating the Company's profit distribution policy.</p> <p>The Company shall implement continuous, stable, scientific and proactive profit distribution policies, and attach importance to the provision of reasonable return to shareholders and ensure the continuity and stability of profit distribution policy.</p> <p>(I) The Company's profit distribution policy</p> <ol style="list-style-type: none"> 1. The Company may use cash, shares, combination of cash and shares or other forms as permitted by the laws and regulations in making profit distribution, and give priority to the provision of cash dividends. Profit distribution shall not exceed the cumulative distributable profit or damage the Company's continuous operation capability; 2. Subject to the prevailing laws and regulations as well as any regulatory rules, the profit distributed by the Company in the form of cash every year shall be not less than 20% of the distributable profit realized in that year; 3. While ensuring its normal business development, the Company adheres to the principle of giving priority to the provision of cash dividends when making profit distribution; no share dividends may be distributed if no cash dividends were made during the year. The Board is obliged to put forward a cash dividend proposal and it should explain the proposed use or the principles for using the distributable profit realized but not distributed in the current year; 4. In the event that the Board fails to put forward a cash dividend proposal due to major investment plans or major cash expenditures or other reasons, it must explain the reasons and the specific use of the retained profits in the profit distribution proposals; 	<p>Article 158 The Board, the Board of supervisors and the general meeting shall consider the opinions of the independent non-executive directors, external supervisors and minority shareholders when determining and evaluating the Company's profit distribution policy.</p> <p>The Company shall implement continuous, stable, scientific and proactive profit distribution policies, and attach importance to the provision of reasonable return to shareholders and ensure the continuity and stability of profit distribution policy.</p> <p>(I) The Company's profit distribution policy:</p> <ol style="list-style-type: none"> 1. The Company may use cash, shares, combination of cash and shares or other forms as permitted by the laws and regulations in making profit distribution, and give priority to the provision of cash dividends. Profit distribution shall not exceed the cumulative distributable profit or damage the Company's continuous operation capability; 2. Subject to the prevailing laws and regulations as well as any regulatory rules, the profit distributed by the Company in the form of cash every year shall be not less than 20% of the distributable profit realized in that year; 3. While ensuring its normal business development, the Company adheres to the principle of giving priority to the provision of cash dividends when making profit distribution; no share dividends may be distributed if no cash dividends were made during the year. The Board is obliged to put forward a cash dividend proposal and it should explain the proposed use or the principles for using the distributable profit realized but not distributed in the current year; 4. In the event that the Board fails to put forward a cash dividend proposal due to major investment plans or major cash expenditures or other reasons, it must explain the reasons and the specific use of the retained profits in the profit distribution proposals;

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>5. If the Board believes that the Company has relatively good future growth potential, relatively high net asset value per share, and that the Company's share price does not match its share capital or that distributing share dividends conforms to the overall interests of all shareholders, it may draw up share dividend distribution proposals subject to compliance with its cash dividend policies;</p> <p>6. The Company generally distributes profits annually; the Board may also put forward interim profit distribution proposals in accordance with the Company's profit conditions and funding needs;</p> <p>7. The Company shall exercise its right as the shareholder of its subsidiaries to ensure the Company's ability to implement the cash dividend plan in the current year with the profits distributed by its subsidiaries in cash.</p> <p>(II) The Company's differentiated cash dividend policy</p> <p>The Board shall distinguish the following situations and put forward differentiated cash dividend policies in accordance with the procedures specified by the Articles of Association, by comprehensively considering the Company's industry features, development stage, mode of operation, profit level and any arrangement on major capital expenditure:</p> <p>1. In the case where the Company is at a mature stage of development and there is no major capital expenditure arrangement, cash dividends shall account for at least 80% of the current profit distribution;</p> <p>2. In the case where the Company is at a mature stage of development and there is major capital expenditure arrangement, cash dividends shall account for at least 40% of the current profit distribution;</p>	<p>5. If the Board believes that the Company has relatively good future growth potential, relatively high net asset value per share, and that the Company's share price does not match its share capital or that distributing share dividends conforms to the overall interests of all shareholders, it may draw up share dividend distribution proposals subject to compliance with its cash dividend policies;</p> <p>6. The Company generally distributes profits annually; the Board may also put forward interim profit distribution proposals in accordance with the Company's profit conditions and funding needs;</p> <p>7. The Company shall exercise its right as the shareholder of its subsidiaries to ensure the Company's ability to implement the cash dividend plan in the current year with the profits distributed by its subsidiaries in cash.</p> <p>(II) The Company's differentiated cash dividend policy</p> <p>The Board shall distinguish the following situations and put forward differentiated cash dividend policies in accordance with the procedures specified by the Articles of Association, by comprehensively considering the Company's industry features, development stage, mode of operation, profit level and any arrangement on major capital expenditure:</p> <p>1. In the case where the Company is at a mature stage of development and there is no major capital expenditure arrangement, cash dividends shall account for at least 80% of the current profit distribution;</p> <p>2. In the case where the Company is at a mature stage of development and there is major capital expenditure arrangement, cash dividends shall account for at least 40% of the current profit distribution;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>3. If the Company is at the growth stage and there is major capital expenditure arrangement, cash dividends shall account for at least 20% of the current profit distribution.</p> <p>In the case where the Board believes that it is not easy to distinguish the Company's development stages but there is major capital expenditure arrangement, provisions in the preceding paragraphs shall apply.</p> <p>(III) The Company's review procedures on profit distribution</p> <p>1. The Board shall formulate a profit distribution plan;</p> <p>2. The profit distribution plan approved by the Board shall not be implemented until it is approved at the general meeting;</p> <p>3. In the case where the Board fails to make a cash dividend plan or its cash dividend distribution plan does not comply with the Company's Articles of Association, the Board must explain the reasons and the use of retained profits in its periodic report, the independent non-executive directors shall provide their independent opinions in this regard;</p> <p>4. The Supervisory Committee shall supervise the profit distribution plans formulated by the Board. It has the right to require the Board to make rectifications if the Board fails to make cash dividend distribution plans in accordance with the Company's Articles of Association or the cash dividend distribution plans made by the Board do not comply with the Company's Articles of Association;</p>	<p>3. If the Company is at the growth stage and there is major capital expenditure arrangement, cash dividends shall account for at least 20% of the current profit distribution.</p> <p>In the case where the Board believes that it is not easy to distinguish the Company's development stages but there is major capital expenditure arrangement, provisions in the preceding paragraphs shall apply.</p> <p>(III) The Company's review procedures on profit distribution</p> <p>1. The Board shall formulate a profit distribution plan;</p> <p>2. The profit distribution plan approved by the Board shall not be implemented until it is approved at the general meeting;</p> <p>3. In the case where the Board fails to make a cash dividend plan or its cash dividend distribution plan does not comply with the Company's Articles of Association, the Board must explain the reasons and the use of retained profits <u>not being used as dividends</u> in its periodic report, the independent non-executive directors shall provide their independent opinions in this regard;</p> <p>4. The Supervisory Committee <u>Audit Committee</u> shall supervise the profit distribution plans formulated by the Board. It has the right to require the Board to make rectifications if the Board fails to make cash dividend distribution plans in accordance with the Company's Articles of Association or the cash dividend distribution plans made by the Board do not comply with the Company's Articles of Association;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>5. If it is necessary to adjust profit distribution policies due to any major change to the business environment or the Company's internal operating conditions, the Board shall formulate new profit distribution policies and the independent non-executive directors and external supervisors shall give their opinions in this regard. The new profit distribution policies formulated by the Board shall be submitted to the general meeting for review and shall not be implemented until it is approved by more than 2/3 of the voting rights held by the shareholders who attend the general meeting. Voting at the general meeting shall be conducted in the form of on-site vote and online vote to facilitate the minority shareholders' participation in the formulation or modification of the profit distribution policies.</p> <p>As for cash dividends and other payments to holders of onshore-listed shares, the Company shall pay in RMB, and payments to holders of foreign shares will be denominated and declared in RMB and paid in Hong Kong dollars. The Company shall, in accordance with the relevant regulations on foreign exchange control, pay in Hong Kong dollars for cash dividends and other payments to holders of foreign shares.</p> <p>Upon passing of the resolution on profit distribution plan at the general meeting, the Company's Board shall complete the dividend (or share) distribution within two months after the general meeting.</p>	<p>5. If it is necessary to adjust profit distribution policies due to any major change to the external business environment or the Company's internal operating conditions, the Board shall formulate new profit distribution policies and the independent non-executive directors and external supervisors shall give their opinions in this regard. The new profit distribution policies formulated by the Board shall be submitted to the general meeting for review and shall not be implemented until it is approved by more than 2/3 of the voting rights held by the shareholders who attend the general meeting. Voting at the general meeting shall be conducted in the form of on-site vote and online vote to facilitate the minority shareholders' participation in the formulation or modification of the profit distribution policies.</p> <p>As for cash dividends and other payments to holders of onshore-listed shares, the Company shall pay in RMB, and cash dividends and other payments to holders of foreign shares will be denominated and declared in RMB and paid in Hong Kong dollars. The Company shall, in accordance with the relevant regulations on foreign exchange control, pay in Hong Kong dollars for cash dividends and other payments to holders of foreign shares.</p> <p>Upon passing of the resolution on profit distribution plan at the general meeting, the Company's Board shall complete the dividend (or share) distribution within two months after the general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 158 When the Company distributes its after-tax profits of the current year, it shall withdraw 10% of the profits as its statutory common reserve fund. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company.</p> <p>If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.</p> <p>After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn out of the same as per a resolution made at a general meeting.</p> <p>If the Board of Shareholders, general meeting or the Board, in violation of the provisions in the preceding paragraph, distributes profits to shareholders before the Company makes up for losses and withdraws statutory common reserve fund, the shareholders shall return the profits thus distributed to the Company.</p> <p>The shares of the Company held by the Company shall not be subject to profit distribution.</p>	<p>Article 159 When the Company distributes its after-tax profits of the current year, it shall withdraw 10% of the profits as its statutory common reserve fund. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company.</p> <p>If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.</p> <p>After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn out of the same as per a resolution made at a general meeting.</p> <p>If the Board of Shareholders, general meeting or the Board, in violation of the <u>Company Law</u> provisions in the preceding paragraph, distributes profits to shareholders before the Company makes up for losses and withdraws statutory common reserve fund, the shareholders shall return the profits thus distributed to the Company; <u>in the event of any loss caused to the Company, the shareholders, responsible directors and senior executives shall be liable for compensation.</u></p> <p>The shares of the Company held by the Company shall not be subject to profit distribution.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 161 The certified public accountants appointed by the Company shall have the following rights:</p> <p>(I) To access the account books, records or vouchers of the Company at any time, and to ask directors, general manager or other senior executives to provide relevant documents and explanations;</p> <p>(II) To ask the Company to take every action possible to obtain documents and explanations from its subsidiaries needed for the certified public accountants to perform their duties;</p> <p>(III) To be present at general meetings, get notice of general meeting that any shareholder has the right to receive or other information relating to general meetings, and deliver speeches at any general meeting in relation to the matters concerning the certified public accountants.</p>	Deleted
<p>Article 162 Regardless of the terms in the contract concluded between the certified public accountants and the Company, the general meeting may, through an ordinary resolution, dismiss the said certified public accountants before expiry of the term thereof. In the event of any rights claimed by the certified public accountants against the Company, the said rights shall not be affected.</p>	Deleted
<p>Article 166 In respect of the merger or division of the Company, the Board shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to law. Any shareholder objecting to merger or division of the Company shall have the right to require the Company or the shareholders approving merger or division of the Company to buy his shares at a fair price. Resolution on merger or division of the Company shall be archived as special document for reference by the shareholders.</p>	Deleted

