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

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

If you have sold or transferred all your shares in Hisense Home Appliances Group Co., Ltd., you should hand this circular at once to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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# **Hisense** 海信家電

**HISENSE HOME APPLIANCES GROUP CO., LTD.**

**海信家電集團股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00921)**

- (1) PROPOSED ADOPTION OF THE 2024  
A SHARE EMPLOYEE STOCK OWNERSHIP PLAN;**
- (2) PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES FOR  
THE 2024 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN;**
- (3) PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH  
MATTERS RELATING TO THE 2024 A SHARE EMPLOYEE STOCK  
OWNERSHIP PLAN;**
- (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR  
THE SHAREHOLDERS' GENERAL MEETING;**
- (6) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES  
FOR THE MEETING OF THE BOARD; AND**
- (7) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR  
THE MEETING OF THE SUPERVISORY**

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Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 162 of this circular.

A notice of the EGM to be held on Thursday, 22 February 2024 at 3:00 p.m. and a notice of the H Share Class Meeting to be held on Thursday, 22 February 2024 after the conclusion of the EGM and the A Share Class Meeting, at the conference room of Hisense Building, No.17 Donghai West Road, Qingdao City, Shandong Province, the PRC, proxy forms for use at the EGM and the H Share Class Meeting, and reply slips for the EGM and the H Share Class Meeting, have been despatched by the Company on Thursday, 25 January 2024 and are also published on the websites of the Stock Exchange ([http:// www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([http:// hxjd.hisense.cn](http://hxjd.hisense.cn)). Whether or not you intend to attend the EGM and/or the H Share Class Meeting, you are requested to complete and return the proxy forms for use at the EGM and/or the H Share Class Meeting in accordance with the instructions printed on them and return them to the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM and the H Share Class Meeting or any adjournment of such meeting (as the case may be). Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM and/or the H Share Class Meeting or any adjournment of such meeting (as the case may be) should you so wish and, in such event, the proxy form(s) previously submitted shall be deemed to be revoked.

5 February 2024

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## DEFINITIONS

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

“A Share Class Meeting”	the first A Share class meeting of the Company of 2024 to be held on Thursday, 22 February 2024 after the conclusion of the EGM
“A Share(s)”	domestic ordinary shares of the Company with a nominal value of RMB1.00 each and are listed on the Shenzhen Stock Exchange
“Administrative Measures for the Stock Ownership Plan”	the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan of the Company
“Articles of Association”	the Articles of Association of the Company currently in force
“Announcement Date”	8 January 2024, being the date of the announcement of the Company in relation to, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; and (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan
“Articles of Association” or “Articles”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting
“Company”	Hisense Home Appliances Group Co., Ltd. (海信家電集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Stock Exchange and the Shenzhen Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission

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## DEFINITIONS

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“Director(s)”	director(s) of the Company
“EGM”	the 2024 second extraordinary general meeting of the Company to be held at the conference room of Hisense Building, No.17 Donghai West Road, Qingdao City, Shandong Province, the PRC on Thursday, 22 February 2024 at 3:00 p.m.
“Group”	the Company and its subsidiaries
“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plan by Listed Companies
“H Share Class Meeting”	the first H Share class meeting of the Company of 2024 to be held on Thursday, 22 February 2024 after the conclusion of the EGM and the A Share Class Meeting
“H Share(s)”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and are listed on the Hong Kong Stock Exchange
“Hisense Air-conditioning”	Qingdao Hisense Air-conditioning Company Limited* (青島海信空調有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Holdings, and holds approximately 37.23% of the Shares as at the Latest Practicable Date
“Hisense HK”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Holdings, and holds approximately 8.97% of the Shares as at the Latest Practicable Date
“Hisense Holdings”	Hisense Group Holdings Co., Ltd. (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability, which holds approximately 93.33% of Hisense Air-conditioning and wholly owns Hisense HK as at the Latest Practicable Date
“Holders”, “Unit Holders” or “ESOP’s Participants”	participants of the Stock Ownership Plan
“Holders’ Meeting”	the meeting of the Holders of the Stock Ownership Plan

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	30 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Management Committee”	the management committee of the Stock Ownership Plan
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Ownership Plan”	the 2024 A Share Employee Stock Ownership Plan of the Company
“Stock Exchanges”	the Shenzhen Stock Exchange and/or the Hong Kong Stock Exchange
“%”	per cent

*English translations of names in Chinese or another language in this circular which are marked with “\*” are for identification purposes only.*

*References to time and dates in this circular are to Hong Kong time and dates.*

# Hisense 海信家電

HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 00921)

*Executive Directors:*

Mr. Dai Hui Zhong  
Mr. Jia Shao Qian  
Mr. Yu Zhi Tao  
Mr. Hu Jian Yong  
Mr. Xia Zhang Zhua  
Ms. Gao Yu Ling

*Registered office:*

No. 8 Ronggang Road  
Ronggui Street  
Shunde District  
Foshan City  
Guangdong Province  
PRC

*Independent non-executive Directors:*

Mr. Zhong Geng Shen  
Mr. Cheung Sai Kit  
Mr. Li Zhi Gang

*Principal place of business in  
Hong Kong:*

Room 3101-05  
Singa Commercial Centre  
No. 148 Connaught Road West  
Hong Kong

5 February 2024

*To the Shareholders*

Dear Sir or Madam,

- (1) Proposed Adoption of the 2024 A Share Employee Stock Ownership Plan;**
- (2) Proposed Adoption of the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan;**
- (3) Proposed authorization to the Board to Deal with Matters Relating to the 2024 A Share Employee Stock Ownership Plan;**
- (4) Proposed Amendments to the Articles of Association**
- (5) Proposed Amendments to the Rules of Procedures for the Shareholders' General Meeting;**
- (6) Proposed Amendments to the Rules of Procedures for the Meeting of the Board; and**
- (7) Proposed Amendments to the Rules of Procedures for the Meeting of the Supervisory**

## I. BACKGROUND

Reference is made to the announcement of the Company dated 8 January 2024 in respect of, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; and (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan.

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## LETTER FROM THE BOARD

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Reference is also made to the overseas regulatory announcements of the Company dated 8 January 2024 in relation to the Stock Ownership Plan (Draft) and its summary. Reference is also made to the announcement of the Company dated 25 January 2024 in relation to the proposed amendments to the Articles of Association. In view of the proposed amendments to the Articles of Association, the rules of procedures for the Shareholders' general meeting, the rules of procedures for the meeting of the Board and the rules of procedures for the meeting of the Supervisory are proposed to be amended as well.

The purpose of this circular is to provide you with further information in respect of the resolutions relating to the above matters to be proposed at the EGM and/or the H Share Class Meeting to be held on Thursday, 22 February 2024, and to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM and/or the H Share Class Meeting. For the details of the proposed resolutions at the EGM and/or the H Share Class Meeting, please also refer to the notices of the EGM and the H Share Class Meeting despatched by the Company and published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://hxjd.hisense.cn>) on Thursday, 25 January 2024.

### **II. THE 2024 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN**

Reference is made to the announcement of the Company dated 8 January 2024 in respect of, among other things, (i) the proposed adoption of the Stock Ownership Plan; (ii) the proposed adoption of the Administrative Measures for the Stock Ownership Plan; and (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan. Reference is also made to the overseas regulatory announcements of the Company dated 8 January 2024 in relation to the Stock Ownership Plan (Draft) and its summary. Ordinary resolutions will be proposed at the EGM to consider and approve the above matters.

#### **1. Proposed Adoption of the 2024 A Share Employee Stock Ownership Plan**

The principal terms of the Stock Ownership Plan are set out below:

##### ***1.1 Purposes of the Stock Ownership Plan***

The purposes of the Stock Ownership Plan are to establish and improve the mechanism for sharing benefits between employees and shareholders, attract, motivate and retain core talents, improve corporate governance standards, increase the cohesion of employees and competitiveness of the Company, raise the enthusiasm and creativity of employees, and promote the long-term, sustainable and healthy development of the Company.

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## LETTER FROM THE BOARD

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### *1.2 ESOP's Participants and their Determination Criteria*

#### *(A) Legal Basis for Determining the ESOP's Participants*

The Company has determined the eligibility of the ESOP's Participants according to the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines No.1 for the Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of the Companies Listed on the Main Board and other laws, regulations and regulatory documents as well as the relevant provisions of Articles of Association. The employees of the Company shall participate in the Stock Ownership Plan in accordance with the principles of legal compliance, voluntary participation and voluntary risk assumption.

#### *(B) Position Basis Determined by the ESOP's Participants*

The ESOP's Participants are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who have an important role and influence on the overall performance and medium- to long-term development of the Company.

The total number of Directors (excluding independent Directors), supervisors, senior management, core management and core employees participating in the ESOP shall not exceed 279. The exact number of the ESOP's Participants is determined based on the actual payment made by the employees. The employees' participation in the Stock Ownership Plan shall follow the principles of the Company's discretionary decisions and employees' voluntary participation. The Company shall not force employees to participate in the Stock Ownership Plan by means such as apportionment and mandatory distribution.

#### *(C) ESOP's Participants and Proportion of Allocation*

The subscription unit of the Stock Ownership Plan is "unit", and each unit amounts to RMB1 and the maximum number of units under the Stock Ownership Plan is 150,014,500. The number of Shares granted under the Stock Ownership Plan corresponding to the units subscribed and held by any one Holder shall not exceed 1% of the total share capital of the Company. The specific number of units held by the Holders of the Stock Ownership Plan shall be determined by the actual payment made by the employees.

The total number of Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company participating in the Stock Ownership Plan shall not exceed 279, including 8 Directors, supervisor and senior management. The relationship between such personnel and the Stock Ownership Plan does not constitute acting-in-concert relationship.



## LETTER FROM THE BOARD

The specific proportion of subscription is as follows:

No.	Name	Position	Proposed number of units to be subscribed ( <i>'000 units</i> )	Percentage of the Stock Ownership Plan	The number of Shares corresponding to the proposed subscription units ( <i>'000 shares</i> )
1.	Dai Hui Zhong	Chairman and Executive Director	2,156.00	1.44%	200.00
2.	Jia Shao Qian	Executive Director	2,156.00	1.44%	200.00
3.	Yu Zhi Tao	Executive Director	2,156.00	1.44%	200.00
4.	Hu Jian Yong	Executive Director and President	3,557.40	2.37%	330.00
5.	Xia Zhang Zhua	Executive Director	2,156.00	1.44%	200.00
6.	Gao Yu Ling	Executive Director, person-in-charge of finance	2,156.00	1.44%	200.00
7.	Yin Zhi Xin	Employee Supervisor	1,401.40	0.93%	130.00
8.	Zhang Yu Xin	Secretary to the Board	646.80	0.43%	60.00
		Sub-total	16,385.60	10.92%	1,520.00
		core management and core employees (not exceeding 271 people)	133,628.90	89.08%	12,396.60
		Total	150,014.50	100.00%	13,916.00

*Notes:*

- The specific number of Shares held by the Holders is based on the number of Shares listed in the "Share Subscription Agreement in relation to the 2024 A Share Employee Ownership Plan of Hisense Home Appliances Group Co., Ltd." signed between the ESOP's Participants and the Company.
- Figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding.

In the event of non-subscription by some employees, the Board shall have the right to reallocate such Shares to other eligible employees.

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## LETTER FROM THE BOARD

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### *1.3 Source of Funds, Source of Shares, Size and Price*

#### *(A) Source of the Underlying Shares involved in the Stock Ownership Plan*

The sources of the Shares under the Stock Ownership Plan are the ordinary A Shares repurchased with the Company's designated repurchase account.

At the first extraordinary meeting of the eleventh session of the Board held on 8 January 2024, the Resolution on the Repurchasing of A Shares of the Company through Centralized Bidding (the "**Repurchase Plan**") was considered and approved. As at the Announcement Date, the Repurchase Plan will soon commence and the underlying Shares shall be available upon completion of the Repurchase Plan.

#### *(B) Size of the Underlying Shares involved in the Stock Ownership Plan*

The underlying Shares under the Stock Ownership Plan will not exceed 13,916,000 Shares, representing approximately 1.00% of the total share capital of the Company in the amount of 1,387,935,370 Shares as at the Announcement Date. The exact number of Shares to be held will be determined based on the actual capital contribution of the employees and the Company will comply with the information disclosure obligations in a timely manner as required.

As at the Announcement Date, the draft of the 2022 A Share Employee Stock Ownership Plan of the Company is still in existence, which involves not more than 11,700,000 A shares of the Company, together with not more than 13,916,000 shares involved in the Stock Ownership Plan, totaling 25,616,000 shares, representing approximately 1.85% the Company's total share capital of 1,387,935,370 shares as at the Announcement Date.

After the implementation of the Stock Ownership Plan, the total number of all Shares held under all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company in aggregate, and the number of the underlying Shares corresponding to the units of Stock Ownership Plan held by any Holder shall not exceed 1% of the total share capital of the Company (excluding the Shares acquired by the Holder before the Company's initial public offering for listing, the Shares purchased by the Holder through the secondary market and the Shares acquired through equity incentives).

#### *(C) Source of Funds of the Stock Ownership Plan*

The source of funds for participating in the Stock Ownership Plan shall be the legal remuneration of employees, their self-raised funds and other methods permitted by the laws and regulations, and the Company shall not provide financial assistance such as advances, guarantees and loans to the

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## LETTER FROM THE BOARD

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ESOP's Participants in any form. The Stock Ownership Plan does not involve leveraged funds and there is no arrangement for third parties to provide incentives, grants, subsidies, and make up the balance for employees to participate in the Stock Ownership Plan.

*(D) Transfer Price and Pricing Basis of the Stock Ownership Plan*

(i) Transfer Price

The transfer price of the Shares held in the Company's designated securities repurchase account under the Stock Ownership Plan shall be RMB 10.78 per Share. The transfer price of the shares is not less than the par value of the share and not less than the higher of the following prices:

- (a) 50% of the average price of the Company's Shares on the last trading day preceding the date of the Announcement Date (total trading transaction of Shares on the preceding trading day/total trading volume of Shares on the preceding trading day) of RMB21.56 per Share, being RMB10.78 per Share;
- (b) 50% of the average price of the Company's Shares of the 20 trading days preceding the date of the Announcement Date (total trading transaction of Shares on the 20 preceding trading days/total trading volume of Shares on the 20 preceding trading days) of RMB20.79 per Share, being RMB10.39 per Share.

In the event of any capitalisation of capital reserve, bonus issue, sub-division of shares, rights issue or consolidation of shares of the Company in the period from the date of the Announcement Date to the completion of registration of the ESOP by the ESOP's Participants, the transfer price shall be adjusted accordingly. The adjustment methods are set below:

- (a) Conversion of capital reserve into share capital, bonus issue and share split

$$P=P_0 \div (1+n)$$

Where:  $P_0$  represents the transfer price before the adjustment;  $n$  represents the ratio of conversion of capital reserve into share capital, bonus issue or share split per Share;  $P$  represents the transfer price after the adjustment.

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## LETTER FROM THE BOARD

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(b) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$$

Where:  $P_0$  represents the transfer price before the adjustment;  $P_1$  represents the closing price on the record date;  $P_2$  represents the price of the rights issue;  $n$  represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue);  $P$  represents the transfer price after the adjustment.

(c) Share consolidation

$$P = P_0 \div n$$

Where:  $P_0$  represents the transfer price before the adjustment;  $n$  represents the share consolidation ratio;  $P$  represents the transfer price after the adjustment.

(d) Profit distribution

$$P = P_0 - V$$

Where:  $P_0$  represents the transfer price before the adjustment;  $V$  represents the dividend per Share;  $P$  represents the transfer price after the adjustment.  $P$  shall remain larger than 1 after the adjustment for profit distribution.

(e) Issuance of new Shares

In case of issuance of new Shares by the Company, the transfer price of the Share Options shall not be adjusted.

The ESOP's Participants of the Stock Ownership Plan are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who are responsible for corporate governance, assisting in the formulation of the Company's strategic planning or other important tasks. The Company is of the view that, on the basis of compliance with the laws and regulations, providing incentives to these employees by granting Shares to them at an appropriate price can truly enhance the enthusiasm and sense of responsibility of the target employees and effectively align the interests of the employees, the Company and the Shareholders, thereby facilitating the achievement of the motivation objectives.

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## LETTER FROM THE BOARD

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### *1.4 Duration and Lock-up Period*

#### *(A) Term of the Stock Ownership Plan*

- (a) The term of the Stock Ownership Plan shall be 48 months, commencing from the date on which the Company announces the transfer of the last tranche of underlying Shares to the Stock Ownership Plan. If not extended, the Stock Ownership Plan will be terminated automatically upon the expiry of its term.
- (b) Upon expiry of the lock-up period of the Stock Ownership Plan and if all the underlying Shares held under the Stock Ownership Plan are sold or transferred to the Unit Holders and liquidated and distributed in accordance with the regulations, the Stock Ownership Plan may be terminated prior to the expiry upon consideration and approval by the Holders' Meeting.
- (c) If a Holders' Meeting is held at least one month prior to the expiry of the term of the Stock Ownership Plan and with the consent of more than two-thirds of the units held by the Holders present at the meeting and after submission to the Board for consideration and approval, the term of the Stock Ownership Plan may be extended.
- (d) Where the Shares held by the Stock Ownership Plan cannot be fully sold or transferred to the Unit Holders before the expiry of the term due to the suspension of trading of the Shares or short trading window period, the term of the Stock Ownership Plan may be extended with the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and after submission to the Board.
- (e) The Company shall issue an indicative announcement six months prior to the expiry of the term of the Stock Ownership Plan, stating the number of Shares held by the Stock Ownership Plan which is about to expire and its proportion to the total share capital of the Company.
- (f) The Company shall disclose the number of Shares held under the expired Stock Ownership Plan and its proportion to the total share capital of the Company, as well as the disposal arrangements upon expiry, at the latest upon the expiry of the Stock Ownership Plan. In the case of an extension of the term, every difference from the pre-extension period should be explained in accordance with the disclosure requirements under Rule 6.6.7 of the Self-regulatory Guidelines No. 1 for the Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of the Companies Listed on

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## LETTER FROM THE BOARD

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the Main Board, and the corresponding review procedures and disclosure obligations should be fulfilled in accordance with the provisions of the Stock Ownership Plan.

(B) *Lock-up Period of the Stock Ownership Plan and its Rationality and Compliance*

- (a) The underlying Shares acquired by the Stock Ownership Plan through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of the announcement of the Company of the transfer of the last tranche of underlying Shares to the Stock Ownership Plan. The lock-up period shall be up to 36 months. Details are as follows:

Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 40% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying Shares to the Stock Ownership Plan, and the number of Shares to be unlocked shall be 30% of the total number of the underlying Shares held by the Holders of the Stock Ownership Plan.

The Shares derived from the underlying Shares obtained under the Stock Ownership Plan as a result of events such as the distribution of share dividends and capitalisation of capital reserve by the Company shall also be subject to the above lock-up arrangement.