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Newly added article</p>	<p>Article 165 <u>Where the consideration paid by the Company for the merger does not exceed 10% of the net assets of the Company, it may be made without a resolution of the general meeting, except as otherwise provided in the Articles of Association and the relevant laws and administrative regulations of the location where the Company's shares are listed.</u></p> <p><u>Where any merger of the Company is not subject to a resolution of the general meeting in accordance with the provisions of the preceding paragraph, it shall be subject to a resolution of the Board.</u></p>
<p>Article 167 Merger of the Company may be in two forms: merger by absorption and merger by consolidation.</p> <p>In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make announcements in newspapers within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.</p> <p>The creditor's rights and debts of the parties concerned after merger of the Company shall be inherited by the company subsisting after merger or by the newly established company.</p>	<p>Article 166 Merger of the Company may be in two forms: merger by absorption and merger by consolidation.</p> <p>In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make announcements in newspapers <u>or on the National Enterprise Credit Information Publicity System</u> within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.</p> <p>The creditor's rights and debts of the parties concerned after merger of the Company shall be inherited by the company subsisting after merger or by the newly established company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 168 Where the Company is divided, its properties shall be divided accordingly.</p> <p>In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make announcements in newspapers within 30 days.</p> <p>The companies after division shall bear joint liability for the debts of the Company before division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.</p>	<p>Article 167 Where the Company is divided, its properties shall be divided accordingly.</p> <p>In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make announcements in newspapers <u>or on the National Enterprise Credit Information Publicity System</u> within 30 days.</p> <p>The companies after division shall bear joint liability for the debts of the Company before division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.</p>
<p>Article 170 The Company shall be dissolved and liquidated according to law in any of the following circumstances:</p> <p>(I) Any circumstance for dissolution specified in the Articles of Association arises;</p> <p>(II) The general meeting has resolved to dissolve the Company;</p> <p>(III) Merger or division of the Company entails dissolution;</p> <p>(IV) The Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;</p> <p>(V) The business license is revoked according to law, or the Company is ordered to close or is cancelled;</p>	<p>Article 169 The Company shall be dissolved and liquidated according to law in any of the following circumstances:</p> <p>(I) Any circumstance for dissolution specified in the Articles of Association arises;</p> <p>(II) The general meeting has resolved to dissolve the Company;</p> <p>(III) Merger or division of the Company entails dissolution;</p> <p>(IV) The Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;</p> <p>(V)(IV) The business license is revoked according to law, or the Company is ordered to close or is cancelled;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(VI) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the People's Court to dissolve the Company.</p> <p>If the Company is dissolved by reason of the preceding paragraph, a liquidation team shall be established within 15 days after the reasons for the dissolution occur. The liquidation team shall be established by the directors or persons approved by the general meeting. If no liquidation team is established after the said timeframe, the creditors may apply to the People's Court for appointment of relevant persons to establish a liquidation team to commence liquidation.</p>	<p>(VI)<u>(V)</u> If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the People's Court to dissolve the Company.</p> <p><u>If the Company is dissolved upon the circumstances stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.</u> If the Company is dissolved by reason of <u>items (I), (II), (IV) and (V) of</u> the preceding paragraph, <u>it shall be liquidated. The directors are the liquidation obligors of the Company and</u> a liquidation team <u>for liquidation</u> shall be established within 15 days after the reasons for the dissolution occur. The liquidation team shall be <u>composed of</u>established by the directors or persons approved by the general meeting<u>unless otherwise specified in the Articles of Association or elected by a resolution of the general meeting. The liquidation obligors shall be liable for any losses incurred by the Company or its creditors as a result of their failure to perform liquidation obligations in a timely manner.</u> If no liquidation team is established after the said timeframe <u>or no liquidation is carried out after establishing the liquidation team,</u> the creditors<u>interested parties</u> may apply to the People's Court for appointment of relevant persons to establish a liquidation team to commence liquidation.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 171 In the circumstance set out in (I) of the preceding article, the Company may continue to subsist by amending the Articles of Association. Where the Company dissolves pursuant to (I), (II), (V) and (VI) of the preceding article, a liquidation group shall be set up within 15 days and the members thereof shall be decided by an ordinary resolution at a general meeting.</p> <p>If the Company is dissolved pursuant to (IV) of the preceding article, a liquidation group comprising shareholders, relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant laws to carry out the liquidation.</p> <p>If the liquidation group is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation group to carry out liquidation. The People's Court shall accept such request and form a liquidation group so as to carry out liquidation in a timely manner.</p>	<p>Article 170 In the circumstances set out in <u>items (I), (II) in Article 169 of the Articles of Association</u> of the preceding article, <u>if the Company has not yet distributed property to shareholders, the Company</u>it may continue to subsist by amending the Articles of Association <u>or by resolution of the general meeting. Any amendment to the Articles of Association or the resolution of the general meeting as per the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.</u> Where the Company dissolves pursuant to (I), (II), (V) and (VI) of the preceding article, a liquidation group shall be set up within 15 days and the members thereof shall be decided by an ordinary resolution at a general meeting.</p> <p>If the Company is dissolved pursuant to (IV) of the preceding article, a liquidation group comprising shareholders, relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant laws to carry out the liquidation.</p> <p>If the liquidation group is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation group to carry out liquidation. The People's Court shall accept such request and form a liquidation group so as to carry out liquidation in a timely manner.</p>
<p>Article 172 The liquidation group shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their creditor's rights to the liquidation group within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice. To declare their creditor's rights, the creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation group shall register the creditor's rights according to law.</p>	<p>Article 171 The liquidation group shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers <u>or on the National Enterprise Credit Information Publicity System</u> within 60 days. The creditors shall declare their creditor's rights to the liquidation group within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice. To declare their creditor's rights, the creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation group shall register the creditor's rights according to law.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>Article 173 During liquidation, the liquidation group shall exercise the following functions and powers:</p> <p>(I) To examine and take possession of the assets of the Company and prepare a balance sheet and a property inventory;</p> <p>(II) To inform creditors by notice or announcement;</p> <p>(III) To deal with the outstanding businesses of the Company relating to liquidation;</p> <p>(IV) To pay off the outstanding taxes and the taxes incurred in the process of liquidation;</p> <p>(V) To settle creditor’s rights and debts;</p> <p>(VI) To dispose of the remaining assets of the Company after repayment of debts;</p> <p>(VII) To represent the Company in civil proceedings.</p>	<p>Article 172 During liquidation, the liquidation group shall exercise the following functions and powers:</p> <p>(I) To examine and take possession of the assets of the Company and prepare a balance sheet and a property inventory;</p> <p>(II) To inform creditors by notice or announcement;</p> <p>(III) To deal with the outstanding businesses of the Company relating to liquidation;</p> <p>(IV) To pay off the outstanding taxes and the taxes incurred in the process of liquidation;</p> <p>(V) To settle creditor’s rights and debts;</p> <p>(VI) To dispose ofdistribute the remaining assets of the Company after repayment of debts;</p> <p>(VII) To represent the Company in civil proceedings.</p>
<p>Article 175 In the event of liquidation due to dissolution of the Company, after the liquidation group has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company’s assets are insufficient to repay its debts in full, it shall immediately apply to the People’s Court to declare the Company bankrupt.</p> <p>Once the People’s Court makes a ruling declaring the Company bankrupt, the liquidation group shall hand over the liquidation matters to the People’s Court.</p>	<p>Article 174 In the event of liquidation due to dissolution of the Company, after the liquidation group has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company’s assets are insufficient to repay its debts in full, it shall immediately apply to the People’s Court to declare the Company bankruptfor <u>bankruptcy liquidation</u>.</p> <p>Once the People’s Court declares the Company bankrupt <u>accepts</u> makes a ruling declaring the Company bankrupt <u>bankruptcy application</u>, the liquidation group shall hand over the liquidation matters to <u>the bankruptcy administrator appointed by</u> the People’s Court.</p>