(b) *Trading restrictions of the Stock Ownership Plan*

The Stock Ownership Plan will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, Shenzhen Stock Exchange, the SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules on stock trading. No Shares under the Stock Ownership Plan shall be traded during the following periods:

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## LETTER FROM THE BOARD

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- (i) Within one month prior to the announcement of the annual report, half-year report or quarterly report of the Company. Where the date of the announcement is postponed due to special reasons, the period shall commence one month prior to the original scheduled date of the announcement;
  - (ii) Within 10 days before the announcement of results forecast and preliminary results;
  - (iii) During the period commencing one month immediately before the earlier of the date of board meeting (as such date if first notified to the Hong Kong Stock Exchange under the Hong Kong Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules);
  - (iv) From the date of occurrence of a major event that may have a significant impact on the trading price of the Shares and derivatives of the Company or the date of entering into the decision-making process, until the date of disclosure in accordance with the law (including such date); and
  - (v) Such other period as stipulated by the CSRC, Shenzhen Stock Exchange, SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules.
- (c) Explanation on the rationality and compliance of the lock-up period of the Stock Ownership Plan

The lock-up period of the Stock Ownership Plan is set based on the principle of balancing incentives and constraints. The transfer price of the Shares of the Stock Ownership Plan is discounted, so the Shares will be unlocked in three phases after 12 months of lock-up, and the ratios of the Shares to be unlocked will be 40%, 30% and 30%, respectively. The Company believes that on the basis of legal compliance, the setting of lock-up period can further constrain employees while fully motivating them, thus better aligning the interests of the Holders, the Company and its shareholders. This will help achieve the purpose of the Stock Ownership Plan and promote the long-term development of the Company.

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## LETTER FROM THE BOARD

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(C) *Performance Appraisal of the Stock Ownership Plan*

(a) Performance appraisal at company level

The appraisal years under the Stock Ownership Plan are the three accounting years from 2024 to 2026, and the appraisal will be conducted once every accounting year, with the achievement of the performance appraisal target as one of the unlocking conditions. The performance appraisal targets of each year are as set out in the table below:

Unlocking period	Appraisal indicator for the appraisal year	Growth rate of net profit (A)	
		Target value (Am)	Trigger value (An)
First unlocking period	Growth rate of net profit for 2024 compared to that of 2022	122%	98%
Second unlocking period	Growth rate of net profit for 2025 compared to that of 2022	155%	124%
Third Unlocking Period	Growth rate of net profit for 2026 compared to that of 2022	194%	155%

Appraisal indicator	Performance completion level	Unlocking ratio at the Company level (X)
Growth rate of net profit (A)	$A \geq A_m$	$X=100\%$
	$A_n \leq A < A_m$	$X=80\%$
	$A < A_n$	$X=0\%$

*Notes:*

- The above “net profit” indicators are calculated based on the audited net profit attributable to Shareholders and excluding the impact of the share-based fee payment arising from the implementation of the Stock Ownership Plan for the period and other share incentive schemes and employee stock ownership plans.
- The above performance appraisal targets are not undertakings about its performance made by the Company to investors.



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## LETTER FROM THE BOARD

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During each of the above unlocking periods, the percentage of unlocking at the Company level will be determined in accordance with the level of achievement of the Company's performance. Units that do not meet the unlocking conditions will be taken back by the Management Committee, which has the authority to decide on the disposal of the relevant rights and interests.

(b) Performance appraisal at individual level

The individual appraisal of the Participants is conducted annually. The appraisal results are determined based on the individual performance appraisal and the unlocking ratio will be determined by the appraisal results. The actual number of underlying Shares unlocked by the Holders in the year = the number of underlying Shares planned to be unlocked by the Holder in the year x unlocking ratio at company level x unlocking ratio at individual level. If the actual number of underlying Shares unlocked by the Holder in the year is less than the target number of Shares to be unlocked due to the performance appraisal at individual level, the Management Committee will take back the units that have not met the unlocking conditions and decide on the disposal arrangements (including but not limited to allocating the recovered shares to other eligible employees at an appropriate time). If such units are not allocated during the term of the Stock Ownership Plan, the unallocated portion will be sold at an appropriate time by the Company during the term of the Stock Ownership Plan after the unlocking date. After the sale, the original capital contribution for the corresponding units will be returned to the Holders. If there is any gain after the contribution is returned to the Holders, the gain shall be returned to the Company.

The results of the performance appraisal of the Holders are classified into five grades, namely S, A, B, C and D. Details are shown in the table below:

Appraisal grade	S	A	B	C	D
Unlocking ratio at the individual level		100%		70%	0%

### ***1.5 Management Model***

Subject to the approval of the general meeting, the Stock Ownership Plan shall be established with self-owned funds and shall be managed by the Company itself. The highest internal management authority of the Stock Ownership Plan is the Holders' Meeting. The Holders' Meeting shall establish the Management Committee and authorize the Management Committee as the management body of the Stock Ownership Plan to supervise the daily management of the Stock Ownership Plan and exercise the Shareholders' rights on behalf of the Holders.

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## LETTER FROM THE BOARD

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The Administrative Measures for the Stock Ownership Plan clearly stipulate the responsibilities of the Management Committee and adopt adequate risk prevention and segregation measures. The Board is responsible for drafting and amending the draft of the Stock Ownership Plan and handling other relevant matters of the Stock Ownership Plan within the scope as authorized by the general meeting.

### *1.6 Alteration, Termination and Disposal of Holders' Interests*

#### *(A) Alteration of the Stock Ownership Plan*

During the term of the Stock Ownership Plan, any amendment to the Stock Ownership Plan shall be subject to the approval of at least two-thirds (including two-thirds) of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board.

#### *(B) Termination of the Stock Ownership Plan*

- (a) The Stock Ownership Plan will be terminated automatically upon its expiry.
- (b) When all Shares held in the Company under the Stock Ownership Plan are sold or transferred to the Unit Holders, the Stock Ownership Plan may be terminated before its expiry.
- (c) The term of the Stock Ownership Plan may be extended by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board one month prior to the expiry of the Stock Ownership Plan, and the Stock Ownership Plan shall be terminated upon expiry of the extended period.
- (d) In addition to self-termination or early termination, the termination of the Stock Ownership Plan during the term shall be approved by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board.

#### *(C) Liquidation and Distribution of the Stock Ownership Plan*

- (a) The Management Committee shall complete the liquidation of the Stock Ownership Plan within 30 working days after the date of its expiry and arrange for distribution in proportion to the units held by the Holders after deducting the relevant taxes and fees in accordance with the law.

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## LETTER FROM THE BOARD

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- (b) During the term of the Stock Ownership Plan, the Management Committee may distribute cash or unlocked Shares from the capital account of the Stock Ownership Plan to the Holders in accordance with the authorization of the Holders' Meeting.
- (D) *Rights Attached to the Shares Held by the Stock Ownership Plan and the Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Shares*
- (a) Holders of the Stock Ownership Plan are entitled to the asset income rights of the Shares held by the Stock Ownership Plan according to their actual capital contribution. The corresponding Shares obtained by the Holders through the Stock Ownership Plan shall be entitled to Shareholders' rights (including dividend rights, rights issue, conversion of Shares and other asset income rights).
  - (b) During the term of the Stock Ownership Plan, except as otherwise provided by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units of the Stock Ownership Plan held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debt or other similar disposal.
  - (c) During the lock-up period, the Holders shall not request for distribution of interests under the Stock Ownership Plan.
  - (d) During the lock-up period, in the event of any capitalization of capital reserve and distribution of bonus issue, the Shares newly acquired by the Stock Ownership Plan due to holding the Shares shall be locked up together and shall not be sold in the secondary market or otherwise transferred, and the unlocking period of such Shares shall be the same as the corresponding Shares.
  - (e) Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall sell the corresponding underlying Shares or transfer the corresponding underlying Shares to the Unit Holders at an appropriate time during the term of the Stock Ownership Plan after the unlocking date.
  - (f) Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term of the Stock Ownership Plan, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall decide whether to distribute the income corresponding to the Stock Ownership Plan. Where the distribution is decided, the Holders' Meeting shall authorize the

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## LETTER FROM THE BOARD

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Management Committee to distribute the income according to the units of the Holders after deducting relevant taxes and fees in accordance with the law.

- (g) During the term of the Stock Ownership Plan, distribution may be made in each accounting year when the underlying Shares held by the Stock Ownership Plan are sold for cash or other distributable income, and the Management Committee shall distribute the Shares held by the Holders in proportion to the total number of Shares under the Stock Ownership Plan after deducting relevant taxes and fees and payables of the Stock Ownership Plan in accordance with the law.
- (h) During the lock-up period, in the event of dividend payment by the Company, the cash dividends received by the Stock Ownership Plan for the Shares held shall be credited to the monetary assets of the Stock Ownership Plan and shall not be distributed separately for the time being. Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term, the Management Committee shall, in accordance with the authorization of the Holder's Meeting, decide whether to distribute the income. Upon the expiry of the lock-up period of the Stock Ownership Plan and during the term, in the event of a dividend payment by the Company, the cash dividends received by the Stock Ownership Plan for the Shares of the Company shall be credited to the monetary assets of the Stock Ownership Plan.
- (i) Upon occurrence of other unspecified events, the disposal method of the units of the Stock Ownership Plan held by the Holders shall be determined by the Holders' Meeting.
- (j) During the term of the Stock Ownership Plan, when the Company obtains financing by means of placing of shares, issue of shares and convertible bonds, the Management Committee will submit to the Holders' Meeting and the Board for consideration of whether to participate and the specific plan of participation.

### **2. Proposed Adoption of the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan**

In order to regulate the implementation of the Stock Ownership Plan, the Company has formulated the Administrative Measures for the Stock Ownership Plan in accordance with the requirements of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines No. 1 of the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Listed Companies on the Main Board, the Hong Kong Listing Rules, other relevant laws, regulations and regulatory documents, the Articles of Association and the 2024 A Share Employee Stock Ownership Plan (Draft) of the Company.

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## LETTER FROM THE BOARD

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The full text of the Administrative Measures for the Stock Ownership Plan is set out in Appendix II to this circular. The Administrative Measures for the Stock Ownership Plan was prepared in Chinese. If there is any discrepancy between the English translation of the Administrative Measures for the Stock Ownership Plan and the Chinese version, the Chinese version shall prevail.

### **3. Proposed Authorization to the Board to Deal with Matters relating to the 2024 A Share Employee Stock Ownership Plan**

To ensure the smooth implementation of the Stock Ownership Plan, the Board proposes to the EGM to authorize the Board to handle all matters relating to the Stock Ownership Plan, including but not limited to the following:

- (a) to authorize the Board to handle the establishment, modifications and termination of the Stock Ownership Plan;
- (b) to authorize the Board to make decision on the extension and early termination of the Stock Ownership Plan;
- (c) to authorize the Board the handle all matters in relation to the lock-up and unlocking of the Shares purchased under the Stock Ownership Plan;
- (d) to authorize the Board to interpret the 2024 A Share Employee Stock Ownership Plan (Draft) of the Company;
- (e) to authorize the Board to implement the Stock Ownership Plan, including but not limited to nominate the candidates for the Management Committee;
- (f) to authorize the Board to make decisions on the participation of the Stock Ownership Plan in refinancing matters such as the placing of Shares of the Company during the term of the Stock Ownership Plan;
- (g) to authorize the Board to change the Participants and determination criteria of the Stock Ownership Plan;
- (h) to authorize the Board to sign contracts and relevant agreement and documents for the Stock Ownership Plan;
- (i) to authorize the Board, in the event of changes in the relevant laws, regulations and policies, to make corresponding amendments and enhancements to the Stock Ownership Plan according to the changes in the relevant laws, regulations and policies; and
- (j) to authorize the Board to handle other necessary matters required for the Stock Ownership Plan, except for those rights expressly stipulated in the relevant documents to be exercised by the general meeting.

The above authorizations shall be valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the Stock Ownership Plan.

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## LETTER FROM THE BOARD

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### III. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE STOCK OWNERSHIP PLAN

Please refer to the section headed “II. 1. Proposed Adoption of the 2024 A Share Employee Share Ownership Plan – 1.1 Purposes of the Stock Ownership Plan” in this circular.

#### Directors’ Confirmation

The Directors consider that the adoption of the Stock Ownership Plan can achieve the above purposes and the terms and conditions of the Stock Ownership Plan are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Mr. Hu Jian Yong, Mr. Xia Zhang Zhua and Ms. Gao Yu Ling, being the ESOP’s Participants, have a material interest in the Stock Ownership Plan, they have abstained from voting on the relevant Board resolutions in relation to the Stock Ownership Plan. Save for the above, none of the Directors have abstained from voting on the relevant Board resolutions as a result of their participation in the Stock Ownership Plan and none of the Directors have a material interest in the Stock Ownership Plan.

### IV. HONG KONG LISTING RULES IMPLICATIONS

As the Stock Ownership Plan involves existing Shares, it is subject to Rule 17.12 of Chapter 17 of the Hong Kong Listing Rules.

As the Holders involve the Directors and supervisor of the Company, their participation in the Stock Ownership Plan constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules, and the relevant applicable percentage ratios (as defined in the Hong Kong Listing Rules) on an individual basis are less than 0.1%, thus they are fully exempt from the shareholders’ approval, annual review and all disclosure requirements. Save for the above fully exempt connected transaction, participation in the Stock Ownership Plan by other Holders does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

The Company will also ensure compliance with the public float requirement under the Hong Kong Listing Rules.

Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Yu Zhi Tao and Mr. Hu Jian Yong are ESOP’s Participants and directors of Hisense Holdings and/or its subsidiaries, while Ms. Gao Yu Ling is an ESOP’s participant and a supervisor of Hisense Air-conditioning. Therefore, Hisense Holdings, Hisense Air-conditioning and their respective associates will abstain from voting in relation to the resolutions about the Stock Ownership Plan at the EGM. As such, Hisense Air-conditioning, which held 516,758,670 Shares (representing approximately 37.23% of the issued share capital of the Company) and Hisense HK, which held 124,452,000 Shares (representing approximately 8.97% of the issued share capital of the Company) as at the Latest Practicable Date, will abstain from voting in relation to the resolutions about the Stock Ownership Plan at the EGM. Each of Hisense Air-conditioning and Hisense HK controls or is entitled to exercise control over the voting right in respect of their Shares.

## LETTER FROM THE BOARD

### V. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement dated 25 January 2024 in relation to, among others, the proposed amendments to the Articles of Association. A special resolution will be proposed at the EGM and the Class Meetings to consider and approve the proposed amendments to the Articles of Association.

On 17 February 2023, the CSRC issued the Trial Administrative Measures of Overseas Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant guidelines, which include the abolition of the Notice on the Implementation of the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《關於執行〈到境外上市公司章程必備條款〉的通知》). The Trial Measures have been effective since 31 March 2023 (the “**New PRC Regulations**”). From the effective date of the Trial Measures, PRC issuers shall formulate their articles of association with reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》). In light of the above New PRC Regulations, Hong Kong Stock Exchange has made consequential amendments to the Listing Rules which have come into effect since 1 August 2023 to, amongst others, reflect the New PRC Regulations. On 1 August 2023, the CSRC issued the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), pursuant to which more detailed regulations on the appointment of independent directors were stipulated.

In view of the above, the Board proposes to amend the provisions of the existing articles of association (the “**Proposed Amendments to the Articles of Association**”). Details of the Proposed Amendments to the Articles of Association are as follows:

Existing Articles	Revised Articles
No content page	<u>New content page added</u>
<p>Article 1.1 These Articles of Association are formulated in accordance with “The Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), <b><u>the “Special Regulations On the Overseas Offering and Listing of Shares by Joint Stock Companies” issued by the State Council of the People’s Republic of China (hereinafter referred to as the “Special Regulations”), the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” (the “Mandatory Provisions”) and the “Guidelines for Articles of Association of Listed Companies” (hereinafter referred to as the “Guidelines for Articles of Association”)</u></b> and other relevant laws and regulations of the PRC, with an aim to protect the legitimate rights and interests of the Company and its shareholders and creditors and to regulate the organization and activities of the Company.</p>	<p>Article 1.1 These Articles of Association are formulated in accordance with “The Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), <b><u>“The Securities Law of the People’s Republic of China” (hereinafter referred to as the “Securities Law”), “The Rules Governing Listing of Stocks on Shenzhen Stock Exchange”, “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as the “Listing Rules of Hong Kong Stock Exchange”), the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies”, the “Guidelines for Articles of Association of Listed Companies”</u></b> and other relevant laws and regulations of the PRC, with an aim to protect the legitimate rights and interests of the Company and its shareholders and creditors and to regulate the organization and activities of the Company</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 1.2</b> The Company's registered Chinese name: 海信家電集團股份有限公司</p> <p>The Company's English name: HISENSE HOME APPLIANCES GROUP CO., LTD.</p> <p><b>The Company's office: No. 8, Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, PRC</b></p> <p><b>Postal Code: 528303</b></p> <p><b>Telephone number: (0757) 28362570</b></p> <p><b>Facsimile number: (0757) 28361055</b></p>	<p><b>Article 1.4</b> The Company's registered name: <b>Chinese name:</b> 海信家電集團股份有限公司 <b>English name:</b> HISENSE HOME APPLIANCES GROUP CO., LTD.</p> <p><b>Article 1.5</b> <b>The Company's office: No. 8, Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, PRC</b> <b>Postal Code: 528303</b></p>
<p><b>Article 1.3</b> The Company's legal representative is the Chairman of the Board.</p>	<p><b>Article 1.8</b> The Company's legal representative is the Chairman of the Board.</p>
<p><b>Article 1.4</b> Upon approval from Joint Examination Group for Pilot Joint Stock Enterprises in the Guangdong Province and Guangdong Economic Reform Committee.....</p>	<p><b>Article 1.2</b> Upon approval from Joint Examination Group for Pilot Joint Stock Enterprises in the Guangdong Province and Guangdong Economic Reform Committee.....</p>
<p><b>Article 1.5</b> The Company is a joint stock limited company which is an independent legal person.....</p>	<p><b>Article 1.3</b> The Company is a joint stock limited company which is an independent legal person.....</p>
<p><b><u>Newly added</u></b></p>	<p><b>Article 1.6 The registered capital of the Company is RMB1,387,935,370.</b></p>
<p><b>Article 1.6 Unless otherwise provided by these Articles of Association, the Company's shareholders, including the shareholders of A Shares and H Shares referred to in Article 3.4, shall enjoy the same rights and assume the same obligations.</b></p>	<p><b><u>Deleted</u></b></p>
<p><b>Article 1.7</b> All assets of the Company are divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they hold. The Company shall be liable for its debts to the extent of all of its assets.</p>	<p><b>Article 1.9</b> All assets of the Company are divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they hold. The Company shall be liable for its debts to the extent of all of its assets.</p>
<p><b>Article 1.8</b> The Company is a joint stock limited company that has perpetual existence.</p>	<p><b>Article 1.7</b> The Company is a joint stock limited company that has perpetual existence.</p>
<p><b>Article 1.9 The Company shall not become a shareholder with unlimited liability of other profit organizations.</b></p>	<p><b><u>Deleted</u></b></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b><u>Article 1.10</u></b> Unless otherwise required by the Company Law or other relevant laws and regulations, articles which are required by the Mandatory Provisions to be incorporated into these Articles of Association shall not be modified or repealed.</p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 1.11</u></b> These Articles of Association were passed by special resolution in the Company’s general meeting and became effective upon approval by the relevant authority of the State. These Articles of Association shall replace the original articles of association registered.....</p>	<p><b><u>Article 1.10</u></b> These Articles of Association were passed by special resolution in the Company’s general meeting and became effective upon approval by the relevant authority of the State. These Articles of Association shall replace the original articles of association registered.....</p>
<p><b><u>Article 1.12</u></b> The Company may invest in other limited liability companies or joint stock limited companies. The Company’s liabilities to an investee company shall be limited to the amount of its capital contribution to the investee company.</p> <p><b><u>Upon the approval of the examination and approval authorities for companies authorized by the State Council, the Company may, according to its operating and management needs, operate according to the requirements in relation to holding companies under the Company Law.</u></b></p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 1.13</u></b> Subject to compliance with the laws and administrative regulations of the PRC, the Company has the power to raise and borrow money includes without limitation the issue of the Company’s debentures, the charging or mortgaging of the Company’s assets.</p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 1.14</u></b> Other senior officers of the Company as mentioned in these Articles of Association refer to the Board Secretary, the person in charge of finance and vice-president(s).</p>	<p><b><u>Article 1.11</u></b> Other senior officers of the Company as mentioned in these Articles of Association refer to the Board Secretary, the person in charge of finance and vice-president(s).</p>