Save for the above amendments, the article numbers, text and punctuation marks to the Articles of Association have been optimized and adjusted, which does not constitute a substantive revision, and other contents will remain unchanged.

RED STAR MACALLINE GROUP CORPORATION LTD.

PROCEDURE RULES OF THE GENERAL MEETING

CHAPTER 1 GENERAL PROVISIONS

- Article 1** In order to regulate the activities of listed companies and ensure that the general meeting exercises its functions and powers in accordance with the laws, these Rules are formulated pursuant to Company Law of the People's Republic of China (the "Company Law"), Securities Law of the People's Republic of China (the "Securities Law"), Articles of Association of Red Star Macalline Group Corporation Ltd. (the "Articles of Association"), Rules for General Meetings of Listed Companies (the "Rules for General Meetings"), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Listing Rules of the Shanghai Stock Exchange (the "SSE Listing Rules") (collectively, the "Listing Rules") as well as the actual situation of the Company.
- Article 2** These Rules shall apply to the convening, proposing, notifying and holding of the general meeting of the listed companies.
- Article 3** Listed companies shall hold the general meeting strictly in accordance with the laws, administrative regulations, these Rules and the Articles of Association so as to ensure shareholders being able to lawfully exercise their rights.
- The Board of the Company shall earnestly perform its duties and organize the general meeting in a careful and timely manner. All directors of the Company shall perform their due diligence obligations to ensure that the general meetings can be held in due manner and its powers can be exercised in accordance with the laws.
- Article 4** A general meeting shall exercise its powers and functions within the scope stipulated by the Company Law and the Articles of Association.
- Article 5** These Rules shall apply to general meetings and shall be binding on the shareholders, their proxies, and the directors and senior management present at the general meetings.

CHAPTER 3 CONVENING AND HOLDING OF GENERAL MEETINGS

Article 7 General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months after the end of the preceding fiscal year.

The extraordinary general meeting shall be convened from time to time. An extraordinary general meeting is required to be convened within 2 months after the occurrence of the circumstance stipulated in the Articles of Association.

In case of failure to convene a general meeting within the timeframe stated above, the Company shall report to the local office of the China Securities Regulatory Commission (the “CSRC”) and the Shanghai Stock Exchange (the “Shanghai Stock Exchange”), illustrating the reasons and make an announcement.

Article 8 In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

- (I) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required by the Articles of Association;
- (II) The unrecovered losses of the Company amount to one-third of the total share capital of the Company;
- (III) When shareholder(s), individually or jointly, holding more than 10% of the Company’s issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (IV) The Board deems it necessary;
- (V) When the audit committee proposes to convene such a meeting;
- (VI) In any other circumstances so specified in laws, listing rules of the stock exchanges on which the Company’s shares are listed and the Articles of Association.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
RULES OF THE GENERAL MEETING**

Article 9 The general meeting shall be convened by the Board according to the law, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his/her duties, the majority of the directors may elect a director to convene and act as the presider of the meeting.

If the Board cannot or fails to convene the general meeting, the audit committee shall duly convene and preside; if the audit committee cannot or fails to convene and preside over the 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 the general meeting.

A general meeting convened by the audit committee itself shall be presided over by the convener of the audit committee. Where the convener of the audit committee cannot or fails to fulfill the duty thereof, the majority of the members of the audit committee shall jointly elect a member of the committee to preside.

A general meeting convened by the shareholders themselves shall be presided over by the convener or 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.

During the general meeting, if the presider breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the presider for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.

Article 10 When the Company holds a general meeting, it shall engage lawyers to witness the meeting, and provide legal opinions and prepare announcements on the following matters in accordance with the rules of the stock exchanges on which the Company's shares are listed:

- (I) Whether the procedures for convening and holding the meeting comply with the requirements of the relevant laws, administrative regulations, and the Articles of Association;
- (II) Whether the qualifications of the attendees and the convener are legally valid;

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
RULES OF THE GENERAL MEETING**

(III) Whether the voting procedures and results of the meeting are legally valid;

(IV) Provide legal opinions on any other matters as may be required by the Company.

Article 11 The Board shall convene a general meeting within the timeframe specified in Article 7 of these Rules.

Article 12 Where the Company convenes a general meeting, the convener shall notify all the shareholders by means of public announcement at least 20 days before the date of the annual general meeting and at least 15 days before the date of the extraordinary general meeting. The notice and supplementary notice of the general meeting shall fully disclose the details of all proposals and all necessary information or explanation required for the shareholders to make reasonable judgments on matters to be discussed. The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting. The “business day” in these Rules shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.

Article 13 The notice of a general meeting shall meet the following requirements:

- (I) specifies the venue, date and time of the meeting;
- (II) submits the matters and proposals to be considered at the meeting;
- (III) sets out an obvious statement that all ordinary shareholders (including the preferred shareholders with restored voting rights) are entitled to attend the general meeting in person, or appoint in writing proxies to attend and vote on his/her behalf and such proxies need not be shareholders of the Company;
- (IV) the record date of shareholders who are entitled to attend the general meeting;
- (V) the name(s) and telephone number(s) of the contact person(s) for the meeting;
- (VI) the time and procedures of voting by network or other means;
- (VII) other requirements stipulated in the laws, administrative regulations, department rules, listing rules of the stock exchanges on which the Company’s shares are listed and the Articles of Association.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
RULES OF THE GENERAL MEETING**

All details of all proposals shall be fully and completely disclosed in the notice of the general meeting and its supplementary notice.