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## LETTER FROM THE BOARD

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Existing Articles	Revised Articles
<p>Article 2.1 The Company's business objectives:</p> <p><u>Committed to technological innovation, with intelligent upgrading of household appliances as the core, leading a new life of intelligence and making millions of families happy with high-quality products and services. Forming a diversified industrial structure with household appliances, commercial air-conditioning, automobile air-conditioning and home appliance supporting facilities, to promote the research and development and manufacturing of various industries, to open up domestic and foreign markets, to enhance vitality and competitiveness of the enterprise so as to maximize the return on investments for all shareholders.</u></p>	<p>Article 2.1 The Company's business objectives:</p> <p><u>Adhering to the development philosophy of "Technology-based Enterprise, Stable Management", developing diversified industries such as household appliances, commercial air conditioners, automotive compressors and thermal management business, as well as home appliances supporting business with focusing on the "user-centered" approach. Committed to technological innovation, scenario upgrading and global brand creation. Customizing a better life for families around the world through high-quality products and services, maximizing returns for shareholders, and creating win-win values for suppliers, customers and the society.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 2.2</u> The business scope of the Company:</p> <p><u>Provide whole-house intelligent solutions and related products based on smart living scenarios, including refrigerators, air conditioners, washing machines, freezers, kitchen and bathroom appliances, environmental appliances and other household appliances, as well as the development and manufacture of commercial air conditioning, commercial cold chains, medical cold chains, special air conditioning, automotive air conditioning and complete vehicle thermal management systems; manufacturing of home appliance supporting facilities, design and manufacturing of mould; domestic and overseas sales of products and provision of after-sale services, transportation of own products.</u></p> <p>.....</p>	<p>Article 2.2 The business scope of the Company:</p> <p><u>General items: Research and development of household electrical appliances; manufacture of household electrical appliances; sale of household electrical appliances; sale of spare parts for household electrical appliances; installation services for household electrical appliances; manufacture of refrigeration and air-conditioning equipment; sale of refrigeration and air-conditioning equipment; sale of household goods; retail sale of daily household appliances; repair of daily household electrical appliances; manufacture of consumer equipment for smart homes; sale of consumer equipment for smart homes; manufacture of consumer equipment for smart homes; sale of consumer equipment for smart homes; manufacture of mechanical and electrical equipment; sale of mechanical and electrical equipment; manufacture of moulds; sale of moulds; information systems integration services; internet sales (except sale of goods requiring a license); sale of Internet of Things equipment; sale of electronic products; sale of Class I medical devices; sale of Class II medical devices; ticketing agency services; furniture installation and repair services; housekeeping services; health consultation services (excluding diagnosis and treatment); advertisement placement; import and export of goods; software development; software sales; technical services, technical development, technical consultation, technical exchange, technical transfer, technical promotion. (Except for special projects that are subject to approval as required by law, business license shall be obtained to carry out business activities independently in accordance with the law)</u></p> <p><u>Permitted items: Internet sales of foodstuffs; electrical installation services; catering services; type II value-added telecommunications services; internet information services for medical devices. (Projects that require approval according to law may only commence business activities after approval by the relevant departments, and specific business projects are subject to the approval of the relevant departments or permits)</u></p> <p>.....</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
Chapter 3 <u>Shares and Registered Capital</u>	Chapter 3 <u>Shares</u>
<u>Newly added</u>	<u>Section I The Issue of Shares</u>
<p><b><u>Article 3.1 There must, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company shall include A Shares and H Shares. Subject to the approval of the examination and approval authorities for companies authorized by the State Council, the Company may, according to its requirements, create different classes of shares.</u></b></p>	<u>Deleted</u>
<p>Article 3.2 Shares of the Company are in the form of share certificates. <b><u>The shares issued by the Company shall each have a par value of RMB 1.00.</u></b></p> <p>The issue of shares by the Company shall adhere to the principles of openness, fairness and equitableness. Every share of the same class shall rank pari passu to every other share of the same class, shall have the same rights and shall be entitled to the same amount of dividends.</p>	<p><b><u>Article 3.1</u></b> Shares of the Company are in the form of share certificates.</p> <p><b><u>Article 3.2</u></b> The issue of shares by the Company shall adhere to the principles of openness, fairness and equitableness. Every share of the same class shall rank pari passu to every other share of the same class, shall have the same rights and shall be entitled to the same amount of dividends.</p>
<u>Newly added</u>	<p><b><u>Article 3.1 All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; for all shares of the same class issued at the same time subscribed for by any entities or individuals, the same price shall be paid for each share. The shares issued by the Company shall be denominated in Renminbi, each having a par value of RMB 1.00. The shares issued by the Company that are listed on the Shenzhen Stock Exchange are referred to as “A Shares” and subscribed and transacted in RMB; the shares issued by the Company that are listed on the Hong Kong Stock Exchange are referred to as “H Shares” and subscribed and transacted in Hong Kong Dollars. Holders of A Shares and holders of H Shares are both ordinary shareholders, who are entitled to the same rights and assume the same obligations.</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 3.3 Subject to the approval by the State Council’s securities authorities, the Company may issue shares to domestic investors and foreign investors.</u></p> <p><u>“Domestic investors” mean investors of the PRC (excluding the regions of Hong Kong, Macau and Taiwan regions) who subscribe for the Company’s shares. “Foreign investors” mean investors of foreign countries and of Hong Kong, Macau and Taiwan regions who subscribe for the Company’s shares.</u></p>	<p><u>Deleted</u></p>
<p>Article 3.4 <u>Shares which the Company issues to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Domestic shares can be listed on the stock exchange within the PRC upon the approval from the Board and the relevant government authorities. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares which are listed overseas are called “overseas-listed foreign shares” (including but not limited to H Shares). H Shares refer to overseas-listed foreign shares which are listed on the Hong Kong Stock Exchange, and which are subscribed for and transacted in Hong Kong Dollars.</u></p> <p><u>The domestic shares</u> of the Company shall be held in central custody at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited.</p>	<p>Article 3.4 <u>The A Shares</u> issued by the Company shall be held in central custody at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited; <u>the H Shares issued by the Company shall primarily be placed in the custody of a company authorized by the Hong Kong Securities Clearing Company Limited, or may also be held by shareholders in their own names in accordance with the laws and securities registration and deposit practices of the place where such share are listed.</u></p>
<p>Article 3.5 The Company has issued a total number of <u>1,388,147,370</u> ordinary shares, of which H Shares amount to 459,589,808 shares, representing 33.11% of the total share capital, and A Shares amount to <u>928,557,562</u> shares, representing 66.89% of the total share capital. <u>The registered share capital of the Company is RMB1,388,147,370.</u></p>	<p>Article 3.5 The Company has issued a total number of <u>1,387,935,370</u> Ordinary Shares, of which H Shares amount to 459,589,808 shares, representing 33.11% of the total share capital, and A Shares amount to <u>928,345,562</u> shares, representing 66.89% of the total share capital.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 3.6 Neither the Company nor its subsidiaries (including subsidiary entities of the Company) shall provide any financial assistance in the form of donation, margin financing, guarantee, compensation or loan to purchasers or prospective purchasers of shares of the Company.</u></p>
<p><u>Article 3.6 The Company's board of directors may make implementing arrangements for the respective issuance of H Shares and A Shares after proposals for issuance of the same have been approved by the State Council's securities authorities. The Company may implement its proposals to issue H Shares and A Shares respectively pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the State Council's securities authorities.</u></p>	<u>Deleted</u>
<p><u>Article 3.7 Where the total number of shares stated in the proposal for the issuance of shares includes H Shares and A Shares, such shares should be fully subscribed for in a single time at their respective offerings. If the shares cannot be fully subscribed for at their offerings due to special circumstances, the shares may, subject to the approval of the State Council Securities Policy Committee, be issued in separate tranches.</u></p>	<u>Deleted</u>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<u>Section II Increase, Reduction &amp; Repurchase of Shares</u>
<p><b>Article 3.8</b> The Company may, based on its operating and development needs and in accordance with the requirements of laws and regulations, authorize the increase of its capital in the following ways subject to the passing of respective resolutions in shareholders’ general meetings:</p> <p>.....</p> <p>After the Company’s <b>increase of share capital by means of the issuance of new shares</b> has been approved in accordance with the provisions of these Articles of Association, the issuance thereof should be proceeded in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.</p>	<p><b>Article 3.7</b> The Company may, based on its operating and development needs and in accordance with the requirements of laws and regulations, authorize the increase of its capital in the following ways subject to the passing of respective resolutions in shareholders’ general meetings:</p> <p>.....</p> <p>After the Company’s <b>increase of registered capital</b> has been approved in accordance with the provisions of these Articles of Association, the issuance thereof should be proceeded in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.</p>
<p><b>Article 3.9 Unless otherwise stipulated in laws and administrative regulations, shares of the Company shall be freely transferable and shall not be subject to any lien.</b></p>	<p><b>Article 3.11 The shares of the Company can be transferred in accordance with law.</b></p>
<p><b>Article 3.10</b> The Company shall not accept the Company’s shares as the subject matter of a pledge.</p>	<p><b>Article 3.12</b> The Company shall not accept the Company’s shares as the subject matter of a pledge.</p>
<p><b>Article 3.11</b> The Company’s shares held by the Promoter shall not be transferred within one (1) year from the date of establishment of the Company. The shares issued before the Company’s public issuance of shares shall not be transferred within one (1) year from the date of the listing of the Company’s shares on the stock exchange</p>	<p><b>Article 3.13</b> The Company’s shares held by the Promoter shall not be transferred within one (1) year from the date of establishment of the Company. The shares issued before the Company’s public issuance of shares shall not be transferred within one (1) year from the date of the listing of the Company’s shares on the stock exchange</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b><u>Article 3.12 If shareholders holding 5% or more of the domestic shares (with voting right) of the Company</u></b> sell their shares within six (6) months from the date where such shares are acquired, or purchase shares within six (6) months from the date where such shares are disposed of, any profit deriving therefrom shall belong to the Company.</p> <p><b><u>The preceding paragraph is applicable to the Directors, supervisors, presidents and other senior officers of the Company who hold 5% or more of the domestic shares (with voting right) of the Company.</u></b></p> <p>For the purpose of the preceding paragraph in this Article, the shares or other equity securities held by the Directors, supervisors, presidents and other senior officers of the Company include the shares or other equity securities held by his or her spouse, parents, or children, or held by using other persons' accounts</p> <p style="text-align: center;">.....</p>	<p><b><u>Article 3.14 If the Directors, supervisors, senior officers of the Company, and shareholders holding 5% or more of the shares of the Company</u></b> sell their shares or other securities with the nature of equity interests within six (6) months from the date where such shares are acquired, or purchase shares within six (6) months from the date where such shares are disposed of, any <b>profit</b> deriving therefrom shall belong to the Company. The Board of the Company shall recover the profit thereof, except where a securities company holds more than 5% or more of the shares by taking up the remaining shares not subscribed subsequent to underwriting and other circumstances as prescribed by the China Securities Regulatory Commission.</p> <p>For the purpose of the preceding paragraph in this Article, the shares or other equity securities held by the Directors, supervisors, presidents and other senior officers of the Company include the shares or other equity securities held by his or her spouse, parents, or children, or held by using other persons' accounts.</p> <p style="text-align: center;">.....</p>
<b><u>Chapter 4 Reduction of Capital and Repurchase of Shares</u></b>	<b><u>Deleted</u></b>
<b><u>Newly added</u></b>	<b><u>Section III Transfer of Shares</u></b>
<b><u>Article 4.1 The Company may reduce its registered capital in accordance with these Articles of Association.</u></b>	<b><u>Deleted</u></b>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 4.2</u> The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.</p> <p><u>The Company shall notify its creditors within ten (10) days from the date of the Company’s resolution for reduction of capital and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution. A creditor has the right within thirty (30) days from the date of receipt of the notice from the Company or, in the case where a creditor does not receive such notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for the repayment of such debt.</u></p> <p><u>The Company’s registered capital must not, after the reduction in capital, be less than the minimum amount prescribed by law.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 4.3</u> When the Company reduces its registered capital, it shall <u>register the change with companies registration authority in accordance with law.</u></p>	<p>Article 3.8 <u>The Company may reduce its registered capital.</u> When the Company proposes to reduce its registered capital, it shall <u>complete the formalities according to the Company Law, and relevant requirements of the listing rules of the stock exchange in the place(s) where the shares are listed and other relevant regulations and the provisions of these Articles.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b><u>Article 4.4</u></b> The Company may, in accordance with law, administrative regulations and these Articles of Association, repurchase its issued shares under the following circumstances:</p> <p>(1) reducing registered capital of the Company;</p> <p>.....</p> <p>Where the Company has acquired its H Shares according to the provision of this Article, the same shall be <b><u>cancelled as soon as reasonably practicable</u></b> pursuant to the requirements of the listing rules of Hong Kong Stock Exchange.</p> <p>If the Company acquires its own shares, it shall fulfil its disclosure obligation as required under <b><u>the Securities Law of the People’s Republic of China, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, and the listing rules of Hong Kong Stock Exchange.</u></b></p>	<p><b><u>Article 3.9</u></b> The Company shall <b><u>not repurchase its own shares, except in one of the following situations:</u></b></p> <p>(1) reducing registered capital of the Company;</p> <p>.....</p> <p>Where the Company has acquired its H Shares according to the provision of this Article, <b><u>the usage of the acquired Shares, the time limit for cancellation and the review procedures shall be handled</u></b> pursuant to the requirements of the Listing Rules of Hong Kong Stock Exchange.</p> <p>If the Company acquires its own shares, it shall fulfil its disclosure obligation as required under <b><u>the Securities Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Listing Rules of Hong Kong Stock Exchange, and the relevant provisions of other laws, regulations and normative documents.</u></b></p>
<p><b><u>Article 4.5</u></b> The Company may choose to repurchase shares in one of the following ways:</p> <p>(1) by making a general offer;</p> <p>(2) by means of centralized auction trading on a stock exchange;</p> <p>(3) by means of an agreement;</p> <p>(4) by other means as authorized by <b><u>regulatory authorities.</u></b></p> <p>If the Company acquires its own shares under the circumstances as required in (3), (5) and (6) of <b><u>Article 4.4</u></b>, it shall be carried out by centralized auction trading on a stock exchange.</p>	<p><b><u>Article 3.10</u></b> The Company may choose to repurchase shares in one of the following ways:</p> <p>(1) by making a general offer;</p> <p>(2) by means of centralized auction trading on a stock exchange;</p> <p>(3) by means of an agreement;</p> <p>(4) by other means as authorized by <b><u>regulatory authorities of the place where the Company’s shares are listed.</u></b></p> <p>If the Company acquires its own shares under the circumstances as required in (3), (5) and (6) of <b><u>Article 3.9</u></b>, it shall be carried out by centralized auction trading on a stock exchange.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 4.6 The Company must obtain the prior approval of the shareholders in a general meeting pursuant to these Articles of Association before it can repurchase shares outside of the stock exchange by means of an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting in the same manner aforesaid, release or vary a contract which has been so entered into, or waive any of its rights thereunder.</u></p> <p><u>A contract for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement to become obliged to repurchase shares and an agreement for the acquisition of right to repurchase shares. The Company shall not assign an agreement for the repurchase of shares and the rights contained therein.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 4.7 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:</u></p> <p><u>(1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;</u></p> <p><u>(2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:</u></p> <p><u>(a) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>(b) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the amount of the Company's share premium account (or capital common reserve fund account) (including the premium on the new issue) at the time of the repurchase;</u></p> <p><u>(3) the Company shall make the following payments out of the Company's distributable profits:</u></p> <p><u>(a) payment for the acquisition of the right to repurchase its own shares;</u></p> <p><u>(b) payment for variation of any contract for the repurchase of its shares;</u></p> <p><u>(c) payment for the release of its obligation(s) under any contract for the repurchase of shares;</u></p> <p><u>(4) after the reduction of the Company's registered capital by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's share premium account (or capital common reserve fund account).</u></p>	<p><u>Deleted</u></p>
<p><u>Chapter 5 Financial Assistance for Acquisition of Shares Article 5.1 to Article 5.3</u></p>	<p><u>Deleted</u></p>
<p><u>Chapter 6 Share Certificates and Register of Shareholders Article 6.1 to Article 6.14</u></p>	<p><u>Deleted</u></p>
<p><u>Article 6.15</u> The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.</p>	<p><u>Article 3.15</u> The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.</p>

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**LETTER FROM THE BOARD**

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<b>Existing Articles</b>	<b>Revised Articles</b>
<p><b>Article 6.17</b> The Company’s shares can be transferred, granted by way of gift, succeeded and charged in accordance with relevant laws, administrative regulations and these Articles of Association.</p>	<p><b>Article 3.16</b> The Company’s shares can be transferred, granted by way of gift, succeeded and charged in accordance with relevant laws, administrative regulations and these Articles of Association.</p>
<u>Newly added</u>	<p><b>Article 3.17</b> <u>Where the listing rules of the place where the Company’s shares are listed provide otherwise for restrictions on the transfer of the Company’s shares, such provisions shall prevail.</u></p>
<u>Newly added</u>	<u>Chapter 4 Shareholders and Shareholders’ General Meeting</u>
<u>Newly added</u>	<u>Section I Shareholders</u>
<u>Newly added</u>	<p><b>Article 4.1</b> <u>The Company shall maintain a register of shareholders with the information provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders. A shareholder shall enjoy rights and assume obligations in accordance with the class of shares he/she holds; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.</u></p>
<u>Newly added</u>	<p><b>Article 4.2</b> <u>When the Company convenes a shareholders’ general meeting, distributes dividends, conducts liquidation or performs other activities that require determining the identity of the shareholders, the Board of Directors or the convener of the shareholders’ general meeting shall determine the record date for entitlement, and shareholders registered in the register after market close on the record date shall be shareholders who enjoy the relevant rights and interests.</u></p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<p><u>Article 7.1 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is entered in the register of shareholders.</u></p> <p><u>A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.</u></p>	<p><u>Deleted</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 7.2</b> The <u>ordinary shareholders</u> of the Company shall enjoy the following rights:</p> <p>(1) the right to receive dividends and other distributions in proportion to the number of shares held;</p> <p>(2) the right to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;</p> <p>(3) the right of supervisory <u>management</u> over the Company's <u>business</u> operations and the right to present proposals or to raise queries;</p> <p>(4) the right to <u>transfer shares</u> in accordance with laws, administrative regulations and these Articles of Association;</p> <p><b><u>(5) the right to obtain relevant information in accordance with these Articles of Association, including:</u></b></p> <p><b><u>(a) the right to obtain a copy of these Articles of Association, subject to payment of costs;</u></b></p> <p><b><u>(b) the right to inspect and copy, subject to payment of a reasonable fee:</u></b></p> <p><b><u>(I) all parts of the register of shareholders;</u></b></p> <p><b><u>(II) personal particulars of each of the Company's directors, supervisors, presidents and other senior officers, including: -present and former name and alias; -principal address (place of residence); - nationality; -primary and all other part-time occupations and duties; -identification documents and the numbers thereof.</u></b></p> <p><b><u>(III) the status of the Company's share capital;</u></b></p> <p><b><u>(IV) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;</u></b></p> <p><b><u>(V) minutes of shareholders' general meetings.</u></b></p> <p>(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;</p>	<p><b>Article 4.3</b> The <u>shareholder</u> of the Company shall enjoy the following rights:</p> <p>(1) the right to receive dividends and other distributions in proportion to the shares they hold;</p> <p>(2) <b><u>make request to, convene, preside over</u></b> and attend or appoint a proxy to attend a shareholders' general meeting, and speak at the meeting and exercise the corresponding voting rights in accordance with the law <b><u>(unless individual shareholders are required to waive voting rights for individual matters in accordance with the relevant requirements where the Company's shares are listed);</u></b></p> <p>(3) the right to supervise, raise suggestions on or make inquiries about the operations of the Company;</p> <p>(4) <b><u>the right to transfer, gift or pledge the shares held in accordance with the laws, administrative regulations and these Articles of Association;</u></b></p> <p>(5) <b><u>the right to inspect these Articles of Association, register of shareholders, stubs of corporate bonds, minutes of shareholders' general meetings, resolutions of the meetings of the Board, resolutions of the meetings of the supervisory committee, and financial and accounting reports; The register of members of H Shares must be kept in Hong Kong and available for inspection by the shareholders, but the Company may be allowed to suspend the registration of members on terms equivalent to section 632 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) as amended from time to time;</u></b></p> <p>(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;</p> <p>(7) <b><u>the right to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>(7) the right to speak at a shareholders' general meeting;</u></p> <p><u>(8) the right to vote at a shareholders' general meeting except where a shareholder is required, by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, to abstain from voting to approve the matter under consideration; Other rights conferred by laws, administrative regulations and these Articles of Association.</u></p>	<p><u>(8) the right to enjoy other rights stipulated by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.</u></p>
<p><u>Article 7.3</u> Shareholders who propose to inspect the relevant information as set out in the preceding Article or collect information shall produce the relevant documentary proofs of the type and quantity of shares that they are holding to the Company. The Company shall provide the shareholders such information as required after verification of the identities of the shareholders.</p>	<p><u>Article 4.4</u> Shareholders who propose to inspect the relevant information as set out in the preceding Article or collect information shall produce the relevant documentary proofs of the type and quantity of shares that they are holding to the Company. The Company shall provide the shareholders such information as required after verification of the identities of the shareholders.</p>
<p><u>Article 7.4</u> In the event that the resolution of a shareholders' general meeting or a board meeting is against the law or administrative regulations and <u>has infringed the legitimate interest of a shareholder</u>, the shareholder shall have the right to commence legal proceedings in a court with jurisdiction <u>to halt such unlawful acts or infringement.</u></p> <p><u>Directors, supervisors or presidents shall be liable to compensate if they violate the law, administrative regulations or provisions of these Articles of Association in performing their duties and cause loss to the Company. Shareholders shall have the right to request the Company to commence legal proceedings for compensation.</u></p>	<p><u>Article 4.5</u> In the event that the resolution of a shareholders' general meeting or a board meeting is against the law or administrative regulations, the shareholder shall have the right to <u>apply for rescission</u> in a court with jurisdiction.</p> <p><u>If the procedures for general meetings and meetings of the Board or the method of voting at such meetings violate the laws, administrative regulations or these Articles of Association, or the content of any resolution violates these Articles of Association, the shareholders may, within 60 days from the date on which such resolution is approved, submit a petition to the People's Court to revoke the same.</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.6 If the Director or any other senior management officer of the Company violates any law or administrative regulation or breaches these Articles of Association in performing his or her duties, causing losses to the Company, shareholders that holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Supervisory Committee in writing to institute a legal action in a people’s court; if the Supervisory Committee violates any law or administrative regulation or breaches these Articles of Association in performing its duties, causing losses to the Company, such shareholders may request the Board in writing to institute a legal action in a people’s court.</u></p> <p><u>If the Supervisory Committee or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action in a people’s court in their own names for the interests of the Company.</u></p> <p><u>In the event that a third party infringes upon the legal rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this article, may institute a legal action in a people’s court pursuant to the first two paragraphs hereinabove in this Article.</u></p>
<u>Newly added</u>	<p><u>Article 4.7 Where a Director or senior management member contravenes any laws, administrative regulations or these Articles of Association in infringement of a shareholder’ interests, the shareholder may also institute litigation in the People’s Court.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 7.5</b> The <u>ordinary shareholders</u> of the Company shall assume the following obligations:</p> <p>(1) to comply with these Articles of Association;</p> <p>(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p><b>(3) shareholder holding 5% or more of the shares with voting right shall submit a written report to the Company when creating a pledge over his shares on the date the same occurs;</b></p> <p>(4) other obligations imposed by laws, administrative regulations and these Articles of Association.</p> <p><b>Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.</b></p> <p><b>In the case where any person is directly or indirectly interested in the Company's shares, the Company shall not exercise any power to freeze or otherwise impair the rights attached to the shares he has by reason that such person has failed to disclose his interest to the Company.</b></p>	<p><b>Article 4.8</b> The shareholders of the Company shall have the following obligations:</p> <p>(1) to abide by these Articles of Association;</p> <p>(2) to pay for the shares based on the shares subscribed for and the manners in which they became shareholders;</p> <p><b>(3) not to withdraw their paid share capital except in circumstances allowed by laws and regulations;</b></p> <p><b>(4) not to abuse shareholder's rights and harm the legal interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the legal interests of the creditors of the Company;</b></p> <p>(5) other obligations imposed by laws, administrative regulations, and these Articles of Association.</p> <p><b>Where a shareholder's abuse of its power causes damage to other shareholders, he/she shall be liable to compensation in accordance with the laws. Where a shareholder has abused the Company's independent legal person status and shareholder's limited liability for debt evasion and caused serious damage to the creditor's interests, he/she shall bear joint liability for the debts of the Company.</b></p>
<p><u>Newly added</u></p>	<p><b>Article 4.9</b> <u>If any shareholder who holds 5% or more shares with voting right in the Company pledges his or her shares, he or she shall report it to the Company in writing as at the date of such pledge.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 7.6 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, while exercising his powers as a shareholder, shall not exercise his voting rights in respect of the following matters in a manner which is prejudicial to the interests of all or part of the shareholders of the Company:</u></p> <p><u>(1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;</u></p> <p><u>(2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (without limitation) opportunities which are beneficial to the Company;</u></p> <p><u>(3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights (save pursuant to a restructuring of the Company which has been submitted for approval by the shareholders in a general meeting in accordance with these Articles of Association);</u></p> <p><u>The controlling shareholder and person in actual control of the Company have fiduciary duties towards the Company and the public shareholders. The controlling shareholder shall exercise its rights as shareholder strictly in accordance with the laws. The controlling shareholder and person in actual control shall not damage the lawful rights of the Company and the public shareholders by means of connected transactions, profit distribution, assets restructuring, external investment, appropriation of capital and loan guarantee, etc. and shall not take advantage of its controlling position to damage the interest of the Company and the public shareholders.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 7.7 Further to Article 7.6 herein</b>, a controlling shareholder and person in actual control shall also observe the following regulations with respect to its activities:</p> <p>.....</p> <p>(4) All material decisions of <b><u>the listed company</u></b> shall be determined by the shareholders' general meeting and the Board in accordance with the law. The controlling shareholder and person in actual control shall not directly or indirectly intervene in the decision-making of and any business activity lawfully commenced by the Company and damage the interest of the Company and other shareholders.</p>	<p><b>Article 4.10</b> a controlling shareholder and de facto controller shall also observe the following regulations with respect to its activities:</p> <p>.....</p> <p>(4) All material decisions of <b><u>the Company</u></b> shall be determined by the shareholders' general meeting and the Board in accordance with the law. The controlling shareholder and de facto controller shall not directly or indirectly intervene in the decision-making of and any business activity lawfully commenced by the Company and damage the interest of the Company and other shareholders.</p>
<p><b>Article 7.8</b> The Directors, supervisors and senior officers of the Company shall have the obligation to protect the capital of the Company from being embezzled by the controlling shareholder or person in actual control.</p>	<p><b>Article 4.11</b> The Directors, supervisors and senior officers of the Company shall have the obligation to protect the capital of the Company from being embezzled by the controlling shareholder or person in actual control.</p>
<p><b>Article 7.9 The controlling shareholder referred to in Article 7.6, Article 7.7 and Article 7.8 of these Articles of Association means a person who meets one of the following conditions:</b></p> <p><b><u>(1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board members;</u></b></p> <p><b><u>(2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;</u></b></p> <p><b><u>(3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;</u></b></p> <p><b><u>(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.</u></b></p>	<p><b><u>Deleted</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<u>Section II General Provisions for General Meetings</u>
<p><b>Article 8.1</b> The shareholders’ general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.</p> <p><b>Article 8.2</b> The shareholders’ general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company’s operational policies and investment plans;</p> <p>(2) to elect and replace directors and supervisors who are shareholders’ representatives and to decide on matters relating to the remuneration of directors and supervisors;</p> <p>.....</p> <p>(10) to decide on the issue of shares, repurchase of the shares of the Company apart from the circumstances set out under <b>Article 4.4</b> (3), (5) and (6) of these Articles of Association, the issue of debentures by the Company and other financing instruments by the Company;</p> <p>.....</p> <p>(13) to examine and approve the provision of guarantees under <b>Article 8.3</b> of these Articles of Association;</p> <p>.....</p> <p>(h) other external investment and asset disposal activities assets which are required by the laws and regulations to be resolved by shareholders’ general meeting, or are considered by the shareholders’ general meeting to be resolved by the same.</p> <p>.....</p> <p>(22) other matters to be decided in shareholders’ general meeting provided by the laws, administrative regulations and these Articles of Association. Investments in derivatives that do not meet the criteria as provided in item (19) of this Article shall be determined by the Board.</p> <p><b>Article 10.16 of these Articles of Association shall still be applicable to the disposal of fixed assets.</b></p>	<p><b>Article 4.12</b> The shareholders’ general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:</p> <p>(1) to decide on the Company’s operational policies and investment plans;</p> <p>(2) to elect, replace, or <b>remove</b> directors and supervisors who are shareholders’ representatives and to decide on matters relating to the remuneration of directors and supervisors;</p> <p>.....</p> <p>(10) to decide on the issue of shares, repurchase of the shares of the Company apart from the circumstances set out under <b>Article 3.9</b> (3), (5) and (6) of these Articles of Association, the issue of debentures by the Company and other financing instruments by the Company;</p> <p>.....</p> <p>(13) to examine and approve the provision of guarantees under <b>Article 4.13</b> of these Articles of Association;</p> <p>.....</p> <p>(h) other external investment and asset disposal activities assets which are required by the laws, regulations, and <b>the listing rules of the stock changes where the Shares are listed</b> to be resolved by shareholders’ general meeting or are considered by the shareholders’ general meeting to be resolved by the same</p> <p>.....</p> <p>(22) other matters to be decided in shareholders’ general meeting provided by the laws, administrative regulations, <b>the listing rules of the stock exchanges where the Shares are listed</b>, and these Articles of Association.</p> <p>Investments in derivatives that do not meet the criteria as provided in item (19) of this Article shall be determined by the Board.</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 8.3</b> Provision of external guarantee by the Company as set forth below must be approved by the shareholders in a general meeting.</p> <p>.....</p> <p>(6) the provision of any guarantee for the shareholders, the persons in actual control and other connected persons.</p>	<p><b>Article 4.13</b> Provision of external guarantee by the Company as set forth below must be approved by the shareholders in a general meeting.</p> <p>.....</p> <p>(6) The provision of any guarantee for the shareholders, the persons in actual control and other connected persons;</p> <p><b><u>(7) Provision of external guarantee that should be considered and approved by the shareholders' general meeting as stipulated by laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and these Articles of Association.</u></b></p>
<p><b><u>Article 8.4 Save with the prior approval from the shareholders' general meeting, the Company shall not enter into contract with persons (other than the Directors, supervisors, presidents and other senior officers) pursuant to which the management of all or any substantial part of the business of the Company are delegated to such persons.</u></b></p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 8.5</u></b></p>	<p><b><u>Article 4.14</u></b></p>
<p><b><u>Article 8.6, Article 8.7</u></b></p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 8.8 The Board shall act in the best interest of the Company and shareholders while examining motions to be proposed to shareholders' general meeting in accordance with Article 8.7 of these Articles of Association.</u></b></p>	<p><b><u>Deleted</u></b></p>

**LETTER FROM THE BOARD**

<b>Existing Articles</b>	<b>Revised Articles</b>
<p><b>Article 8.9</b> The Company shall hold a shareholders' general meeting at the Company's office or at such place as specified in the notice of the general meeting. <u>When the Company convenes an annual general meeting, it shall notify the shareholders by way of announcement twenty (20) days before the date of the meeting (exclusive of the date of meeting); for convening an extraordinary general meeting, the Company shall notify the shareholders by way of announcement fifteen (15) days before the date of the meeting (exclusive of the date of meeting). Any shareholder who wishes to attend the general meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the general meeting.</u></p>	<p><b>Article 4.15</b> The Company shall hold a shareholders' general meeting at the Company's office or at such place as specified in the notice of the general meeting.</p>
<u>Newly added</u>	<u>Section III Conducting of Shareholders' General Meetings</u>
<u>Newly added</u>	<p><b>Article 4.16</b> <u>The independent director has the right to make a proposal to the Board to hold extraordinary general meeting of shareholders. For such proposal made by the independent director, the Board, according to laws, administrative regulations and the Articles of Association, shall give written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal. Provided the Board agrees to hold the extraordinary general meeting, a notice shall be given within 5 days after the Board makes such a resolution; if the Board disagrees to hold the extraordinary general meeting, reasons shall be explained and announced.</u></p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.17 The supervisory committee has the right to make a proposal to the Board to hold the extraordinary general meeting in writing. The Board, according to laws, administrative regulations and these Articles of Association, shall give written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal.</u></p> <p><u>If the Board agrees to hold the extraordinary general meeting, notice shall be given within 5 days after the Board makes such a resolution. Changes to the original proposal in the notice shall be approved by the supervisory committee.</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.18 Shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to make a request to convene an extraordinary general meeting or a class meeting in writing to the Board. The Board shall provide written feedback on whether it agrees to convene the extraordinary general meeting within ten (10) days after receiving the request according to the provisions of the relevant laws, administrative regulations and these Articles of Association.</u></p> <p><u>If the Board agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting or class meeting within five (5) days of its decision, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s).</u></p> <p><u>If the Board decides against convening the extraordinary general meeting, or if it has failed to provide its feedback within ten (10) days after receiving the request, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to propose to convene an extraordinary general meeting to the supervisory committee in writing.</u></p> <p><u>If the supervisory committee agrees to convene the extraordinary general meeting or the class meeting, it shall issue a notice to convene shareholders' general meeting within five (5) days of receipt of the request, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s).</u></p> <p><u>If the supervisory committee fails to issue a notice of shareholders' general meeting or class meeting within the prescribed period, the supervisory committee shall be deemed not convening or chairing a shareholders' general meeting or class meeting. Shareholders individually or jointly holding more than 10% of the shares of the Company for ninety (90) consecutive days may convene and chair the meeting on their own.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.19 If the supervisory committee or shareholders hold the shareholders' general meeting by themselves, the Board shall be notified in writing and records should be filed with the Shenzhen Stock Exchange.</u></p> <p><u>Before announcement of the resolution of the shareholders' general meeting, the shareholding proportion of the shareholders to convene a meeting shall not be less than 10%.</u></p> <p><u>When the shareholders to convene a meeting send a notice of the shareholders' general meeting and an announcement of the resolution of the shareholders' general meeting, relevant proving materials shall be submitted to the Shenzhen Stock Exchange.</u></p>
<u>Newly added</u>	<p><u>Article 4.20 The Board and the Board Secretary should provide assistance for the shareholders' general meeting convened by the supervisory committee or the Board. The Board should provide the register of shareholders on the date of confirmation</u></p>
<u>Newly added</u>	<p><u>Article 4.21 Necessary expenses of the shareholders' general meeting held by the supervisory committee or the Board by themselves shall be borne by the Company.</u></p>
<u>Newly added</u>	<p><u>Section IV Proposals and Notices of Shareholders' General Meetings</u></p>
<u>Newly added</u>	<p><u>Article 4.22 The proposals put forward shall fall within the scope of functions and powers of the shareholders' general meeting, have clear issues for discussion and specific matters to be resolved, and comply with the laws and regulations and these articles of association.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 8.10</b> The Board, the supervisory committee and any shareholder(s) who hold(s), individually or jointly, 3% or more of the Company's shares shall be entitled to propose motion(s).</p> <p>.....</p>	<p><b>Article 4.23</b> The Board, the supervisory committee and any shareholder(s) who hold(s), individually or jointly, 3% or more of the Company's shares shall be entitled to propose motion(s).</p> <p>.....</p> <p><b><u>If the shareholders' general meeting has to be adjourned or canceled due to the publication of a supplementary notice of the shareholders' general meeting in accordance with the regulations of the securities regulatory rules of the place where the Company's shares are listed, the shareholders' general meeting shall be convened in accordance with the regulations of the securities regulatory rules of the place where the Company's shares are listed.</u></b></p>
<p><b>Article 8.11</b> Matters which are not included in a notice of general meeting or that are inconsistent with the provision under <b>Article 8.10</b> of these Articles of Association shall not be resolved at the shareholders' general meeting.</p>	<p><b>Article 4.24</b> Matters which are not included in a notice of general meeting or that are inconsistent with the provision under <b>Article 4.23</b> of these Articles of Association shall not be resolved at the shareholders' general meeting.</p>
<p style="text-align: center;"><b><u>Newly added</u></b></p>	<p><b><u>Article 4.25</u></b> When the Company convenes an annual general meeting, it shall notify the shareholders by way of announcement <u>twenty-one (21) days before the date of the meeting (exclusive of the date of meeting); for convening an extraordinary general meeting, the Company shall notify the shareholders by way of announcement fifteen (15) days before the date of the meeting (exclusive of the date of meeting).</u> Any shareholder who wishes to attend the general meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the general meeting.</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 8.12</b> A notice of shareholders' general meeting of the Company shall satisfy the following requirements:</p> <p><u>(1) be in writing or in electronic form (including but not limited to publication of an announcement on the Company's website and the website of Hong Kong Stock Exchange);</u></p> <p><u>(2) specify the place, date and time of the meeting;</u></p> <p><u>(3) state clearly the time when online voting commences and ends, the voting procedures and matters to be considered;</u></p> <p><u>(4) state the matters to be discussed at the meeting;</u></p> <p><u>(5) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed at the meeting. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with the contract (if any), and the cause and effect of such proposal must be properly explained;</u></p> <p><u>(6) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, president and other senior officer in the matter to be discussed and if the effect which such matter will have on them in their capacity as shareholders different from the effect on the interests of other shareholders of the same class a disclosure of such difference should be included;</u></p> <p><u>(7) contain the full text of any special resolution to be proposed at the meeting;</u></p> <p><u>(8) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;</u></p>	<p><b>Article 4.26</b> A notice of shareholders' general meeting of the Company shall satisfy the following requirements:</p> <p><u>(1) state the time, venue and duration of the meeting;</u></p> <p><u>(2) matters and motions to be considered at the meeting;</u></p> <p><u>(3) 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;</u></p> <p><u>(4) share record date for the right to attend the general meeting;</u></p> <p><u>(5) the contact person and telephone number for the meeting;</u></p> <p><u>(6) voting time and procedure of voting via internet or by other ways.</u></p> <p><u>If the shareholders' general meeting is held on the Internet or by other means, it shall specify the voting time and voting procedures on the Internet or by other means in the notice of the shareholders' general meeting. The time to start voting via internet or by other means shall not be earlier than 9:15 a.m. on the date of the onsite general meeting or later than 9:30 a.m. on the date of the onsite general meeting and shall not conclude earlier than 3:00 p.m. on the date of the onsite general meeting.</u></p> <p><u>The interval between the share record date and the date of the meeting shall not be more than seven (7) working days. Once the share record date is confirmed, no change may be made thereto.</u></p>