The commencement time of voting by network or other means at a general meeting shall not be earlier than 3:00 p.m. on the day before the on-site general meeting and shall not be later than 9:30 a.m. on the day of the on-site general meeting, and its ending time shall not be earlier than 3:00 p.m. on the day of the conclusion of the on-site general meeting.

The interval between the record date and the date of the meeting shall be no more than 7 business days. Once the record date is confirmed, it shall not be changed, unless otherwise specified by the listing rules of the stock exchanges where the Company's shares are listed.

Article 14 Once the notice for a general meeting is issued, the general meeting shall not be postponed or cancelled without a valid reason. Resolutions set out in the notice shall not be cancelled without a valid reason. In the event of a postponement or a cancellation, the convener of the meeting shall make a public announcement of the reason at least two working days before the date of the meeting as originally scheduled.

Article 15 If the election of directors is proposed to be discussed at a general meeting, the notice of the general meeting must contain the details of the candidates for the directors. It must at least include the following information:

- (I) biographies such as educational background, work experiences and other simultaneous appointments;
- (II) whether he/she has any relationship/connection with the Company, the controlling shareholder or the de facto controller of the Company;
- (III) the number of shares he/she holds in the Company; and
- (IV) whether he/she is subject to any punishment by the CSRC or any other relevant government department or sanctioned by any securities exchange.

Unless the election of directors is to be conducted by way of cumulative voting, each candidate for the director shall be proposed in separate resolutions.

Article 16 The Company shall hold its general meetings at its premises or at the place required by the Articles of Association.

A venue shall be set up for convening the general meetings on-site. The Company shall, in accordance with the provisions of the laws, administrative regulations, the CSRC, the listing rules of the stock exchange where the Company's shares are listed or its Articles of Association, adopt safe, economical and convenient online services and other means to facilitate the participation of shareholders at the general meetings and the voting by electronic means. Shareholders attending the general meeting by the above methods are deemed present at the meeting.

For any general meetings held online or via other methods, the voting time and procedure for the relevant voting methods shall be set out clearly in the notice of the general meeting.

Article 17 The Board and any other convener shall take necessary steps to ensure the proper order of the general meeting. The Company shall take steps to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights of shareholders, and shall report such act to relevant departments for investigation and treatment.

Article 18 All shareholders recorded in the share register on the relevant record date shall have the right to attend the general meeting and exercise the voting rights in accordance with the relevant laws, regulations, listing rules of the stock exchanges on which the Company's shares are listed and the Articles of Association.

Each share shall be entitled to appoint a proxy, who need not be a member of the issuer. Every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorized officer. The said proxy may exercise the following rights as granted by the said shareholder:

- (I) The shareholder's right to speak at the general meeting;
- (II) To severally or jointly request to vote by ballot; and
- (III) Unless otherwise stated in applicable rules governing the listing of securities or other laws and regulations on securities, to exercise the right to vote by a show of hand or ballot. Where there is more than one proxy, the said proxies shall only vote by ballot.

In the event that a shareholder is a recognized clearing house (or proxy thereof), it may, as it sees fit, appoint one or more persons as its proxy to attend and vote at any general meeting. However, in the event that more than one person is so appointed, the power of attorney shall specify the number and class of the shares relating to each such proxy. The power of attorney shall be subject to the signature of the appointer of the recognized clearing house. The persons thus appointed may attend meetings (without certifying their due authorization by show of shareholding certificate, notarized power of attorney and/or further evidence) and exercise rights on behalf of the recognized clearing house (or proxy thereof) as if the said persons were the individual shareholders of the Company.

Article 19 If individual shareholders attend the meeting in person, he/she shall present his/her ID card or other valid documents or proof to identify him/herself; if a proxy is appointed to attend the meeting, he/she shall present his/her ID card and power of attorney of the relevant shareholder.

As for a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend the meeting. The legal representative who attends the meeting shall present his/her ID card and valid certificates which can prove his/her qualification as a legal representative; if a proxy is appointed to attend the meeting, it shall be deemed to be present in person by such corporate shareholder and such proxy shall present his/her ID card and the written power of attorney legally issued by the legal representative of the corporate shareholder in accordance with the relevant laws.

The clearing company shall be entitled to appoint proxies to attend general meetings of the Company and meetings of creditors, and these proxies or representatives of the Company shall have the same legal rights as other shareholders, including the right to speak and vote.

Article 20 The power of attorney shall be in writing under the hand of the principal or his/her proxy duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or a proxy duly authorized. The power of attorney issued by the shareholder to appoint a proxy to attend the general meeting shall include the following contents:

- (I) Name of the principal, the class and number of shares of the Company held by him/her;
- (II) Name of the proxy;
- (III) Specific instructions from shareholders, including the instructions on voting for or against or abstaining from voting in respect to each matter set out in the agenda of the general meeting;
- (IV) Issuing date and validity period of the power of attorney;

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
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- (V) Signature (or stamp) of the principal. If the principal is a corporate shareholder, the power of attorney shall be stamped with the corporate seal of the corporate shareholder;
- (VI) The number of shares held by the shareholder who is represented by the proxy;
- (VII) If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy;
- (VIII) The power of attorney shall state whether the proxy may vote as he/she wishes if the shareholder does not give specific instructions.

Article 21 Where a power of attorney for voting is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or other location as specified in the notice of the meeting.

Article 22 The meeting register for participants shall be made by the Company. The meeting register shall set out various matters, such as the names of the individual participants (or names of the corporate participants), ID card numbers, the number of shares with voting rights held or represented and the names of the individual proxy appointors (or names of the corporate proxy appointors).

Article 23 The meeting convener and the lawyer employed by the Company shall examine the legitimacy of the shareholders' qualification in accordance with the shareholders' register provided by the securities registration and clearing institution, and register the names of the shareholders and the number of voting shares that they hold. The registration shall be terminated before the chairman announces the number of shareholders and proxies present at the meeting as well as the total number of voting shares they hold.

Article 24 Subject to the consent of a majority of all the independent directors, an extraordinary general meeting shall be convened with proposal by the independent directors to the Board. The Board shall, in accordance with the requirements of the laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed; if the Board does not agree to convene the extraordinary general meeting, it shall make an announcement with relevant explanations.

Article 25 If the independent directors or the audit committee request to convene an extraordinary general meeting, the following procedures are required to be followed:

- (I) Sign one or more written requests with the same format and contents, which request the Board to hold the extraordinary general meeting and explain the topics of the meeting. Within ten days after receiving the above-mentioned written request, the Board must provide written feedback regarding approval or rejection of the request.
- (II) If the Board approves the request, it will provide a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the original requester.
- (III) If the Board rejects the request from the independent directors, it shall explain and make a public announcement of the relevant reasons.
- (IV) If the Board rejects the request from the audit committee, or provides no feedback within ten days after receiving the request, the Board shall be deemed to be unable to or will not fulfill the obligations of convening the meeting and the audit committee can convene and preside over the meeting itself.

If the meeting is convened by the audit committee or the shareholders themselves, a written notice shall be sent to the Board and kept on file in the relevant stock exchange(s). The audit committee and the meeting convener shall submit relevant supporting documents to the relevant stock exchange(s) when issuing the notice regarding convening the meeting, as well as an announcement about the resolution of the meeting.

Article 26 Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares (including preferred shares with restored voting rights, but excluding treasury shares) may request convening an extraordinary general meeting, and shall follow the procedures below:

- (I) Shareholder(s) individually or collectively holding more than 10% (inclusive) of the Company's total voting shares (including preferred shares with restored voting rights, but excluding treasury shares) may sign one or several written requests with the same format and content and propose that the Board convene an extraordinary general meeting, and specify the topics of the meeting. The Board shall provide written feedback on whether to agree to convene an extraordinary general meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary general meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.
- (II) If the Board does not agree to convene an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder(s) individually or collectively holding more than 10% of the Company's shares (including preferred shares with restored voting rights, but excluding treasury shares) propose(s) convening an extraordinary general meeting and shall make a written request to the audit committee.

If the audit committee approves the request, it shall issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.

If the audit committee fails to issue a notice of the general meeting within the specified period, it will be deemed that the audit committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares (including preferred shares with restored voting rights, but excluding treasury shares) of the Company for over 90 consecutive days can convene and preside over the meeting by themselves.

If any general meeting is called by the shareholders themselves, the shares (including preferred shares with restored voting rights, but excluding treasury shares) held by those shareholders shall not be less than 10% of the total shares of the Company, before announcing the resolutions of the meeting.