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## LETTER FROM THE BOARD

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Existing Articles	Revised Articles
<p>(9) state the record date for determining the entitlement of shareholders to attend the shareholders' general meeting;</p> <p><b><u>(10) specify the time and place for lodging proxy forms for the relevant meeting; (11) State the name and contact details of the contact person for the meeting.</u></b></p>	
<p><b><u>Article 8.13 As for holders of H Shares, the notice of shareholders' general meeting shall be delivered to shareholders (with or without voting power at the general meeting) by hand or by prepaid post at their respective addresses which appear in the register of shareholders, or in electronic form (including but not limited to publication of an announcement on the Company's website and the website of Hong Kong Stock Exchange). As for holders of A Shares, the notice of the shareholders' general meeting may also be made by way of announcement.</u></b></p>	<p><b><u>Article 4.27 Except as otherwise provided in these Articles, notice of general meeting shall be served on the shareholders (whether or not they have the right to vote at the general meeting) in the manner prescribed in these Articles or in such other manner as may be permitted by the stock exchange where the Company's shares are listed.</u></b></p>
<p><b><u>Article 8.14</u></b> In case where the notice of shareholders' general meeting is not despatched to a person who is entitled to receive such notice due to accidental omission or such person fails to receive such notice, the shareholders' general meeting and the decisions made in such meeting shall not be invalidated.</p>	<p><b><u>Article 4.28</u></b> In case where the notice of shareholders' general meeting is not despatched to a person who is entitled to receive such notice due to accidental omission or such person fails to receive such notice, the shareholders' general meeting and the decisions made in such meeting shall not be invalidated.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.29 In the event that the election of Directors and Supervisors is to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose details of candidates for the Directors and Supervisors, and shall at least include the following particulars:</u></p> <p style="padding-left: 40px;"><u>(1) their educational background, work experience, part-time jobs and other personal details;</u></p> <p style="padding-left: 40px;"><u>(2) whether or not they have any associated relationship with the Company or the Company's controlling shareholder(s) and de facto controller (s);</u></p> <p style="padding-left: 40px;"><u>(3) to disclose number of shares of the Company they hold;</u></p> <p style="padding-left: 40px;"><u>(4) whether or not they have been penalized by the China Securities Regulatory Commission and other relevant departments and disciplined by the stock exchange.</u></p> <p><u>In addition to adopting the cumulative voting system to elect Directors and Supervisors, a single proposal on each of the candidates for Directors and Supervisors shall be submitted.</u></p>
<u>Newly added</u>	<u>Section V Convening of the Shareholders' General Meeting</u>
<u>Newly added</u>	<p><u>Article 4.30 The Board and other conveners of the Company shall take necessary precautions to ensure normal order of the shareholders' general meeting. Precautions shall be taken to prevent behaviors that interfere with the shareholders' general meeting, stir up trouble and infringe legal rights and interests of shareholders, which shall be timely reported to relevant departments for investigation.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.31 All shareholders and their proxies recorded on the date for registration of equity rights shall have right to attend and speak at the shareholders’ general meeting and exercise the voting power according to laws, regulations and the Articles of Association.</u></p> <p><u>Shareholders may either attend and speak at the shareholders’ general meeting in person or entrust a proxy to attend the meeting and make decisions for them.</u></p>
<u>Newly added</u>	<p><u>Article 4.32 Shareholders who attend the Meeting in person shall show the identification card, or other valid documents or certificates or stock account card to show their identity; The proxy entrusted by shareholders to attend the meeting shall provide his identification card and the power of attorney of the shareholder.</u></p> <p><u>The legal representative or proxy entrusted by the legal person shareholder may attend the meeting. When a legal representative attends the meeting (treated as being present in person), he shall present his identification card and effective evidence of his qualification as a legal representative; when an entrusted proxy attends the meeting, he shall present his identification card and the power of attorney in writing issued to him by the legal representative of a legal person shareholder.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 8.15 To effectively protect the rights of shareholders to take part in the shareholders' general meeting, any shareholder who is entitled to attend and vote at a shareholders' general meeting of the Company (including Hong Kong Securities Clearing Company Limited) shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed can exercise the following rights pursuant to the authorization given by such shareholder:</u></p> <p><u>(1) the shareholder's right to speak at the meeting;</u></p> <p><u>(2) the right to demand or join in demanding a poll;</u></p> <p><u>(3) the right to vote by show of hand or by poll, provided that when a shareholder has appointed more than one proxy, such proxies may only vote by poll.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 8.16 The Board, independent directors and shareholders holding more than 1% of the voting shares or investor protection agencies established in accordance with laws, administrative regulations or the provisions of China Securities Regulatory Commission may solicit from other shareholders of the Company the rights to vote in a shareholders' general meeting. The solicitation of the rights to vote should be done without consideration, and information should be fully disclosed to the shareholders whose rights to vote are collected.</u></p> <p><u>Except for statutory conditions, the Company and the person soliciting the rights to vote shall not impose any restriction of minimum shareholding for soliciting voting rights.</u></p>	<p><u>Deleted</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b><u>Article 8.17</u></b> The instrument appointing a proxy of a shareholder shall be in writing, and shall be signed by the appointer or his attorney authorized in writing; if the appointer is a legal person, it should be under seal or signed by its director or a duly authorized person.</p> <p>The instrument appointing a proxy to attend a general meeting issued by the shareholder should state the following:</p> <ol style="list-style-type: none"> <li>(1) the name of the proxy;</li> <li>(2) whether or not there is any voting right;</li> <li>(3) an indication to vote for or against or abstain from voting on each and every matter included in the agenda of the shareholders' general meeting;</li> <li><b><u>(4) whether the proxy is entitled to vote on additional motions which may be proposed in the shareholders' general meeting; and if so, specific instruction as to how the right to vote shall be exercised;</u></b></li> <li>(5) the date of issue and the validity period of the instrument;</li> <li>(6) the signature (or seal) of the appointer; if the appointer is a legal person, it shall be given under seal;</li> <li>(7) the instrument shall state whether the proxy is entitled to vote at his discretion in the absence of specific instruction from the shareholder.</li> </ol>	<p><b><u>Article 4.33</u></b> The instrument appointing a proxy to attend a general meeting issued by the shareholder should state the following:</p> <ol style="list-style-type: none"> <li>(1) the name of the proxy;</li> <li>(2) whether or not there is any voting right;</li> <li>(3) an indication to vote for or against or abstain from voting on each and every matter included in the agenda of the shareholders' general meeting;</li> <li>(4) the date of issue and the validity period of the instrument;</li> <li>(5) the signature (or seal) of the appointer; if the appointer is a legal person, it shall be given under seal;</li> <li>(6) the instrument shall state whether the proxy is entitled to vote at his discretion in the absence of specific instruction from the shareholder.</li> </ol>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 8.18</b> .....</p> <p>If the appointer is a legal person, its legal representative or person authorized by its board of directors or other governing body may attend any <b>meeting</b> of the shareholders of the Company as a representative of the appointer.</p> <p>If the shareholder is a recognized clearing house as defined in the relevant laws and regulations of the locality where the shares of the Company is listed, such recognized clearing house may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any shareholders' general meeting or class meeting or creditors' meeting, and this/these proxy(ies) shall enjoy the same legal rights as other shareholders, including the right to speak and the right to vote. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to exercise the rights on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same), as if they were the individual shareholders of the Company.</p>	<p><b>Article 4.34</b> .....</p> <p>If the appointer is a legal person, its legal representative or person authorized by its board of directors or other governing body may attend any shareholders' <b>general meeting</b> of the Company as a representative of the appointer.</p> <p>If the shareholder is a recognized clearing house as defined in the relevant laws and regulations of the locality where the shares of the Company is listed, such recognized clearing house may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any shareholders' general meeting or class meeting or creditors' meeting, and this/these proxy(ies) shall enjoy the same legal rights as other shareholders, including the right to speak and the right to vote. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to exercise the rights on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same), <b>including the right to speak and vote</b>, as if they were the individual shareholders of the Company.</p>
<p><b><u>Article 8.19 Any form issued to a shareholder by the Board for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall enable the shareholder to freely instruct the proxy to vote in favour of or against the motions, such instructions being given in respect of each individual matter to be voted on at the meeting.</u></b></p>	<p><b><u>Deleted</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 8.20</u> A vote given in accordance with the terms of an instrument appointing a proxy shall be valid, notwithstanding the death or loss of capacity of the appointer, or revocation of the proxy, or revocation of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that the Company has not received any written notice in respect of any such matters prior to the commencement of the relevant meeting.</p>	<p><u>Deleted</u></p>
<p><u>Article 8.21</u> The Company shall prepare a log book to record the parties attending the shareholders' general meeting. The log book shall record the name of the person (or unit) attending the meeting, the number of their identification documents, residential address, the number of voting shares they have and the name of the person (or unit) being represented.</p>	<p><u>Article 4.35</u> The Company shall prepare a log book to record the parties attending the shareholders' general meeting. The log book shall record the name of the person (or unit) attending the meeting, the number of their identification documents, residential address, the number of voting shares they have and the name of the person (or unit) being represented.</p>
<p><u>Newly added</u></p>	<p><u>Article 4.36</u> The convener and the lawyer engaged by the Company shall jointly verify the validity of the Shareholders' qualification according to the register of shareholders provided by the Securities Depository and Clearing Institutions and register the name (or title) of shareholders and the voting shares held by them. The meeting registration shall be stopped before the chairman of the meeting declares the number of shareholders and proxies present at the live meeting and the total voting shares.</p>
<p><u>Newly added</u></p>	<p><u>Section VI Voting and Resolutions of Shareholders' General Meetings</u></p>
<p><u>Article 8.22</u> Resolutions of shareholders' general meetings shall be categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be passed by votes representing more than <u>one-half</u> of the voting rights represented by the shareholders (including proxies) present at the meeting</p>	<p><u>Article 4.46</u> Resolutions of shareholders' general meetings shall be categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be passed by <u>more than one-half</u> of all the voting rights represented by the shareholders (including proxies) present at the meeting</p>

**LETTER FROM THE BOARD**

<b>Existing Articles</b>	<b>Revised Articles</b>
<p><b>Article 8.23</b> Unless otherwise provided in these Articles of Association, when shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.</p> <p>.....</p> <p>The Company has no voting right for the shares it holds. The shares held by the Company shall not be counted in the total number of voting shares represented by the shareholders attending the shareholders' general meeting. If a shareholder buys voting shares of the Company in violation of the provisions of sections 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.</p>	<p><b>Article 4.49</b> Unless otherwise provided in these Articles of Association, when shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.</p> <p>.....</p> <p>The Company has no voting right for the shares it holds. The shares held by the Company shall not be counted in the total number of voting shares represented by the shareholders attending the shareholders' general meeting.</p> <p>If a shareholder buys voting shares of the Company in violation of the provisions of sections 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.</p>
<p><b><u>Article 8.24 The Company shall use various means to encourage a higher proportion of participation by shareholders in shareholders' general meetings, the use of modern information technology, such as the provision of an online voting platform as a prioritized means, provided that the legality and validity of the shareholders' general meeting is assured.</u></b></p>	<p><b><u>Deleted</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 8.25</u> The shareholders' general meeting of the Company shall implement online voting and shall comply with the relevant requirements issued by China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p> <p><u>All shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall only be exercised through one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. Where repeat voting occurs for the same share, the result of first valid voting prevails.</u></p> <p><u>Where the shareholders of the Company or their proxies exercise their voting rights through the online voting system for the shareholders' general meeting, they shall participate in the online voting within the effective time as stipulated in the notice of the shareholders' general meeting.</u></p> <p><u>Shareholders of the Company or their proxies shall be entitled to examine their voting results through the online voting system for the shareholders' general meeting.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 8.26</u> When connected transactions are voted at the shareholders' general meeting, the shareholders involved in the connected transactions shall abstain from voting. The voting shares represented by them shall not be counted in the total number of voting shares present at the shareholders' general meeting. The announcement of the resolutions passed by the shareholders' general meeting should fully disclose details of the votes cast by unconnected shareholders.</p> <p style="text-align: center;">.....</p>	<p><u>Article 4.50</u> When connected transactions are voted at the shareholders' general meeting, the shareholders involved in the connected transactions shall abstain from voting. The voting shares represented by them shall not be counted in the total number of voting shares present at the shareholders' general meeting. The announcement of the resolutions passed by the shareholders' general meeting should fully disclose details of the votes cast by unconnected shareholders.</p> <p style="text-align: center;">.....</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<u>Article 4.51 Except for special situations such as crisis, the Company will not sign contracts to consign other person to be in charge of the management of all or part of important business with people other than directors and senior management personnel of the Company.</u>
<p><u>Article 8.27 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:</u></p> <p><u>(1) by the chairman of the meeting;</u></p> <p><u>(2) by at least two (2) shareholders present in person or by proxy entitled to vote thereat;</u></p> <p><u>(3) by one (1) or more shareholders present in person or by proxy and individually or in aggregate representing 10% or more of all shares carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.</u></p> <p><u>Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.</u></p> <p><u>The demand for a poll may be withdrawn by the person who demands the same.</u></p>	<u>Deleted</u>
<p><u>Article 8.28 A poll which is demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll which is demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.</u></p>	<u>Deleted</u>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Article 8.29</u> <b>On a poll taken at a meeting, a shareholder (including a proxy) entitled to two (2) or more votes needs not cast all his votes for or against the resolution.</b>	<u>Deleted</u>
<u>Article 8.30</u> <b>In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be have a casting vote.</b>	<u>Deleted</u>
<u>Article 8.31</u> <b>As to each resolution which is voted upon, at least two (2) representatives of shareholders and one (1) supervisor shall participate in counting the votes and the scrutineer shall announce the voting results at the meeting. If any shareholder is related to the matter under consideration, such shareholder and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.</b>	<u>Article 4.52</u> <b>As to each resolution which is voted upon, at least two (2) representatives of shareholders and one (1) supervisor shall participate in counting the votes and the scrutineer shall announce the voting results at the meeting. If any shareholder is related to the matter under consideration, such shareholder and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.</b>
<u>Newly added</u>	<u>Article 4.53</u> <b>The candidates' name list of directors and supervisors shall be submitted to the shareholders' general meeting in proposal for voting. When the shareholders' general meeting takes a vote to elect directors and supervisors, the cumulative voting system shall be adopted.</b>
<u>Newly added</u>	<u>Article 4.54</u> <b>Except for the cumulative voting system, the shareholders' general meeting shall vote on all proposals one by one. Different proposals for the same issue shall be voted on according to the time order of proposals. The shareholders' general meeting shall not postpone or stop to vote on proposals except that the shareholders' general meeting is stopped or cannot make resolutions due to special reasons such as force majeure.</b>
<u>Newly added</u>	<u>Article 4.55</u> <b>The shareholders' general meeting shall not make any change when examining proposals. Otherwise, relevant changes shall be deemed as a new proposal which cannot be voted on in this shareholders' general meeting.</b>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.56 The same voting power can only be exercised through one way of live meeting, network or other voting methods. If the same voting power repeats in voting, the first voting result shall prevail.</u></p>
<u>Newly added</u>	<p><u>Article 4.57 Votes in the shareholders' general meeting shall be cast by open ballot.</u></p>
<u>Newly added</u>	<p><u>Article 4.58 Before voting on proposals in the shareholders' general meeting, two shareholder representatives shall be elected to take part in vote counting and counting witnessing. The shareholders and proxies shall not take part in vote counting and counting witnessing if there is related to the examined issues and shareholders.</u></p> <p><u>The lawyer, shareholder representative and supervisor representative shall jointly be in charge of vote counting and counting witnessing when voting on proposals in the shareholders' general meeting and the voting results shall be announced in the meeting and recorded into the meeting minutes.</u></p> <p><u>The shareholders or their proxies of the companies who vote through network or other methods have the right to check their voting results through corresponding voting system.</u></p>



## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 8.32</u> The voting results shall be announced by the representative of the scrutineer at the meeting only after the scrutineer of the shareholders' general meeting has consolidated and calculated the voting results for each resolution voted by means of on-the-spot voting, online voting and other means of voting in compliance with the relevant requirements.</p> <p><u>Where multiple resolutions are to be passed at the shareholders' general meeting, if a shareholder only votes upon one or some of such resolutions, the shareholder shall be deemed as present at the meeting and therefore be taken into account in calculating the total number of shareholders present at the meeting. In other resolutions which the shareholder has not expressed any opinion, the shareholder shall be deemed as having abstained from voting.</u></p> <p>Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, network service provider and other relevant parties involved in the on-the-spot voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.</p>	<p><u>Article 4.59</u> The closing time of the live shareholders' general meeting shall not be prior to the network or other methods. The chairman of the meeting shall announce the voting situation, the result of each proposal and whether the proposal is passed according to the voting result.</p> <p>Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, network service provider and other relevant parties involved in the on-the-spot voting, online voting and other means of voting shall be under confidentiality obligation in relation to the voting.</p>
<p><u>Article 8.33</u> Shareholders attending the meeting shall either approve or object to the resolutions proposed, or abstain from voting.</p> <p>Failure to complete the ballot paper, or the ballot paper having been wrongly completed or being illegible, or ballot paper not voted shall be deemed abstention from voting by the voter. The votes represented by such shares shall be counted as "abstention".</p>	<p>Article 4.60 Shareholders attending the meeting shall either approve or object to the resolutions proposed or abstain from voting, <u>with the exception in which a securities registration and clearing institution declares opinions on proposals as the nominal holder of the stocks traded in the connectivity mechanism of the mainland and Hong Kong stock markets according to the intention of the actual holder.</u></p> <p>Failure to complete the ballot paper, or the ballot paper having been wrongly completed or being illegible, or ballot paper not voted shall be deemed abstention from voting by the voter. The votes represented by such shares shall be counted as "abstention".</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 8.34</b> The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:</p> <p>(1) work reports of the Board and the supervisory committee;</p> <p>(2) profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(3) removal of members of the Board and members of the supervisory committee, their remuneration <b><u>(including without limitation compensation for loss of office and end-of-term-gratuity)</u></b> and the manner of payment;</p> <p>(4) <b><u>annual budgets and final accounts, balance sheets and profit and loss accounts and other financial statements</u></b> of the Company;</p> <p>(5) matters which shall be passed by shareholders' general meeting other than those which are required by the laws, administrative regulations or these Articles of Association to be adopted by special resolution.</p>	<p><b>Article 4.47</b> The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:</p> <p>(1) work reports of the Board and the supervisory committee;</p> <p>(2) profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(3) appointment and removal of members of the Board and members of the supervisory committee, their remuneration and the manner of payment;</p> <p>(4) <b><u>annual budgets plan and final reports</u></b> of the Company;</p> <p>(5) <b><u>annual reports of the Company;</u></b></p> <p>(6) matters other than those which are required by the laws, administrative regulations or these Articles of Association to be adopted by special resolution.</p>
<p><b>Article 8.35</b> The following matters shall be resolved by a special resolution at a shareholders' general meeting:</p> <p>(1) <b><u>the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;</u></b></p> <p>(2) <b><u>the issue of debentures of the Company;</u></b></p> <p>(3) the division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) the amendment of these Articles of Association;</p> <p>(5) the Company's purchase and disposal of material assets or the amount of guarantee within one year, which exceeds <b>30%</b> of the latest audited total assets of the Company;</p> <p>(6) any share incentive schemes;</p> <p>(7) other matters which are resolved in shareholders' general meeting by ordinary resolution as being material to the Company and required to be passed by special resolution.</p>	<p><b>Article 4.48</b> The following matters shall be resolved by a special resolution at a shareholders' general meeting:</p> <p>(1) <b><u>the increase or reduction of the registered capital;</u></b></p> <p>(2) the division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(3) the amendment of these Articles of Association;</p> <p>(4) the Company's purchase and disposal of material assets or the amount of guarantee within one year, which exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) any share incentive schemes;</p> <p>(6) other matters which <b><u>laws, administrative regulations, the listing rules of the stock exchanges where the shares are listed or the Articles of Association require</u></b> to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 8.36 Shareholders who requisition the convening of shareholders’ extraordinary general meeting or a class meeting shall comply with the following procedures:</u></p> <p><u>Shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to make a request to convene an extraordinary general meeting or a class meeting in writing to the Board. The Board shall provide written feedback on whether it agrees to convene the extraordinary general meeting or the class meeting within ten (10) days after receiving the request according to the provisions of the relevant laws, administrative regulations and these Articles of Association.</u></p> <p><u>If the Board agrees to convene the extraordinary general meeting or the class meeting, it shall issue a notice to convene shareholders’ general meeting or class meeting within five (5) days of its decision, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s).</u></p> <p><u>If the Board decides against convening the extraordinary general meeting or the class meeting, or if it has failed to provide its feedback within ten (10) days after receiving the request, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to propose to convene an extraordinary general meeting or a class meeting to the supervisory committee in writing.</u></p> <p><u>If the supervisory committee agrees to convene the extraordinary general meeting or the class meeting, it shall issue a notice to convene shareholders’ general meeting or class meeting within five (5) days of receipt of the request, and any changes to the original request in the notice shall be made only with the consent of the relevant shareholder(s).</u></p> <p><u>If the supervisory committee fails to issue a notice of shareholders’ general meeting or class meeting within the prescribed period, the supervisory committee shall be deemed not convening or chairing a shareholders’ general meeting or class meeting. Shareholders individually or jointly holding more than 10% of the shares of the Company for ninety (90) consecutive days may convene and chair the meeting on their own.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b><u>Article 8.37</u></b> The Chairman shall chair the shareholders’ general meeting. If the Chairman is unable to attend the meeting for any reason, he may nominate a director to convene and chair the meeting on his behalf. If no chairman is appointed for any reason, the shareholders present at the meeting can elect a person as chairman. If the shareholders shall fail to elect a chairman for any reason, the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.</p>	<p><b><u>Article 4.38</u></b> The Chairman shall chair the shareholders’ general meeting. He may nominate a director to convene and chair the meeting on his behalf. If no chairman is appointed for any reason, the shareholders present at the meeting can elect a person as chairman. If the shareholders shall fail to elect a chairman for any reason, the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.</p> <p><b><u>The shareholders’ general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee cannot fulfill or doesn’t fulfill his duties, the meeting shall be presided over by one supervisor elected by over half of the supervisors.</u></b></p> <p><b><u>The shareholders’ general meeting convened by shareholders themselves shall be presided over by the representative elected by conveners.</u></b></p> <p><b><u>During the shareholders’ general meeting, if the meeting cannot be continued due to violation of the rules of procedure by the chairman of the meeting, upon consent of more than one-half of the present shareholders with voting power, one person can be elected as the chairman of the meeting by the shareholders’ general meeting to continue the meeting.</u></b></p>
<p><b><u>Article 8.38</u></b> The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.</p>	<p><b><u>Deleted</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 8.39</b> If the <b>chairman</b> of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the <b>chairman</b> of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the <b>chairman</b> of the meeting may, immediately after the declaration of the result, demand that the votes be counted, and the <b>chairman</b> of the meeting shall have the votes counted immediately.</p>	<p><b>Article 4.61</b> If the <b>presenter</b> of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may arrange recounting. If the <b>presenter</b> of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the <b>presenter</b> of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted, and the <b>presenter</b> of the meeting shall arrange recounting immediately.</p>
<p><b>Article 8.40</b> <u>If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.</u></p> <p><u>The minutes of the meeting, together with the log book recording the shareholders who attend the meeting as well as the instruments for appointment of proxies shall be deposited at the Company's office.</u></p>	<p><u>Deleted</u></p>
<p><b>Article 8.41</b> All the Directors, supervisors and the Board Secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting.....</p>	<p><b>Article 4.37</b> All the Directors, supervisors and the Board Secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting.....</p>
<p><b>Article 8.42</b> The Company shall formulate the "Rules of Procedures of Shareholders' General Meeting" to specify in details the convening and voting procedures of shareholders' general meetings, including meeting notice, registration, examination of proposals, casting of votes, vote counting, announcement of voting results, passing of resolutions and the signing thereof, minutes of the meeting and the signing thereof, content of announcement in relation to resolutions of the meeting, as well as the principles of authorization by the shareholders' general meeting to the Board, and the scope of such authorization shall be clear and specific.</p>	<p><b>Article 4.39</b> The Company shall formulate the "Rules of Procedures of Shareholders' General Meeting" to specify in details the convening and voting procedures of shareholders' general meetings, including meeting notice, registration, examination of proposals, casting of votes, vote counting, announcement of voting results, passing of resolutions and the signing thereof, minutes of the meeting and the signing thereof, content of announcement in relation to resolutions of the meeting, as well as the principles of authorization by the shareholders' general meeting to the Board, and the scope of such authorization shall be clear and specific.</p>
<p><u>Newly added</u></p>	<p><b>Article 4.40</b> <u>At the annual general meeting, the Board and the supervisory committee shall report their work for the past year to the general meeting. Each independent directors shall also present a work report.</u></p>

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## LETTER FROM THE BOARD

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Existing Articles	Revised Articles
<u>Newly added</u>	<u>Article 4.41 Directors, supervisors and senior management shall provide explanations and answers to the enquiries and suggestions from shareholders at the shareholders' general meeting.</u>
<u>Newly added</u>	<u>Article 4.42 The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be subject to registration of the shareholders' general meeting.</u>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 8.43</u> Minutes of a shareholders' general meeting should be kept. The minutes should set out the following:</p> <p>(1) <u>the number of voting shares held by the shareholders (or their proxies) who have attended the meeting and their proportion to the total number of shares of the Company;</u></p> <p>(2) <u>the number of voting shares held by the shareholders of A Shares (including their proxies) and voting shares held by shareholders of H Shares (including their proxies) who have attended the meeting and their respective proportion to the total number of shares of the Company;</u></p> <p>(3) <u>the date and venue for convening the meeting;</u></p> <p>(4) <u>the name of the chairman of the meeting and the agenda of the meeting;</u></p> <p>(5) <u>main points put forward by each speaker in relation to each motion;</u></p> <p>(6) <u>the voting result of each resolution (the voting results of each and every resolution by the shareholders of A Shares and shareholders of H Shares should also be recorded respectively);</u></p> <p>(7) <u>details of queries and recommendations of the shareholders and the corresponding response or explanation by the Board and the supervisory committee in relation thereto;</u></p> <p>(8) <u>other contents which should be recorded in the minutes according to the shareholders' general meeting and these Articles of Association.</u></p>	<p><u>Article 4.43</u> Minutes shall be <b>prepared</b> for shareholders' general meetings <b>by the Board Secretary</b>. The minutes shall state the following contents:</p> <p>(1) <u>the time, venue and agenda of the meeting and the name of the convener;</u></p> <p>(2) <u>the name of the chairman of the meeting and the names of the directors, supervisors, managers and senior management attending or present at the meeting;</u></p> <p>(3) <u>the number of shareholders and proxies attending the meeting, total number of voting shares they represent, and the percentages of their voting shares to the total share capital of the Company for each shareholder;</u></p> <p>(4) <u>the process of review and discussion, summary of any speech, and voting results of each proposal;</u></p> <p>(5) <u>the shareholders' questions, opinions, suggestions and corresponding answers or explanations;</u></p> <p>(6) <u>the names of lawyer(s), vote counters and scrutinizer(s) of the voting;</u></p> <p>(7) <u>other contents to be included as specified in these articles of association.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 8.44</u> The announcement on the resolutions of a shareholders’ general meeting shall include the following contents:</p> <p>(1) <u>the time, venue, manner, convener and chairman of the meeting, and a statement as to whether it is in compliance with the relevant laws, rules, regulations and these Articles of Association;</u></p> <p>(2) <u>the number of attending shareholders (their proxies), the total number of shares held by such shareholders (their proxies) and its proportion to the total number of voting shares of the Company;</u></p> <p>(3) <u>the manner as to how each motion has been voted upon;</u></p> <p>(4) <u>the voting results of each motion. Regarding the motion proposed by shareholders, the announcement shall state the name of the proposing shareholders, the proportion of their shareholdings and the content of such motion. In case of connected transactions, the announcement shall include a statement as to abstention of voting by connected shareholders. If a motion is not passed or any resolution passed at the previous shareholders’ general meeting is revised at the current shareholders’ general meeting, explanation shall be given in the announcement on resolutions of the shareholders’ general meeting;</u></p> <p>(5) <u>summarized legal opinion, or in the event that any resolution is added, vetoed or amended at the shareholders’ general meeting, the whole text of such legal opinion shall be disclosed.</u></p>	<p><u>Article 4.62</u> The resolutions of the shareholders’ meeting shall be timely announced, <u>and the announcement shall include the number of shareholders and proxies present at the meeting, total voting shares held by them and the proportion of the total voting shares of the Company, voting methods, voting result of each proposal and detailed content of each adopted resolution.</u></p>
<p><u>Newly added</u></p>	<p><u>Article 4.63</u> <u>Proposals not adopted or resolutions of the former shareholders’ meeting changed in this shareholders’ meeting shall be specially pointed out in the announcement of the resolution of the shareholders’ meeting.</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.64 If proposals on the election of directors and supervisors are adopted in the shareholders' meeting, the time for new directors and supervisors to take office shall be counted after the approval of the proposal for the election of directors and supervisors at the shareholders' meeting.</u></p>
<u>Newly added</u>	<p><u>Article 4.65 The Company shall take specific plans to carry out proposals on share capital increase through cash granting, share granting, or reserve fund adopted in the shareholders' meeting within 2 months after the closing date of the shareholders' meeting. If the specific plan cannot be implemented within two months according to the provisions of laws and regulations and the securities regulatory rules where the Company's shares are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation.</u></p>
<p><u>Article 8.45 The minutes of the shareholders' general meeting shall be signed by the Directors who have attended such meeting as well as the person who took the minutes. Such minutes shall be kept by the Board Secretary as the Company's files for a period of ten (10) years.</u></p>	<p><u>Article 4.44 The convener shall ensure the truth, accuracy and integrity of the meeting minutes. The meeting minutes of the shareholders' meeting shall be sign by the present directors, supervisors, the Board Secretary, convener or the representative and the chairman of the meeting. The meeting minutes shall be kept together with the signing book of shareholders present at the live meeting and the power of attorney for proxy, effective materials of the voting by network or other methods for a term of 10 years.</u></p>
<p><u>Article 8.46 Copies of the minutes of the proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees therefor.</u></p>	<u>Deleted</u>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 4.45 The convener shall ensure the shareholders' meeting to be held continuously until the final resolution is made. If the shareholders' meeting is stopped or fails to make resolutions due to special reasons such as force majeure, necessary precautions shall be taken to resume the shareholders' meeting as soon as possible or directly terminate the shareholders' meeting with a timely announcement. Meanwhile, the convener shall submit a report to the resident agency of the China Securities Regulatory Commission in the location of the Company and the stock exchanges where the shares of the Company are listed.</u></p>
<p><u>Chapter 9 Special Procedures for Voting by a Class of Shareholders Article 9.1 to Article 9.8</u></p>	<u>Deleted</u>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Chapter 10</b> Directors and Board of Directors</p>	<p><b>Chapter 5</b> Directors and Board of Directors</p>
<p><b>Article 10.1</b> A Director should be a natural person and it is not a prerequisite for a Director to hold any share of the Company.</p>	<p><b>Article 5.1 Directors of the Company shall be natural persons and they are not required to hold any shares in the Company. A person may not serve as a director of the Company if any of the following circumstances applies:</b></p> <p style="padding-left: 40px;">(1) a person who has no or restricted capacity for civil conduct;</p> <p style="padding-left: 40px;">(2) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the punishment; or who has been deprived of his/ her political rights for committing an offense where less than five years have lapsed following such deprivation;</p> <p style="padding-left: 40px;">(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;</p> <p style="padding-left: 40px;">(4) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license;</p> <p style="padding-left: 40px;">(5) a person who has a relatively large amount of debt due and outstanding;</p> <p style="padding-left: 40px;">(6) a person who is currently being prohibited from participating in the securities market by the China Securities Regulatory Commission and such barring period has not elapsed;</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
	<p style="text-align: center;"><b><u>(7) other contents required by the laws, administrative regulations, departmental rules or the listing rules at the place where the shares of the Company are listed.</u></b></p> <p style="text-align: center;"><b><u>If a director is elected or appointed in violation of this article, such election, appointment or engagement shall be invalid. Any director who is in violation of this article during his/her tenure of office shall be removed from his/her position.</u></b></p>
<p><b><u>Article 10.2</u></b> Directors shall be elected or replaced at the shareholders’ general meeting and their term of office shall be three (3) years. At the expiry of the term, it shall be renewable upon re-election. A Director shall not be removed by the shareholders in a general meeting without any reason before the expiry of his term of office.</p> <p>The tenure of a Director shall commence from the date of the passing of the resolution in the shareholders’ general meeting until the end of the tenure of the existing Board. Subject to the compliance with all the relevant laws and administrative regulations, the shareholders’ general meeting may by ordinary resolution remove any Director before the expiration of his term of office (however, the Director’s right to claim damages arising under any contract from his removal shall not be affected thereby)</p>	<p><b><u>Article 5.2</u></b> Directors shall be elected or replaced at the shareholders’ general meeting and their term of office shall be three (3) years. At the expiry of the term, it shall be renewable upon re-election. <b><u>A Director shall be removed by the shareholders in a general meeting before the expiry of his term of office.</u></b></p> <p>The tenure of a Director shall commence from the date of the passing of the resolution in the shareholders’ general meeting until the end of the tenure of the existing Board. <b><u>In the case of failure to timely re-elect the Directors at the expiration of the term of office of Directors, the incumbent Directors shall continue performing their duties until the new Directors assumes office according to laws, administrative regulations, department rules and the Articles of Association.</u></b> Subject to the compliance with all the relevant laws and administrative regulations, the shareholders’ general meeting may by ordinary resolution remove any Director before the expiration of his term of office (however, the Director’s right to claim damages arising under any contract from his removal shall not be affected thereby)</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p style="text-align: center;"><u>Newly added</u></p>	<p><b><u>Article 5.3 Directors shall follow the laws, administrative regulations and the Articles of Association and bear following faithful obligations to the Company:</u></b></p> <p><b><u>(1) Directors are not allowed to abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property;</u></b></p> <p><b><u>(2) Directors are not allowed to misappropriate the property of the Company;</u></b></p> <p><b><u>(3) Directors are not allowed to deposit the assets of the Company into an account in their own names or in any other individual's name.</u></b></p> <p><b><u>(4) Directors are not allowed to lend the funds of the Company to other people or provide guarantees for other people with the assets of the Company in violation of regulations of the Articles of Association or without consent of the shareholders' general meeting or the Board;</u></b></p> <p><b><u>(5) Directors are not allowed to execute any contract or engage in any transaction with the Company in violation of the Articles of Association or without consent of the shareholders' general meeting;</u></b></p> <p><b><u>(6) Without consent of the shareholders' general meeting, directors shall not, taking advantage of their positions, seek for commercial opportunity which shall belong to the Company and engage in the same business as the Company in which he serves as a director or the President either for his own account or for any other person's account;</u></b></p> <p><b><u>(7) Directors are not allowed to possess the commission obtained from the transaction between others and the Company;</u></b></p> <p><b><u>(8) Directors are not allowed to disclose confidential information of the Company;</u></b></p> <p><b><u>(9) Directors shall not make use of the associated relationship to damage the interest of the Company;</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
	<p style="text-align: center;"><u>(10) and Other faithful obligations specified by the laws, administrative regulations, department rules, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.</u></p> <p style="text-align: center;"><u>Any income of the Directors by violating this article shall belong to the Company; if losses are caused to the Company, such Directors shall bear the liability for compensation.</u></p>
<u>Newly added</u>	<p style="text-align: center;"><u>Article 5.4 Directors shall follow laws, administrative regulations and the Articles of Association and bear following assiduous obligations to the Company:</u></p> <p style="text-align: center;"><u>(1) Directors shall exercise their rights restrainedly, carefully and assiduously to ensure that the commercial activities of the Company are in accordance with laws, administrative regulations and the requirements of various national economic policies and do not exceed the Company's scope of business as regulated by the business license;</u></p> <p style="text-align: center;"><u>(2) Directors shall treat all shareholders equally;</u></p> <p style="text-align: center;"><u>(3) Directors shall timely know the business operation and management condition of the Company;</u></p> <p style="text-align: center;"><u>(4) Directors shall subscribe on the periodic report with written confirmation opinions to ensure the truth, accuracy and integrity of the information disclosed by the Company;</u></p> <p style="text-align: center;"><u>(5) Directors shall submit relevant conditions and materials to the supervisory committee according to the facts and shall not interfere the supervisory committee or supervisors to exercise authorities;</u></p> <p style="text-align: center;"><u>(6) Other assiduous obligations specified by laws, administrative regulations, department rules and the Articles of Association.</u></p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<b><u>Article 10.3 to Article 10.7</u></b>	<b><u>Article 5.5 to Article 5.9</u></b>
<p><b><u>Article 10.8</u></b> A Director may submit his resignation before the expiry of his term. He should deliver a written resignation report to the Board.</p>	<p><b><u>Article 5.10</u></b> Directors may resign before expiration of the term of office. The Directors who ask for resignation shall submit a written resignation report to the Board which <b><u>shall disclose relevant conditions within 2 days.</u></b></p> <p><b><u>If the resignation of Directors leads to the number of the Board below the minimum quorum, before the accession of the re-elected Director, the original directors shall fulfill their obligations according to laws, administrative regulations, department rules and the Articles of Association.</u></b></p> <p><b><u>Except for the preceding paragraph, the resignation of Directors shall take effect after the resignation report is submitted to the Board.</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.9 If a Director's resignation will result in the number of Directors falling below the minimum presented by law, his resignation shall not come into force until the vacancy is filled by a new Director. The remaining Directors shall convene a shareholders' general meeting as soon as possible for the election of a new Director in order to fill the vacancy arising from the resignation. The tenure of the newly elected Director shall expire until the end of the tenure of the existing Board. Before any decision in regard to the election of Director is made at the shareholders' general meeting, the functions and powers of the Director who has tendered his resignation and the rest of the Board shall be reasonably restricted.</u></p> <p><u>Save and except the circumstances described in the preceding paragraph, a Director's resignation shall take effect upon the submission of the resignation report to the Board.</u></p> <p><u>When there is a vacancy in the Board due to reasons other than a Director's resignation, the Board may appoint a person to fill that vacancy. The appointee may exercise the functions and powers of Director until a new Director is elected by the shareholders' general meeting. The requirements stipulated in the preceding provisions of this Article shall be applicable to the tenure of the new Director.</u></p>	<p><u>Article 5.11 If the resignation of a Director takes effect or the term of office expires, such Director shall complete all turnover procedures with the Board and his faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within the reasonable duration specified by the Articles of Association.</u></p>
<p><u>Article 10.10 A Director whose tenure has not expired shall be liable to compensate the Company for its loss due to his resignation without approval.</u></p>	<p><u>Article 5.12 Directors shall be liable to compensate the Company for its loss due to his violation of the laws, administrative regulations, department rules and the Articles of Association during the implementation of duties.</u></p>
<p><u>Article 10.11 The Company can purchase liability insurance for the Directors with the approval of the shareholders' general meeting, excluding liabilities incurred by the Directors due to violations of laws and regulations and the requirements under these Articles of Association.</u></p>	<p><u>Deleted</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.12 The requirements in this section regarding the duties of Directors shall be applicable to the supervisors, presidents and other senior management of the Company.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 10.13 The Company’s president and senior management shall not hold any executive position other than directorship and supervisory position in the controlling shareholder’s units. A person who is both a member of the controlling shareholder’s senior management as well as a Director or supervisor of the Company shall ensure that he has sufficient time and energy to perform the Company’s tasks. The senior management of the Company is paid only in the Company and is not paid on behalf of the controlling shareholder.</u></p>	<p><u>Deleted</u></p>
<p><u>Newly added</u></p>	<p><u>Article 5.13 Independent Directors shall take actions in accordance with laws, administrative regulations, China Securities Regulatory Commission and Stock Exchange.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<b><u>Section II Composition of the Board and Its Duties</u></b>	<b><u>Section III the Board</u></b>
<p><b><u>Article 10.14</u></b> The Company shall have a board of directors which is accountable to and shall report on its work to the shareholders' general meeting. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, six (6) of whom are Executive Directors who are responsible for the daily operation of the Company and three (3) of whom are Independent Non-executive Directors who will not engage in the daily operation of the Company. The Board shall have a chairman.</p> <p>The Chairman shall be a Director of the Company and shall be elected or removed by more than one-half of all the Directors. The tenure of the Chairman is three (3) years, which is renewable upon re-election.</p> <p><b><u>The Chairman shall take primary responsibility for the operation of the Board. He shall ensure the establishment of a good governance mechanism, the timely incorporation of topics proposed by the Directors or senior officers into the Board meeting agenda, the timely provision of sufficient and complete relevant background information on the Company's operation and topics to be discussed at the Board meeting to the Directors, and the operation of the Board in the best interest of the Company.</u></b></p> <p><b><u>The Chairman shall promote the culture of open and democratic discussion, ensure sufficient time for discussion on every Board meeting agenda item, encourage dissenting Directors to adequately express their opinions, ensure effective communication between Executive Directors and Independent Non-executive Directors, and ensure scientific and democratic decision-making of the Board.</u></b></p> <p><b><u>The Chairman shall take steps to maintain effective communication and contact with shareholders to ensure that the views of shareholders, especially those of institutional investors and small to medium investors, are sufficiently communicated to the Board and the right of the institutional investors and small to medium investors to propose motions and receive information are safeguarded.</u></b></p>	<p><b><u>Article 5.19</u></b> The Company shall have a board of directors which is accountable to and shall report on its work to the shareholders' general meeting. The Board shall consist of nine (9) Directors who are elected by the shareholders' general meeting, six (6) of whom are Executive Directors who are responsible for the daily operation of the Company and three (3) of whom are Independent Non-executive Directors who will not engage in the daily operation of the Company, <b><u>and there are no employee representative Directors.</u></b> The Board shall have a chairman. The Chairman shall be a Director of the Company and shall be elected or removed by more than one-half of all the Directors. The tenure of the Chairman is three (3) years, which is renewable upon re-election.</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 10.15</b> The Board is accountable to the shareholders’ general meeting and shall exercise the following functions and powers:</p> <p>.....</p> <p>Save in respect of the matters specified in sub-paragraphs (6), (7), (8) and (13) of this Article and the provisions of the “<b>Rules Governing the Listing of Shares</b>” which shall be passed by the affirmative votes of two-thirds or more of all the Directors, the Board’s resolutions in respect of all other matters above may be passed by the affirmative votes of more than one-half of the Directors.</p>	<p><b>Article 5.20</b> The Board is accountable to the shareholders’ general meeting and shall exercise the following functions and powers:</p> <p>.....</p> <p>Save in respect of the matters specified in sub-paragraphs (6), (7), (8) and (13) of this Article and the provisions of “<b>The Rules Governing Listing of Stocks on Shenzhen Stock Exchange</b>” and the “<b>Listing Rules of Hong Kong Stock Exchange</b>”, which shall be passed by the affirmative votes of two-thirds or more of all the Directors, the Board’s resolutions in respect of all other matters above may be passed by the affirmative votes of more than one-half of the Directors.</p>
<p><b>Article 10.16</b> <u>The Board shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets where the aggregate of the expected amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any fixed assets that have been disposed of within the period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of the Company’s fixed assets as shown in the latest balance sheet which was considered at a shareholders’ general meeting.</u></p> <p><u>For the purposes of this Article, “disposition of fixed assets” includes an act involving the transfer of interests in assets but does not include the use of fixed assets for the provision of security.</u></p> <p><u>The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.</u></p>	<p><u>Deleted</u></p>
<p><b>Article 10.17</b> The Chairman shall exercise the following functions and powers:</p> <p>.....</p>	<p><b>Article 5.24</b> The Chairman shall exercise the following functions and powers:</p> <p>.....</p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<p><u>Article 10.18</u> The Board should operate independently. There is no superior-subordinate relationship between the controlling shareholders and their functional departments and the Board. The controlling shareholders and their subsidiaries shall not issue any plans and orders in relation to the operation of the Company to the Board and its subordinates, and shall not affect the independence of the Company's operation and management in any manner.</p>	<p><u>Deleted</u></p>
<p><u>Section III Rules and Procedures of the Board Meeting</u></p>	<p><u>Deleted</u></p>
<p><u>Article 10.19</u> The Board shall hold at least four (4) regular meetings every year and such meetings shall be convened by the Chairman. All of the Directors should be notified about the meeting in writing fourteen (14) days beforehand. An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary.</p>	<p><u>Article 5.25</u> The Board shall hold at least four (4) regular meetings every year and such meetings shall be convened by the Chairman. All of the Directors should be notified about the meeting in writing fourteen (14) days beforehand. An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 10.20</b> An extraordinary meeting of the Board shall be convened within ten (10) days by the Chairman upon his receipt of such request in any of the following circumstances:</p> <p>(1) when one-third or more of the Directors so request;</p> <p>(2) when the supervisory committee so requests;</p> <p>(3) when the president so requests;</p> <p>(4) when shareholders carrying voting rights of 10% or more so requests.</p> <p>All Directors should be notified three (3) days before an extraordinary meeting of the Board is held by means of delivery in person, telephone, e-mail, etc.</p> <p>For special cases that require the Board to make decisions immediately, convening the extraordinary meeting shall not be subject to the requirements for the form of notice and notification period set out in the preceding paragraph for the sake of the Company's interests.</p> <p>If any circumstances prescribed by this Article take place and the Chairman is unable to perform his duty, he shall nominate a Director to convene the extraordinary Board meeting on his behalf. If the Chairman does not perform his duty without any valid reason and fails to appoint a person to perform his duty on his behalf, a Director who is nominated by one-half or more of the Directors can convene such meeting.</p>	<p><b>Article 5.26</b> An extraordinary meeting of the Board shall be convened within ten (10) days by the Chairman upon his receipt of such request in any of the following circumstances:</p> <p>(1) when one-third or more of the Directors so request;</p> <p>(2) when the supervisory committee so requests;</p> <p>(3) when the president so requests;</p> <p>(4) when shareholders carrying voting rights of 10% or more so requests.</p> <p><b>Article 5.27</b> All Directors should be notified three (3) days before an extraordinary meeting of the Board is held by means of delivery in person, telephone, e-mail, etc.</p> <p>For special cases that require the Board to make decisions immediately, convening the extraordinary meeting shall not be subject to the requirements for the form of notice and notification period set out in the preceding paragraph for the sake of the Company's interests.</p> <p>If any circumstances prescribed by this Article take place and the Chairman is unable to perform his duty, he shall nominate a Director to convene the extraordinary Board meeting on his behalf. If the Chairman does not perform his duty without any valid reason and fails to appoint a person to perform his duty on his behalf, a Director who is nominated by one-half or more of the Directors can convene such meeting.</p>
<p><b>Article 10.21</b> A notice of the Board meeting shall contain the following contents:</p> <p>.....</p>	<p><b>Article 5.28</b> A notice of the Board meeting shall contain the following contents:</p> <p>.....</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b>Article 10.22</b> Board meeting shall only be held if <b>more than one half</b> of the Directors attend. Each Director has one (1) vote. A resolution of the Board must be passed by more than one-half of all the Directors.</p> <p>Where the matter meets the criteria set out in <b>Article 10.15</b>(6), (7), (8), (10), (12), (19), (20) hereof, upon being reviewed and discussed by the Party Committee(s) of the Company, the resolution shall become effective after being passed by such minimum number of Directors required for approval as stipulated in these Articles of Association.</p> <p>.....</p>	<p><b>Article 5.29</b> Board meeting shall only be held if <b>more than one-half</b> of all the Directors attend. Each Director has one (1) vote. A resolution of the Board must be passed by more than one-half of all the Directors, <b>unless otherwise provided herein.</b></p> <p>Where the matter meets the criteria set out in <b>Article 5.20</b>(6), (7), (8), (10), (12), (19), (20) hereof, upon being reviewed and discussed by the Party Committee(s) of the Company, the resolution shall become effective after being passed by such minimum number of Directors required for approval as stipulated in these Articles of Association.</p> <p>.....</p>
<p><b>Article 10.23</b> As long as the Directors can fully express their opinions, an impromptu Board meeting may be held by way of communication, during which resolutions may be passed and signed by participating Directors.</p> <p><b><u>The Board may adopt written resolution in lieu of holding Board meeting provided that the proposal of such resolution must be delivered to each and every Director by hand, by post or by facsimile. If the relevant written resolution has been delivered to all the Directors and the number of Directors who have signified their consent on one or more counterparts of that proposed resolution has reached the minimum prescribed by law for making such decision and the same is / are then delivered to the Board Secretary using one of the aforesaid manners, such resolution is deemed to be passed as a Board resolution and no Board meeting has to be convened.</u></b></p>	<p><b>Article 5.31 The manner of voting of the Board resolution shall be open ballot.</b></p> <p>As long as the Directors can fully express their opinions, an impromptu Board meeting may be held by way of communication, during which resolutions may be passed and signed by participating Directors.</p>
<p><b>Article 10.24</b> <b><u>The Board meeting shall be held, as a matter of principle, at the Company's office. However, it may be held in other places within the PRC as determined by the Chairman.</u></b></p>	<p><b><u>Deleted</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.25 The expenses incidental to the Directors attending the Board meetings shall be payable by the Company. Such expenses include the overseas transportation fees incurred by the Directors for travelling from where they are to the venue of the meeting, meal and accommodation fees during the meeting, venue rental and the local transportation fees.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 10.26 If the time and venue of the Board meeting have been determined by the Board in advance, no additional notice of meeting has to be given.</u></p> <p><u>If the time and venue of the Board meeting have not been determined by the Board in advance, the Chairman shall instruct the Board Secretary to set out the same in the notice of the meeting.</u></p> <p><u>Notice of a meeting shall be deemed to have been given to any Director who attends the meeting without protesting against, before or at its commencement, any lack of notice.</u></p> <p><u>A Board meeting can be held by way of telephone conference or other similar telecommunication devices. During such meeting, as long as the Directors attending the meeting can clearly hear what other Directors say and can interact with each other, all attendees shall be deemed to have attended the meeting in person.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 10.27 Unless otherwise required by the Board, a president who himself is not a Director can attend the Board meeting and has the right to receive the notice of Board meeting and relevant documents and can express his view during the meeting. However, unless the president is also a Director, he does not have the right to determine or vote in the Board meeting.</u></p>	<p><u>Deleted</u></p>