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Article 27 Where the audit committee or the shareholders convene a general meeting, the Board and secretary to the Board shall provide necessary assistance. The Board shall provide the register of the shareholders as recorded on the relevant registration date. If the Board fails to provide the register of shareholders, the convener may apply for such register from the securities depository and clearing organization by holding the relevant announcement of the notice of convening the general meeting. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

The Company shall assume the necessary costs of the meeting where it is convened by the audit committee or the shareholders.

Article 28 If the general meeting requires attendance by the directors and senior executives, such directors and senior executives should attend the meeting and answer inquiries from the shareholders.

CHAPTER 4 THE PROPOSALS FOR THE GENERAL MEETING

Article 29 The proposals put forward at the general meeting shall be those specific proposals focusing on the matters to be discussed at the general meeting. The specific proposals shall be resolved by the general meeting.

Article 30 At the general meeting of the Company, the Board, the audit committee, and shareholder(s) individually or jointly holding more than 3% 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, administrative regulations and the Articles of Association.

Article 31 Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion 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 said provisional motion, to announce the contents of the provisional proposal and to submit the said provisional proposal to the general meeting for consideration, unless the provisional proposals are in violation of laws, administrative regulations or the provisions of the Articles of Association, or do not fall within the terms of reference of the general meetings.

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Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.

Proposals not set out in the notice of general meeting or not complying with the provisions of Article 30 shall not be voted on or resolved at the general meeting.

Article 32 At the annual general meeting, the Board shall report on the work of the past year. Each independent director shall also prepare a work report on the exercise of his/her duties.

Article 33 The directors and senior executives shall answer and provide explanations in response to the shareholders' inquiries and suggestions at the general meeting.

CHAPTER 5 CONSIDERATION AND VOTING AT THE GENERAL MEETING

Article 34 Shareholders (including proxy(ies) thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote. However, shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.

Article 35 In the event of a shareholder being related to/connected with the matter to be considered at a general meeting, he/she shall abstain from voting and the voting shares held by the shareholder shall not be included in the total number of shares with voting rights at the general meeting.

When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.

Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.

Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such shares shall not be included in the total number of shares with voting rights at a general meeting.

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The Board, independent directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority under the State Council (hereinafter referred to as “Investor Protection Institutions”) may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders of the listed company to entrust them to attend the general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf.

The solicitation of shareholders’ voting rights should fully disclose specific voting intentions and other information to the solicited person.

If the rights of shareholders are solicited in accordance with the preceding paragraph, the solicitors shall disclose the solicitation documents and the Company shall cooperate.

Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited.

Except for statutory conditions, the Company shall not propose a minimum percentage of shareholding for the solicitation of voting rights.

If any public solicitation of shareholders’ rights violates laws, administrative regulations or relevant provisions of the securities regulatory authority under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.

When considering related/connected transactions during the general meeting, the related/connected shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related/connected shareholders.

Pursuant to the applicable laws and regulations and the listing rules of the stock exchanges on which the Company’s shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.

Article 36 In the voting on the election of directors at a general meeting, the cumulative voting system shall be adopted in accordance with the requirements of the regulatory authorities at the location where the Company's shares are listed, the provisions under the Articles of Association or the resolutions passed at the general meeting. Under the cumulative voting system, the independent directors and other members of the Board shall be elected separately.

The cumulative voting system mentioned in the preceding paragraph means that when directors are being elected at a general meeting, each of the ordinary shares (including preferred shares with voting rights restored) shall carry the same number of voting rights as the number of directors to be elected, and the shareholders' voting rights may be exercised collectively.

The ways of cumulative voting are as follows:

- (I) 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;
- (II) 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;
- (III) 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;

- (IV) 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;
- (V) The director candidates whose votes represent the most voting rights are elected as directors;
- (VI) Independent directors and other directors shall be elected separately to ensure the proportion of independent directors in the Board of the Company.

Article 37 Before the general meeting votes on the proposal, the following persons shall be recommended to participate in the counting and monitoring of votes:

- (I) Two shareholder representatives;
- (II) One or more of the Company's auditors, the share registrar(s) served for overseas listed foreign shares listed in Hong Kong, or the Company's external accountants qualified as auditors.

In the event that a shareholder has a related/connected relationship in a matter to be considered, the relevant shareholder and his/her proxy(ies) shall not participate in the vote counting and scrutinizing.

When the general meeting is voting on the resolutions, the lawyers and persons selected as mentioned in paragraph (I) of this Article shall be responsible for vote counting and scrutinizing; the poll results should be announced at the meeting and recorded in minutes.

Shareholders or their proxies voting online or by other means have the right to check the poll results through the corresponding voting system.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
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Article 38 In the event that the chairman of a meeting has any doubt towards the results of a resolution submitted for voting, he/she may arrange the counting of the votes cast; in the event that the chairman of the meeting has not counted the votes but shareholders or their proxies present at the meeting disagree with the results announced by the chairman, they shall have the right to request vote counting immediately after the voting results are announced. The chairman shall immediately arrange the counting of votes.

Article 39 Except for the cumulative voting system, the general meeting shall vote the resolutions one by one. If there are different resolutions for the same matter, voting shall be conducted in accordance with the time sequence of the resolutions. Except for cases where the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, the meeting shall not be set aside or make no votes for such resolution.

Article 40 When considering the proposed resolutions, the general meeting shall not make any modifications. If made, the relevant modifications shall be regarded as a new resolution, which cannot be subject to voting at the present meeting.

Article 41 For the same right to vote, it is only allowed to choose one of the on-site, internet or other voting modes. In case of repeated votes of the same vote right, the first vote shall prevail.

Article 42 Shareholders attending the general meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, against or abstain. The securities registration and clearing organization shall be the nominee holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder's intent.

Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his/her voting rights and the voting result for his/her shares shall be deemed as an "abstention".

Article 43 A physical general meeting shall not end earlier than the one convened online or by other means, and the chairman of the meeting shall announce the details and results of the voting on each proposal, and decide whether a proposal is passed according to the voting results.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, shareholders, network service provider and other relevant parties involved in the on-site voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.

CHAPTER 6 RESOLUTIONS OF THE GENERAL MEETING

Article 44 The specific resolutions shall be resolved by the general meeting.

Before voting, the chairman of the meeting shall announce the number of shareholders and proxies present at the meeting, as well as the total number of shares with voting rights. The exact number of shareholders and proxies attending the general meeting and the total number of shares with voting rights shall be based on the meeting registration record.

Article 45 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be approved by votes representing a majority of the voting rights of the shareholders present at the general meeting.

A special resolution must be approved by the votes representing more than two-thirds of the voting rights of the shareholders present at the general meeting.

The attending shareholders shall declare their affirmative or dissenting votes on every issue to be voted on; if the said shareholders or proxies thereof vote for abstention or waive their rights of voting, the voting results representing the shares held by such voters shall be counted as “abstentions”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”. Abstentions shall be counted in the votes voted with voting rights when the Company calculates the voting results of an issue.

Article 46 The following matters shall be passed by way of ordinary resolution at a general meeting:

- (I) The work report of the Board;
- (II) The Board’s proposed profit distribution plan and loss recovery plan;
- (III) Election or removal of members of the Board (staff representative director excluded), and their remuneration and manner of payment thereof;
- (IV) Matters other than those that are required to be passed by special resolution in accordance with the laws, administrative regulations, provisions of the listing rules of the stock exchanges where the Company’s shares are listed, or provisions of the Articles of Association.

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Article 47 The following issues shall be approved by special resolutions at a general meeting:

- (I) Increase or decrease in the registered capital of the Company;
- (II) Division, spin-off, merger, dissolution, liquidation or transformation of the Company;
- (III) Revision of the Articles of Association;
- (IV) The Company's purchase or sale of major assets or guarantee amount provided to other parties in excess of 30% of the Company's latest audited total assets within one year;
- (V) Share incentive plans;
- (VI) Any other matters prescribed by the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed or the Articles of Association, and those matters approved by ordinary resolution at a general meeting as having a material impact on the Company and are required to be approved by a special resolution.

Article 48 Resolutions of the general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every resolution and the details of each of the resolutions passed, as well as other disclosures required by the Listing Rules.

The Company shall record and make announcements on the attendance and voting of the A Share Shareholders and H Share Shareholders respectively.

Where the resolutions are not approved or the general meeting has revised a resolution reached at the previous general meeting, it shall be specifically noted in the voting results announcement of the general meeting.