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**LETTER FROM THE BOARD**

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<b>Existing Articles</b>	<b>Revised Articles</b>
<p><b>Article 10.28</b> Directors shall attend the Board meeting in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. <b><u>The power of attorney shall set out the scope of authorization.</u></b></p> <p style="text-align: center;">.....</p>	<p><b>Article 5.32</b> Directors shall attend the Board meeting in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. <b><u>The power of attorney shall be signed or sealed by such member with the name of the proxy, and the matters, scope and validity period of the authorization being specified.</u></b></p> <p style="text-align: center;">.....</p>
<p><b>Article 10.29</b> If any Director has interest in the matter to be resolved by the Board, such Director shall excuse himself and shall not have any voting right. Such Director shall not be counted towards the quorum of the meeting. A Director shall not vote in respect of any Board resolution relating to any contract, arrangement or proposal in which such Director or any of his associates (as defined by the listing rules of the Hong Kong Stock Exchange) have material interest, and such Director shall not be counted towards the quorum of the meeting.</p>	<p><b><u>Deleted</u></b></p>
<b><u>Article 10.30 to Article 10.31</u></b>	<b><u>Article 5.33 to Article 5.34</u></b>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b><u>Article 10.32</u></b> The announcement of the Board resolution shall including the following:</p> <p>(1) the date and method of the issue of the notice of the Board meeting;</p> <p>(2) the time and venue of the Board meeting and the manner by which such meeting was held, and a statement as to whether the Board meeting has complied with the relevant laws, rules, regulations and these Articles of Association;</p> <p>(3) the names and the number of Directors who have attended the meeting in person, Directors who have appointed representatives to attend the meeting on their behalf and Directors who were absent, reasons for absence and the names of the Directors who were appointed as representatives;</p> <p>(4) the number of votes for and against each and every resolution as well as the abstention votes, and the reasons of the relevant Directors for voting against the resolution or abstaining from voting;</p> <p>(5) for resolutions which relate to connected transactions, a statement of the names of the Directors who have to abstain from voting, the reasons therefor and whether the Directors have so abstained;</p> <p>(6) for resolutions which require prior recognition or independent opinions from the independent Directors, explanations as to the circumstances with regard to the prior recognition or opinions given;</p> <p>(7) the particulars of the matters considered and the resolutions passed.</p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 10.33</u></b> The Directors shall be liable for the resolutions of the Board.....</p>	<p><b><u>Article 5.35</u></b> The Directors shall be liable for the resolutions of the Board.....</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<u>Section IV</u> Independent Directors	<u>Section II</u> Independent Directors
<p><u>Article 10.34 The Board shall have independent Directors. Independent Directors shall comprise one-third or more of the members of the Board, and at least one of the independent Directors shall have accounting expertise. The independent Directors shall perform their duties honestly and faithfully and safeguard the Company’s interests, in particular, they should pay attention to the protection of the legal interests of public shareholders from being infringed.</u></p> <p><u>The independent Directors shall perform their duties independently, without being affected by major shareholders of the Company, persons in actual control of the Company and other interested organizations or individuals of the Company. There shall not be any relationship between the independent Directors and the Company or the Company’s major shareholders which might hinder the independent Directors from making independent and objective judgment.</u></p>	<p><u>Article 5.14 The Company shall have Independent Non-executive Directors, and the number of Independent Non-executive Directors shall not be less than one third of the number of the Board members of the Company, shall not hold any other post in the Company except Director, and shall have no direct or indirect interest in the Company and the major shareholders of the Company, or any other relationship that may hinder their independent and objective judgment.</u></p> <p><u>In addition to Article 5.1 of the Articles of Association regarding exclusion from serving as a Director, the qualifications and independence requirements of Independent Non-executive Directors of the Company shall also comply with the requirements of laws, administrative regulations, the China Securities Regulatory Commission and the securities regulatory rules of the place where the Company’s shares are listed.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 10.35 An independent Director should be independent. The following persons shall not act as independent Directors:</u></p> <p><u>(1) persons working in the Company or its subsidiaries, as well as their lineal and close relatives (lineal relatives mean spouses, parents and children, etc.; whereas close relatives mean siblings, parents-in-law, sons or daughters-in-law, spouses of their siblings and siblings of their spouses, etc.);</u></p> <p><u>(2) shareholders (who are natural persons) who directly or indirectly hold 1% or more of the issued shares of the Company or who rank in the top ten shareholders of the Company, as well as their lineal relatives;</u></p> <p><u>(3) persons who work in entities being shareholders who directly or indirectly hold 5% or more of the issued shares of the Company or entities which rank in the top five shareholders of the Company, as well as their lineal relatives;</u></p> <p><u>(4) persons who work for the controlling shareholders, de facto controller and their respective subsidiaries of the Company, and their lineal relatives;</u></p> <p><u>(5) persons who provide financial, legal and consulting services, etc. to the Company and its controlling shareholders, de facto controller or their respective subsidiaries, including but not limited to all project team members of any intermediary which provides services, reviewers at all levels, personnel who sign reports, partners and person-in-charge;</u></p> <p><u>(6) persons who work in an entity that has material business transactions with the Company and its controlling shareholder, de facto controller or their respective subsidiaries, or work in the controlling shareholder of such entity that has material business transactions;</u></p> <p><u>(7) persons who fell within the above six circumstances in the preceding year;</u></p> <p><u>(8) other persons who is regarded by the Shenzhen Stock Exchange and Hong Kong Stock Exchange to be failing to meet the independence requirements.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.36 The Board, the supervisory committee and shareholder(s) individually or in aggregate holding 1% or more issued shares may nominate candidates for election as independent Directors at the shareholders' general meeting.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 10.37 Material connected transactions and the appointment and removal of an Accounting Firm shall have been agreed by one-half or more of the independent Directors before the same are tendered to the Board for discussion.</u></p> <p><u>Consent of one-half or more of the independent Directors is required for any request by the independent Directors to the Board to convene an extraordinary shareholders' general meeting or a Board meeting and public solicitation for voting rights from the shareholders before the shareholders' general meeting.</u></p> <p><u>With the consent of all the independent Directors, the independent Directors may engage external auditing institutions or consultative institutions to provide audit and consultation for specific matters of the Company, the relevant expenses of which shall be borne by the Company.</u></p>	<p><u>Article 5.17 The Company shall regularly or irregularly convene special meetings attended by all Independent Non-executive Directors (hereinafter referred to as "special meetings of Independent Non-executive Directors"), which shall be considered as follows:</u></p> <p><u>(1) Related transactions that should be disclosed;</u></p> <p><u>(2) Plans for the listed company and related parties to change or waive commitments;</u></p> <p><u>(3) Decisions made and measures taken by the Board in relation to the acquisition of the Company;</u></p> <p><u>(4) To independently employ an intermediary agency to audit, consult or verify the specific matters of the company;</u></p> <p><u>(5) To propose to the Board to convene an extraordinary general meeting of shareholders;</u></p> <p><u>(6) To propose a meeting of the Board;</u></p> <p><u>(7) Other matters for review as stipulated by laws and regulations, securities regulatory rules where the company's shares are listed and the Company's articles of association.</u></p> <p><u>Items (1) to (3) above shall be submitted to the Board for consideration and approval after a special meeting of Independent Non-executive Directors.</u></p> <p><u>A special meeting of Independent Non-executive Directors shall be convened and chaired by an Independent Non-executive Director jointly recommended by more than half of the Independent Non-executive Directors; If the convenor fails to perform his duties or is unable to perform his duties, two or more Independent Non-executive Directors may convene such meeting and elect a representative to preside.</u></p> <p><u>The Company shall facilitate and support the convening of special meetings of Independent Non-executive Directors.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.38 Independent Directors shall attend the Board meetings on time so as to understand the production and operation of the business of the Company, and shall initiate investigation to obtain information required for decision making.</u></p> <p><u>Independent Directors shall submit an annual report of all the independent Directors at the annual shareholders’ general meeting of the Company to provide explanations in respect of the performance of their duties.</u></p>	<p><u>Article 5.15 The Independent Non-executive Director shall perform the following duties:</u></p> <p><u>(1) Participate in the decision-making of the Board and express clear opinions on the items discussed;</u></p> <p><u>(2) To supervise the potential major conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior managers, to promote the Board to make decisions in line with the overall interests of the Company, and to protect the legitimate rights and interests of minority shareholders;</u></p> <p><u>(3) Provide professional and objective suggestions on the Company’s operation and development, and promote the improvement of the decision-making level of the Board;</u></p> <p><u>(4) Other duties prescribed by laws and regulations, securities regulatory rules where the Company’s shares are listed and the Articles of Association.</u></p> <p><u>Independent Non-executive Directors shall perform their duties independently and impartially, and shall not be influenced by the Company, its major shareholders, de facto controllers and other units or individuals. If it is found that the matters under consideration affect his independence, he shall declare to the Company and withdraw. If there is a situation that obviously affects the independence during the term of office, he shall notify the Company in a timely manner, propose solutions, and resign when necessary.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 10.39 The Company shall set up a working system for the independent Directors to give full play to the supervisory function of the independent Directors. The independent Directors may explain to the Board of the Company and request co-operation from the senior officers or the Board Secretary if they meet obstacles in the exercise of their functions and powers. The senior officers and the Board Secretary should actively co-operate with the independent Directors to exercise their functions and powers. If the independent Directors consider that the relevant content of matters to be examined by the Board is not specific or concrete or the relevant information is insufficient, they may request the Company to provide supplementary information or give further explanation. Where two or more than two independent Directors consider that information on matters to be examined in the meeting is not sufficient or the argument is not clear, they may propose jointly in writing to the Board to postpone the convening of the Board meeting, or postpone the examination of the relevant matters, and such proposal shall be adopted by the Board. The independent Directors are entitled to request the Company to disclose the proposal made by them which has not been adopted by the Company and the reasons therefor.</u></p> <p><u>The Company should ensure that the independent Directors shall enjoy the same right to information and status as other Directors. The Company shall timely provide the independent Directors with relevant materials and information, regularly notify them of the operation of the Company and organize on-site visit by the independent Directors if necessary, so as to ensure that the independent Directors have a comprehensive and fair understanding on the Company.</u></p>	<p><u>Deleted</u></p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<p><u>Where there is any conflict among the shareholders of the Company or among the Directors which causes significant impact on the operation management of the Company, the independent Directors shall proactively perform their duties and safeguard the interests of the Company as a whole.</u></p>	
<p><u>Article 10.40 The term of office of the independent Directors is the same as that of the other Directors of the Company. At the expiry of the term, it is renewable upon re-election, but an independent Director shall not remain in office for more than six (6) years.</u></p>	
<p><u>If an independent Director fails to attend three (3) consecutive Board meetings in person, the Board shall recommend his removal to a shareholders' general meeting. No independent Director shall be removed before the expiry of his term of office without appropriate reason. Any removal before the expiry of term shall be disclosed by the Company as a special discloseable matter. If an independent Director so removed perceives the reason of his removal given by the Company as inappropriate, he can make a public declaration in this regard.</u></p>	<p><u>Deleted</u></p>