CHAPTER 7 MINUTES OF THE GENERAL MEETING

Article 49 Minutes of the general meeting shall be prepared by the secretary of the Board. The meeting minutes shall include the following contents:

- (I) Meeting time, address, agenda, names of the meeting conveners;
- (II) Names of the chairman of the meeting as well as the directors and senior executives attending the meeting;
- (III) Number of shareholders and their proxies attending the meeting, number of shares with voting rights and its percentage as to the total number of shares of the Company;
- (IV) Review process, key points and voting results of each proposed resolution;
- (V) Inquires or proposals of the shareholders and the replies and explanations;
- (VI) Names of the lawyers, vote counters and scrutineers;
- (VII) Other contents as may be required to be included in the meeting minutes under the Articles of Association.

Article 50 The directors, secretary to the Board who attended or was present at the meeting, the convener or his/her representative and the chairman of the meeting shall sign the meeting minutes and ensure that the contents are true, accurate and complete. Minutes shall, together with the register relating to the shareholders present at the meeting in person and the power of attorney if present by proxy, and the results of online voting and voting through other means be kept by the Company for a period of at least ten years.

Article 51 The meeting convener must ensure that the general meeting continues until the final decisions are made. If the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, necessary measures should be taken as soon as possible to re-convene the meeting or end the present meeting, and an announcement should be made promptly. Meanwhile, the meeting convener shall report to the local office of the CSRC where the Company is situated and the relevant stock exchange.

Article 52 If the proposal on election of director is passed at the general meeting, the new director shall assume office in accordance with the Articles of Association.

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Article 53 Where a proposal on cash dividends, bonus shares or capital reserve capitalization has been approved at the general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

Article 54 Resolutions of the general meeting are invalid if the content violates the laws and administrative regulations.

The controlling shareholders and de facto controller of the Company shall not restrict or obstruct the medium and small investors to legally exercise their voting rights, and shall not damage the legal rights and interests of the Company and the medium and small investors.

If the convening procedures and voting methods of the general meeting are in violation of the laws, administrative regulations or the Articles of Association, or if the content of the resolution breaches the Articles of Association, shareholders can request the People's Court to revoke the resolution within 60 days from the date of approval; however, this does not apply if there are only slight defect in the meeting convening procedures or voting methods of the general meeting that have no substantial impact on the resolution.

In the event of disputes between the Board, shareholders and other relevant parties regarding the qualifications of the convener, the convening procedures, the legality of the contents of the proposal, and the validity of the resolution of the general meeting, such disputes shall be brought to the People's Court in a timely manner. Before the People's Court makes a judgment or ruling to revoke the resolution, the relevant parties shall execute the resolution of the general meeting. The Company, its directors and senior executives shall fulfill their duties and execute the resolution of the general meeting in a timely manner to ensure the normal operation of the Company.

Where the People's Court has made a judgment or ruling on a relevant matter, the listed company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations, the requirements of the CSRC and the Shanghai Stock Exchange, fully explaining the impact and actively cooperating with the execution of the judgment or ruling after it has taken effect. Where corrections to prior matters are involved, they shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE PROCEDURE
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CHAPTER 8 SUPPLEMENTARY PROVISIONS

- Article 55** The phrases “no less than” and “within” as mentioned in these Rules are inclusive, while “over”, “less than” and “more than” are exclusive.
- Article 56** As an annex to the Articles of Association, these Rules are drafted by the Board of the Company, and are reviewed and approved by the general meeting of the Company, and any amendment to these Rules shall follow the same procedure.
- Article 57** The matters uncovered in these Rules shall be conducted in accordance with relevant laws, regulations, the Listing Rules and relevant regulations of the Articles of Association. If relevant regulations of these Rules contravene relevant laws and regulations, the Listing Rules and the Articles of Association to be issued or amended in the future, they shall be implemented according to relevant laws, regulations, the Listing Rules and relevant regulations of the existing or amended Articles of Association.
- Article 58** These Rules shall be interpreted by the Board of the Company.

RED STAR MACALLINE GROUP CORPORATION LTD.**PROCEDURE RULES FOR THE BOARD****CHAPTER 1 GENERAL PROVISIONS**

Article 1 In order to further standardize the deliberation methods and decision-making procedures of the Board of Directors (the “Board”) of Red Star Macalline Group Corporation Ltd. (the “Company”), to ensure that directors and the Board effectively perform their duties, and to enhance the standardized operation and scientific decision-making level of the Board and improve the corporate governance structure of the Company, these Rules are formulated pursuant to Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”) and other laws and regulations, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Listing Rules”), as well as the Articles of Association of Red Star Macalline Group Corporation Ltd. (the “Articles of Association”).

Article 2 A secretary’s office under the Board shall be established to handle the daily affairs of the Board. The secretary to the Board shall also be the person-in-charge of the secretary’s office and responsible for keeping the seals of the Board and the secretary’s office.

CHAPTER 2 BOARD AND ITS COMMITTEES

Article 3 The Board comprises 15 directors, including one chairman, five independent non-executive directors and one employee representative director. Independent non-executive directors must make up at least one-third of the Board and must consist of at least three members.

Article 4 Non-employee representative directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. If the number of directors of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation.

Article 5 A director of the Company shall, on his/her formal appointment, disclose to the Company the number and nature of the positions he/she holds in other listed companies and the significant positions he/she holds in other organizations, the names of the listed companies or other organizations involved and the length of his/her service, and such other information as required by the Listing Rules. Any subsequent changes shall also be disclosed in a timely manner. The Board should determine for itself how frequently this disclosure should be made.

A director should ensure that he/she can devote sufficient time and attention to the affairs of the Company, otherwise he/she shall not accept the appointment. Each newly appointed director shall be given a comprehensive, formal and tailored induction, followed by necessary introduction and professional training.

All directors shall participate in continuous professional training to update their knowledge and skills. The Company shall be responsible for arranging and funding suitable training, placing appropriate emphasis on the roles, functions and duties of a listed company director.

Article 6 The chairman should take appropriate steps to provide effective communication between the Board and shareholders and ensure that their views are communicated to the Board as a whole.

The chairman shall lead the Board and ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each Board meeting. The chairman should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the secretary to the Board.

The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established. The chairman should promote a culture of openness and debate by facilitating the effective contribution of directors (in particular, non-executive directors) and ensuring constructive relations between executive and non-executive directors.

The chairman should ensure that all attending directors are properly briefed on issues arising at Board meetings and that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable. The chairman should encourage all directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus.

The chairman should at least annually hold meetings with independent non-executive directors without other executive directors present.

Article 7 The main functions of the non-executive directors include:

- (I) participating in Board meetings to bring an independent judgment to bear on issues of strategy, policy, the Company's performance, accountability, resources, key appointments and standards of conduct;
- (II) serving on the audit, nomination, remuneration and appraisal and other special governance committees, if invited;
- (III) taking the lead where potential conflicts of interests arise;
- (IV) reviewing the Company's performance in achieving agreed corporate goals and objectives and monitoring the report on the Company's performance;
- (V) other functions and powers as required by laws and regulations, regulatory documents, the Articles of Association and other internal policies of the Company as well as those conferred by the general meeting.

Article 8 Independent non-executive directors and other non-executive directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a fair understanding of the views of shareholders. Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

Article 9 The Board should oversee the Company's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in the corporate governance report of its annual report. The review should cover all material controls and elements required under the Listing Rules, including financial controls, operational controls and compliance controls. The Board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

Article 10 All legitimate power of the Board shall be exercised by the Board collectively and shall not authorize others to exercise, or be modified or deprived by means of the Articles of Association or the resolutions of general meetings.

Other powers of the Board specified in the Articles of Association that involve material matters shall be exercised collectively and shall not be delegated to the chairman, general manager or other entities.

Where the Board authorizes the chairman to exercise part of the powers of the Board during the intersessional period of the Board, the principles and specific contents of the authorization shall be clearly specified in the Articles of Association.

The Board may authorize the general manager or other institutions of the Company to exercise its functions and powers other than its statutory authorities. If the Board is to authorize the general manager or other institutions of the Company to exercise its functions and powers, the Board's resolution on such authorization is needed.

Article 11 The Company shall determine the scope of duties, powers, relevant responsibilities and contributions reserved for the Board and granted to individuals or other institutions of the Company respectively. The Company shall also carry out regular assessments on such arrangements to ensure they are in compliance with the Company's needs. Directors should also be aware of the established authorization arrangements.

Article 12 The Board shall have an audit committee, a nomination committee, a remuneration and evaluation committee, and a strategy and investment committee and elect their members. The Board may set up other special committees and adjust existing committees whenever necessary.

Article 13 The Company should provide special committees with adequate resources and support for performing their duties. When performing their duties, the committees may, if necessary, engage professional institutions to seek independent professional advice at the expense of the Company.

Article 14 Directors and staff who hold shares of the Company shall comply with the Articles of Association and relevant dealing requirements of securities regulatory authorities of the places where the shares of the Company are listed.

Article 15 The Company should arrange appropriate insurance cover in respect of potential legal action against the directors.

CHAPTER 3 BOARD MEETINGS

Article 16 Board meetings include regular meetings and extraordinary meetings. The Board shall hold at least four regular meetings each year.

Article 17 Before giving the notice on holding the regular Board meetings, the secretary's office of the Board shall thoroughly seek all directors' opinions to preliminarily reaches the meeting proposals which will be handed to the chairman for determination. The chairman shall, if necessary, seek opinions from the general manager and other senior management before determining the proposals.

Article 18 In any of the following circumstances, the Board shall convene an extraordinary meeting:

- (I) When the shareholders representing one-tenth or more of the voting rights propose;
- (II) When one-third or more of the directors jointly propose;
- (III) When a majority of independent non-executive-directors propose;
- (IV) When the audit committee proposes;
- (V) When the chairman deems necessary;
- (VI) In any other circumstance so specified in the Listing Rules and the Articles of Association.

Article 19 The notice of regular meetings or extraordinary meetings convened by the Board may be given by personal delivery, mail, fax, or telephone.

Article 20 Where an extraordinary Board meeting is proposed as Article 18 stipulates, a written request proposal with signatures (seals) of the proposer shall be presented to the chairman directly or through the secretary's office of the Board. The written proposal shall contain the following items:

- (I) Name(s) of the proposer(s);
- (II) Reason or objective bases for the proposal;
- (III) Time or period, venue and way of the meeting;
- (IV) Clear and detailed proposals;
- (V) Contact method of the proposer(s), date of the proposal, etc.

The content of the proposal shall fall within the scope of the functions and powers of the Board specified in the laws and regulations, the Listing Rules or the Articles of Association. The materials relevant to the proposal should be submitted together.

Upon receiving the above written proposal and relevant materials, the secretary's office of the Board shall present them to the chairman on the same day. If the chairman believes the proposal is not clear or specific, or the related materials are inadequate, the proposer may be requested to make modification or supplementation.

The chairman shall convene and preside over the meeting within ten days after receiving the proposal.

Article 21 Board meetings are convened and presided over by the chairman. If the chairman cannot perform his/her duties or fails to perform his/her duties, a director selected by a majority of the directors shall convene and preside over the meetings.

Article 22 Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of an extraordinary meeting shall be given at least 3 days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where an extraordinary 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.

Article 23 The meeting notice shall at least include the following items:

- (I) Meeting date and venue;
- (II) Meeting duration;
- (III) Subject matter and topics for discussion;
- (IV) Issuance date of the notice;
- (V) Ways of convening the meeting.

Article 24 After the issuance of the written meeting notice of the regular Board meeting, for any changes of the time and location or any additions, changes or cancellations of the meeting proposals, a written change notice shall be issued three days before the original meeting date for the purpose of explaining the situation and new proposed content and related materials. If it is less than three days, the meeting date shall be postponed accordingly or held as scheduled after obtaining the approval of all attending directors.

After the issuance of the notice of the extraordinary Board meeting, for any changes of the time and location or any additions, changes or cancellations of the meeting proposals, the approval of all attending directors shall be obtained in advance and corresponding records shall be kept.

Article 25 The Board meetings could only be held with the attendance of more than half of the directors.

If the general manager and secretary to the Board do not concurrently serve as directors, they shall attend Board meetings as non-voting attendees.

The presider, if deems necessary, may invite other relevant personnel to attend Board meetings as non-voting attendees.

Article 26 In principle, the directors shall attend Board meetings in person. Where a director is unable to attend a meeting for any reason, he/she shall entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be represented, the scope of authorization, and the period of validity, and shall be signed or stamped by the principal. In relation to voting on proposals, the principal should specify his/her opinions on voting for, voting against or abstaining from voting on each of the proposals. A director who attends the meeting on behalf of another director shall exercise the rights of the director within the delegated authority. A proxy may represent more than one director. A proxy shall have one vote for each director he/she represents, in addition to one vote for himself/herself as a director. If a director fails to attend a Board meeting in person, and has not appointed a proxy to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her rights to vote at the meeting.

The director who is appointed as a proxy shall submit to the presider the written power of attorney and specify in the attendance record that he/she attends the meeting as a proxy.

Article 27 Entrusting to and being entrusted to attend the Board meetings shall comply with the following principles:

- (I) When considering related transactions, non-related directors must not authorize related directors or any of their associates to attend on their behalf; related directors or any of their associates must also not accept entrustment from non-related directors;
- (II) An independent non-executive director shall not entrust a non-independent non-executive director to attend the meeting on his/her behalf, and a non-independent non-executive director shall also not accept the entrustment of an independent non-executive director;
- (III) A director shall not give any other director carte blanche to attend the meeting on his/her behalf without providing his own opinions on the proposals and voting intent, and the relevant director shall also not accept the entrustment without voting intent, carte blanche or any entrustment with unclear scope of authorization;
- (IV) A director shall not accept entrustment by more than two directors at a Board meeting, and a director shall also not entrust any other director who has been entrusted by two other directors to attend the meeting on his/her behalf.

Article 28 Any regular or provisional meeting of the Board may be held by telephone conference, video conference or similar communication equipment so long as all directors present at the meeting can clearly hear and communicate with each other. All directors who have attended the meeting in such ways shall be deemed to be personally present at the meeting.

Article 29 The presider shall request all the directors attending the Board meeting to express clear opinions in respect of each proposal. With respect to the proposals that shall be approved by the special meetings of independent non-executive directors before being submitted to the Board for consideration according to relevant provisions, the presider shall, before considering relevant proposals, designate an independent non-executive director to read out the resolutions of the special meetings of independent non-executive directors.

The presider shall restrain in a timely manner any director who obstructs the normal conduct of the meeting or interrupts the speech of other directors. Unless it is unanimously agreed by all attending directors, the Board meeting shall not vote on any proposal not included in the notice of the meeting. Where a director accepts the entrustment of any other director to attend the Board meeting on his/her behalf, he/she shall not vote on the proposal not included in the notice on the meeting on behalf of any other director.

Article 30 The directors shall carefully read relevant meeting materials, and independently and prudently express their opinions in a fully informed manner.

A director may inquire, prior to the meeting, the office of the secretary to the Board, the convener, the general manager and other senior executives, the special committees, the accountant firm, the legal firm and other relevant persons and institutions to obtain necessary information for decision-making, and may also propose to the presider during the course of the meeting to request the aforesaid persons and representatives of the institutions to attend the meeting to give relevant explanations.

Article 31 Management has an obligation to supply the Board and its special committees with adequate information in a timely manner, to enable directors to make informed decisions. The information supplied must be complete and reliable. Management should provide the Board with a monthly update that sets out a fair and understandable assessment of the performance, financial position and prospects of the Company. Where any director requires more information than being volunteered by the management, that director should make further enquiries where necessary, rather than rely purely on what is volunteered by the management. Under normal circumstances, the secretary of the Board shall act as the communication channel between the management and the Board. However, the Board and individual directors should have separate and independent access to the Company's senior executives.

All directors are entitled to have access to Board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it for deliberation. The Company should make a prompt and full response to queries raised by directors, if possible.

Article 32 The presider of the meeting shall propose to the directors present at the meeting to vote after thorough discussion of every proposal, where appropriate.

Each director has one vote to vote at the meeting which shall be conducted by open ballot.

The voting intention of directors is divided into votes for, against and abstain. The attending directors shall choose one of the above intentions. If a director does not make a choice or simultaneously chooses two or more intentions, the presider of the meeting shall require the director to make a new choice. If he/she refuses to make a choice, he/she shall be deemed as abstaining from voting. Those who leave the meeting venue halfway and do not return without making a choice shall be deemed as abstaining from voting.

Article 33 After completion of voting by directors, the relevant personnel of the Board secretariat shall collect the votes of the directors in a timely manner, to be counted by the secretary of the Board under the supervision of one independent non-executive director.

If the meeting is convened on site, the presider of the meeting shall announce the result on site. Under other situations, the presider of the meeting shall request the secretary of the Board to notify the results of voting to directors before the next working day after the completion of the required time limit for voting.

Voting made by directors after the announcement of the voting results by the presider of the meeting or after the end of the required time limit for voting shall not be counted.

Article 34 If the Board considers and adopts a proposal of the meeting and forms the relevant resolution, a majority of the total number of directors of the Company must vote for the proposal. Where laws, administrative regulations, the Listing Rules and the Articles of Association stipulate that the Board shall obtain the consent of more directors for the formation of a resolution, such provisions shall prevail.

In the event of conflicts in contents and meanings between different resolutions, the resolution formed later shall prevail.

Article 35 The directors shall avoid voting on the relevant proposal in the following circumstances:

- (I) When the Articles of Association and the Rules for the Management of the Related Party Transactions stipulate the directors should avoid voting due to their relationship with the enterprise involved in the meeting proposal;
- (II) When the directors deem necessary to avoid voting;
- (III) When the laws and regulations and Listing Rules stipulate there is a material interest relationship or other situations.

If any director has connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself/herself or on behalf of another director. The Board meeting may be held when a majority of the non-connected directors attend the meeting. The resolution made shall be passed by a majority of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the relevant proposal could not be voted while the issue shall be submitted to the general meeting for examination.

Unless under the exceptional circumstances specified in Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting.

If the connected persons or associates of the directors, general manager and other senior executives of the Company have any interests in a given contract, transaction or arrangement, the said directors, general manager and other senior executives shall also be deemed as having interests.

If the substantial shareholders or directors of the Company have a significant conflict of interest in the matters to be considered, the relevant matters should be handled by holding a Board meeting (instead of a written resolution). Independent non-executive directors who neither themselves nor their affiliates have significant interests in the transaction should attend the Board meeting related to these considerations.

Article 36 The directors shall act as authorized by the general meetings and the Articles of Association, and shall not make any resolution beyond authority.

Article 37 Where two and more of independent non-executive directors are of the opinion that the meeting documents are incomplete, the argument is insufficient or the provision is not prompt, they may propose to the Board in writing to postpone the convening of the meeting or postpone the consideration of relevant matters. The Board should accept such a proposal and the Company should promptly disclose relevant information.

Article 38 The Board shall file resolutions passed at the meeting as minutes. The minutes shall be true, accurate and complete, and fully reflect the opinions of the participants on the matters under consideration. The minutes shall consist of the following:

- (I) The date and venue of the meeting and the name of the convener;
- (II) The names of the directors present and names of directors being appointed to attend the Board meeting on the other's behalf (proxy);
- (III) The agenda;
- (IV) The main points of directors' speeches (including any relevant objections);
- (V) The voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

Article 39 The directors who attended the meeting, the secretary of the Board, the recorder and other relevant personnel shall sign on the meeting minutes. The attending directors shall sign the meeting minutes and resolutions in person or on behalf of the directors appointing them to attend the meeting, and shall be responsible for the resolutions passed at Board meetings. Where the directors disagree over the meeting minutes or resolutions, they may attach written remarks when signing the same.

Where any director neither signs as per the preceding paragraph nor provides his different opinions in writing, the said director shall be deemed as agreeing with the minutes and resolutions.

The directors shall be responsible for the resolutions passed at Board meetings. If any resolution of the Board runs counter to the laws, regulations, the Listing Rules, or the Articles of Association, thereby incurring any loss to the Company, the directors adopting the said resolution shall be liable for compensating the Company. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting may be exempt from liability.

Article 40 The Board shall record in detail the matters considered and the decisions arrived at the meeting, including any questions or objections raised by the directors. Draft minutes shall be sent to all directors for review within a reasonable time after the meeting. Any director who wishes to propose any amendments or additions to the minutes of the meeting shall submit his/her proposal in writing to the chairman within two weeks of receipt of such draft minutes. Minutes of the meeting shall be finalized by the chairman and the final version shall be sent to all directors for record purposes.

Article 41 Save as otherwise specified by laws and regulations or the Listing Rules, the Board may adopt a written resolution in lieu of a Board meeting. A written resolution shall be deemed as having been adopted upon affixing of signature by directors reaching the quorum of the properly constituted and convened Board as stipulated by Article 20. Such written resolutions shall be filed together with meeting minutes of the Board and other archives of the Company and shall have the same binding effect and validity as the resolutions made by directors attending Board meetings in person.

Article 42 The Board secretariat shall, at the request of the chairman, supervise and urge relevant personnel to implement the resolutions of the Board, inspect the implementation of such resolutions, report the results in writing to the chairman, and notify the implementation of the resolutions passed at subsequent Board meetings.

Article 43 The directors present at the meeting shall sign the minutes of the meeting. The Board shall keep a complete and accurate copy of all Board meetings' meeting resolutions, meeting minutes and meeting notices.

The minutes of the Board meeting are kept as the files of the Company for a period of not less than ten years. If any director gives a reasonable notice, the minutes of the meeting (including the minutes of its committees) should be made available for inspection at any reasonable time.

CHAPTER 4 SUPPLEMENTARY PROVISIONS

- Article 44** The Company shall maintain and provide an up-to-date list of Board members on the website of the securities regulatory authority of the place where the Company's shares are listed and its own website, specifying their roles and functions and whether they are independent non-executive directors.
- Article 45** The phrases "no less than" and "within" as mentioned in these Rules are inclusive, while "more than", "over" and "less than" are exclusive.
- Article 46** As an annex to the Articles of Association, these Rules are drafted by the Board of the Company, and are reviewed and approved by the general meeting of the Company, and any amendment to these Rules shall follow the same procedure.
- Article 47** The matters uncovered in these Rules shall be conducted in accordance with relevant laws, regulations, the Listing Rules and relevant regulations of the Articles of Association. If relevant regulations of these Rules contravene relevant laws and regulations, the Listing Rules and the Articles of Association to be issued or amended in the future, they shall be implemented according to relevant laws, regulations, the Listing Rules and relevant regulations of the existing or amended Articles of Association.
- Article 48** These Rules shall be interpreted by the Board of the Company.

NOTICE OF THE 2025 FIFTH EXTRAORDINARY GENERAL MEETING



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 2025 FIFTH EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 fifth extraordinary general meeting (the “EGM”) of Red Star Macalline Group Corporation Ltd. (the “Company”) will be held at 2:00 p.m. on Friday, 15 August 2025 at Conference Center, 3/F, South Building, Block B, Macalline Global Center, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the appointment of Mr. Xu Guofeng as a new non-executive Director of the Board of the Company
2. To consider and approve the resolution on the amendments to the Working System for Independent Non-executive Directors of Red Star Macalline Group Corporation Ltd.
3. To consider and approve the resolution on the amendments to the Rules for Management of External Guarantees of Red Star Macalline Group Corporation Ltd.
4. To consider and approve the resolution on the amendments to the Rules for the Management of the Related Party Transactions of Red Star Macalline Group Corporation Ltd.
5. To consider and approve the resolution on the amendments to the Rules for the Management of the Proceeds of Red Star Macalline Group Corporation Ltd.
6. To consider and approve the resolution on the amendments to the Rules for Management of External Investments of Red Star Macalline Group Corporation Ltd.

SPECIAL RESOLUTIONS

7. To consider and approve the resolution on the abolition of the Supervisory Committee and the amendments to the Articles of Association of Red Star Macalline Group Corporation Ltd.
8. To consider and approve the resolution on the amendments to the Procedure Rules of the General Meeting of Red Star Macalline Group Corporation Ltd.

NOTICE OF THE 2025 FIFTH EXTRAORDINARY GENERAL MEETING

9. To consider and approve the resolution on the amendments to the Procedure Rules for the Board of Red Star Macalline Group Corporation Ltd.

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

Shanghai, the PRC
28 July 2025

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 28 July 2025 (the “**Circular**”). Details of the resolutions are set forth in the Circular.
2. For the purpose of holding the EGM, the register of members of H shares of the Company will be closed from Tuesday, 12 August 2025 to Friday, 15 August 2025 (both days inclusive), during which period no transfer of H shares will 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, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 11 August 2025 for registration.

The shareholders whose names appear on the register of members of the Company on Tuesday, 12 August 2025 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 behalf. 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, Wan Chai, 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 identity 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.