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## LETTER FROM THE BOARD

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Existing Articles	Revised Articles
<p><u>Article 10.41 An independent Director may tender resignation before the expiry of his term of office. He should deliver a written resignation report to the Board, explaining any circumstances that are relevant to his resignation or circumstances which he considers to be necessary to be brought to the attention of the shareholders and creditors of the Company.</u></p> <p><u>If an independent Director's resignation results in the number of independent Directors or member of the Board falling below the minimum as prescribed by law or these Articles of Association, then before the appointment of a new independent Director, such independent Director shall continue to perform his duties according to the laws, administrative regulations and requirements under the Article of Association. The Board shall convene a shareholders' general meeting to be held within two (2) months to elect a new independent Director. If no shareholders' general meeting is held within the prescribed time, such independent Director may cease to perform his duties.</u></p>	<p><u>Deleted</u></p>



## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 10.42 In order to give full play to the role of the independent Directors, apart from the power and functions conferred by the Company Law and other relevant laws and rules to the independent Directors, the Company also confers the following special power and functions to the independent Directors:</u></p> <p><u>(1) a connected transaction that is required to be submitted to the shareholders' general meeting for consideration shall be approved by independent directors before it can be submitted to the Board for consideration. Prior to decision-making, independent directors may engage intermediaries to issue a special report;</u></p> <p><u>(2) to propose the appointment or dismissal of an accounting firm;</u></p> <p><u>(3) to propose to the Board to convene a shareholders' extraordinary general meeting if agreed by one-half or more of all the independent Directors;</u></p> <p><u>(4) to propose the convening of a Board meeting if agreed by one-half or more of all the independent Directors;</u></p> <p><u>(5) to publicly solicit voting rights from the shareholders before the shareholders' general meeting if agreed by one-half or more of all the independent Directors;</u></p> <p><u>(6) with the consent of all the independent Directors, to engage external auditing institutions or consultative institutions to provide audit and consultation for specific matters of the Company, the relevant expenses of which shall be borne by the Company;</u></p> <p><u>(7) to propose the convening of a meeting to be attended by the independent Directors only if agreed by one-half or more of all the independent Directors;</u></p> <p><u>(8) to express independent opinions on the major matters of the Company.</u></p>	<p><u>Article 5.16 In addition to the functions and powers of Directors conferred by the Company Law and other relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, Independent Non-executive Directors shall also have the following special powers and powers:</u></p> <p><u>(1) Independently engage external audit institutions and consulting institutions to audit, consult or verify specific matters of the Company;</u></p> <p><u>(2) The Board requests an extraordinary general meeting of shareholders;</u></p> <p><u>(3) Proposing the convening of the Board meeting;</u></p> <p><u>(4) Publicly solicit voting rights from shareholders before the general meeting of shareholders is held;</u></p> <p><u>(5) Giving independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;</u></p> <p><u>(6) Relevant provisions of laws and regulations, securities regulatory rules where the Company's shares are listed, and other functions and powers provided for in the Articles of Association. The Independent Non-executive Director shall obtain the consent of more than half of all the Independent Non-executive Directors to exercise the powers and powers in items (1) to (2) of the preceding paragraph. Where an Independent Non-executive Director exercises the functions and powers listed in paragraph 1, the Company shall disclose them in a timely manner. If the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 5.18 The Company shall actively cooperate with the Independent Directors in performing their duties, and the reasonable expenses incurred by the Independent Non-executive Directors in exercising their powers shall be borne by the Company.</u></p>
<u>Section V Special Committees of the Board</u> <u>Article10.43 to Article 10.49</u>	<u>Deleted</u>
<u>Newly added</u>	<p><u>Article 5.21 The Board of the Company establishes an Audit Committee, a Strategy Committee, a Nomination Committee, a Remuneration and Appraisal Committee, and an Environmental, Social and Governance Committee (the “ESG Committee”). Special committees shall report to the Board and perform their duties in accordance with the Articles of Association and authorization of the Board. Proposals shall be submitted to the Board for deliberation and decision. The members of special committees shall be all composed of directors. Among them, independent directors shall account for the majority in Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, and serve as the convener. The convener of the Audit Committee shall be an accounting professional. The Board shall be responsible for formulating the working procedures of special committees and regulating the operation of special committees.</u></p>
<u>Newly added</u>	<p><u>Article 5.22 The Board shall explain the non-standard auditing opinions on the financial reports of the Company issued by a certified public accountant to the shareholders’ meeting.</u></p>
<u>Newly added</u>	<p><u>Article 5.23 The Board should prepare the rules of procedure to ensure the fulfillment of the shareholders’ meeting’s resolutions, increase working efficiency and ensure making scientific decisions.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 5.30</u> If Directors have associated relationship with enterprises involved in issues to be determined in the Board Meeting, such Directors shall not exercise the voting power on the resolution or exercise the voting power on behalf of other Directors. The Board Meeting may be held with over one-half Directors without associated relationship, and the resolutions of the Board Meeting shall be approved by over one-half Directors without associated relationship. If the unassociated Directors attending the Board Meeting are less than 3 people, the issues shall be submitted to the shareholders' meeting for examination. If there are any additional restrictions on Directors' participation in board meetings and voting imposed by laws, regulations and securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.</p>
<u>Chapter 11 Board Secretary</u> <u>Article 11.1 to Article 11.6</u>	<u>Deleted</u>
<u>Chapter 12</u> Presidents and Other Senior Officers of the Company	<u>Chapter 6</u> Presidents and Other Senior Officers of the Company
<p><u>Article 12.1</u> The Company shall have a president and several vice-presidents who shall be appointed or removed by the Board. The vice-presidents shall assist the work of the president.</p>	<p><u>Article 6.11</u> The Company shall have a president and several vice-presidents who shall be appointed or removed by the Board. The vice-presidents shall assist the work of the president.</p> <p>.....</p>
<p><u>Article 12.2</u> A person shall not act as a president of the Company under circumstances as stipulated by laws and administrative regulations. Moreover, a person shall not act as a president of the Company if he has been prohibited from entering into the market by China Securities Regulatory Commission and such prohibition has not been removed.</p>	<u>Deleted</u>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p style="text-align: center;"><u>Article 6.2 The circumstances of disqualification for directors prescribed in Article 5.1 of the Articles of Association shall be applicable to senior executives.</u></p> <p style="text-align: center;"><u>Provisions regarding the duty of loyalty of directors under Article 5.3 and of diligence of directors under items (4) to (6) of Article 5.4 hereof shall be applicable to the senior executives.</u></p>
<u>Newly added</u>	<p style="text-align: center;"><u>Article 6.3 Any person who takes an administrative role other than a director or a supervisor in the controlling shareholders of the Company shall not serve as a senior executive of the Company.</u></p> <p style="text-align: center;"><u>The senior executives only receive remuneration in the Company, not paid by the controlling shareholders on their behalf.</u></p>
<u>Article 12.3 to Article 12.4</u>	<u>Article 6.4 to Article 6.5</u>
<u>Article 12.5 The president shall, upon request of the Board or the supervisory committee, report to the Board or the supervisory committee on the signing and implementation of the Company's material contracts, usage of capital and profit and loss. The president shall ensure the authenticity of such reports.</u>	<u>Deleted</u>
<u>Article 12.6 Before drawing up matters concerning employees' direct interests, such as employees' wages, benefits, safety of production and labour, labour insurance, and removal (or dismissal) of employees, the president should consult the labour union and the meeting of employee representatives.</u>	<u>Deleted</u>
<u>Article 12.7 to Article 12.8</u>	<u>Article 6.6 to Article 6.7</u>
<u>Article 12.9 The president, while exercising their functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and these Articles of Association.</u>	<u>Deleted</u>

**LETTER FROM THE BOARD**

<b>Existing Articles</b>	<b>Revised Articles</b>
<p><b>Article 12.10</b> The presidents and other senior officers can resign prior to the expiry of their term specific procedures and measures for such resignation shall be subject to the agreement made in the labor contract between them and the Company.</p>	<p><b>Article 6.8</b> The presidents and other senior officers can resign prior to the expiry of their term specific procedures and measures for such resignation shall be subject to the agreement made in the labor contract between them and the Company.</p>
<p><u>Newly added</u></p>	<p><b>Article 6.9</b> <u>The Company shall have one or two Board Secretary, who shall be a senior management of the Company, nominated by the Chairman and appointed or dismissed by the Board.</u></p> <p><u>The Board Secretary shall have the necessary professional expertise and experience. The post of the Board Secretary shall be assumed by one or two natural persons. In the case where two persons are appointed jointly, the obligations of the Board Secretary shall be assumed jointly by such two persons. However, in handling external matters as authorized by the Board, either one of them shall be entitled to exercise independently all powers of the Board Secretary.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 6.10 If the Company has two Board Secretaries, these two Board Secretaries shall be in charge of the PRC and Hong Kong affairs respectively in accordance with the provisions of this Article. The related duties of the Board Secretary shall be assigned by the Board. The main duties of the Board Secretary in charge of the PRC affairs are:</u></p> <p style="padding-left: 40px;"><u>(1) to ensure that the Company has complete organizational documents and records;</u></p> <p style="padding-left: 40px;"><u>(2) to ensure that the Company legally prepare and submit reports and documents as required by the regulatory authorities;</u></p> <p style="padding-left: 40px;"><u>(3) to ensure that the shareholders' register of the Company shall be properly established and that the persons with right of access to relevant records and documents of the Company can have the said records and documents in time;</u></p> <p style="padding-left: 40px;"><u>(4) to make preparations for general meetings and Board meetings following the statutory procedure, and to prepare and submit relevant documents and information of the meetings;</u></p> <p style="padding-left: 40px;"><u>(5) to be responsible for information disclosure of the Company, to ensure the accuracy, legitimacy, truthfulness and completeness of information disclosure of the Company on a timely basis.</u></p> <p><u>The main duties of the Board Secretary in charge of the Hong Kong affairs are, after obtaining the related authorization from the Board:</u></p> <p style="padding-left: 40px;"><u>(1) to report and submit related materials and documents of the Company pursuant to relevant laws and regulations in Hong Kong, the listing Rules of the Stock Exchange of Hong Kong and requirements of the Hong Kong Securities and Futures Commission;</u></p> <p style="padding-left: 40px;"><u>(2) to disclose information relating to the Company to the public;</u></p> <p style="padding-left: 40px;"><u>(3) to submit necessary documents of the Company to the Companies Registry in Hong Kong and so on.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 6.11 A director or other senior management (other than a supervisor) of the Company may concurrently act as the Board Secretary. The accountants of public certified accountants and lawyers of the law firm engaged by the Company shall not concurrently act as the Board Secretary.</u></p> <p><u>Where a director also holds the office of the Board Secretary and if an act is required to be done by a director and the Board Secretary separately, then that director holding the office of the Board Secretary may not perform the act in such dual capacity.</u></p>
<u>Newly added</u>	<p><u>Article 6.12 The qualifications and responsibilities of the Board Secretary shall meet the requirements for Board Secretary stated in the listing rules of the stock exchange on which the shares of the Company are listed.</u></p>
<u>Newly added</u>	<p><u>Article 6.13 The Company shall take an active role in establishing an adequate system of investor relationship management and communications between the Company and its shareholders, especially its public shareholders, through various channels. The Board Secretary shall be responsible for the management of investor relationships of the Company.</u></p>
<u>Newly added</u>	<p><u>Article 6.14 Senior management personnel shall bear the liability for compensation if losses are caused to the Company due to violating the regulations of laws, administrative regulations, department rules or these Articles of Association when implementing duties of the Company.</u></p>
<u>Newly added</u>	<p><u>Article 6.15 Senior management personnel shall faithfully perform their duties and protect the maximum benefits of the Company and all shareholders. If senior management personnel cannot faithfully perform their duties or violate the duty of good faith, they shall legally undertake the liability for compensating for the damages caused to the benefits of the Company and the shareholders of public shares.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Chapter 13</u> Supervisory Committee	<u>Chapter 7</u> Supervisory Committee
<u>Newly added</u>	<u>Section I Supervisor</u>
<u>Newly added</u>	<u>Article 7.1 Circumstances prohibiting any person serving as a director as stipulated in Article 5.1 of these Articles of Association shall be applicable to supervisors. The Company's directors, President and other senior management personnel may not serve concurrently as supervisors.</u>
<u>Newly added</u>	<u>Article 7.2 Supervisors shall abide by the laws, administrative regulations and these Articles of Association, owe fiduciary duties and due diligence duties to the Company. They shall not use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company property.</u>
<u>Newly added</u>	<u>Article 7.3 The term of office of a supervisor shall be three years. A supervisor may take another term if he/she is re-elected after the expiration of his/her term.</u>
<u>Newly added</u>	<u>Article 7.4 If the re-election is not conducted in time after the term of a supervisor expires or the resignation of the supervisor causes the members of the supervisory committee to fall short of the quorum, the supervisor shall still perform the supervisor's duty in line with the laws, administrative regulations and these Articles of Association until the new supervisor takes office.</u>
<u>Newly added</u>	<u>Article 7.5 The supervisor shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign a written confirmation of the periodic report.</u>
<u>Newly added</u>	<u>Article 7.6 Supervisors may attend the Board Meeting as non-voting delegates and address inquiries or suggestions on the resolutions of the Board Meeting.</u>
<u>Newly added</u>	<u>Article 7.7 Supervisors shall not utilize the associated relationship to damage the profits of the Company and shall bear the liability for compensation if losses are caused to the Company by them.</u>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<u>Article 7.8 Supervisors shall bear the liability for compensation if losses are caused to the Company due to violation of laws, administrative regulations, department rules or the Articles of Association during implementation of duties of the Company.</u>
<u>Newly added</u>	<u>Section II Supervisory Committee</u>
<p style="text-align: center;"><u>Article 13.1</u> The Company shall have a supervisory committee.</p> <p><u>Article 13.2</u> .....</p> <p>If an appointment is not made in time upon the expiry of the tenure of a supervisor, or if the number of members of the supervisory committee falls below the minimum prescribed by law due to the resignation of a supervisor during his tenure, the incumbent supervisors shall continue to perform the duties of a supervisor in accordance with the laws, administrative regulations and these Articles of Association before a new supervisor is elected.</p>	<p style="text-align: center;"><u>Article 7.9</u> The Company shall have a supervisory committee. The supervisory committee shall consist of three (3) members. The exact number of supervisors shall be determined by the shareholders' general meeting and one (1) member shall be the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable to or does not perform his duty, a supervisor nominated by one-half or more of the supervisors shall convene and chair the supervisors' meeting. The removal of the chairman of the supervisory committee shall be passed by two-thirds or more of the members of the supervisory committee. The tenure of a supervisor is three (3) years, which is renewable upon re-election. If an appointment is not made in time upon the expiry of the tenure of a supervisor, or if the number of members of the supervisory committee falls below the minimum prescribed by law due to the resignation of a supervisor during his tenure, the incumbent supervisors shall continue to perform the duties of a supervisor in accordance with the laws, administrative regulations and these Articles of Association before a new supervisor is elected.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><b><u>Article 13.3</u></b> .....</p> <p>The cumulative voting system shall be adopted for the election of supervisors who are shareholders’ representatives. The requirements in regard to the cumulative voting system adopted for the election of Directors under <b><u>Article 10.3</u></b> shall also be applicable to the election of supervisors who are shareholders’ representatives.</p>	<p><b><u>Article 7.10</u></b>.....</p> <p>The cumulative voting system shall be adopted for the election of supervisors who are shareholders’ representatives. The requirements in regard to the cumulative voting system adopted for the election of Directors under <b><u>Article 5.5</u></b> shall also be applicable to the election of supervisors who are shareholders’ representatives.</p>
<p><b><u>Article 13.4</u></b> <b>The new supervisors shall, within one (1) month after his appointment passed by the shareholders’ general meeting or the meeting of employee representatives, sign a “Declaration and Undertaking of Supervisor” which shall be filed with the Company’s supervisory committee and the stock exchange on which the Company’s shares are listed for record.</b></p>	<p><b><u>Deleted</u></b></p>
<p><b><u>Article 13.5</u></b> Directors, presidents and other senior officers of the Company shall not act concurrently as supervisors.</p>	<p><b><u>Article 7.11</u></b> Directors, presidents and other senior officers of the Company shall not act concurrently as supervisors.</p>
<p><b><u>Article 13.6</u></b> <b>Meetings of supervisory committee shall be held at least twice a year and shall be convened by the chairman of the supervisory committee.</b></p>	<p><b><u>Deleted</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 13.7</u> The supervisory committee shall be accountable to the shareholders’ general meeting and shall exercise the following functions and powers in accordance with law:</p> <p>(1) to inspect the Company’s financial position;</p> <p>(2) to <b>supervise</b> the Directors, presidents and senior officers to ensure that they have <b>not contravened any law, administrative regulation and these Articles of Association</b> while performing their duties;</p> <p>(3) to demand any Director, president or other senior officer who acts in a manner which is harmful to the Company’s interest to rectify such behaviour;</p> <p>(4) to <b>represent the Company in negotiation with, or in bringing action, against a Director;</b></p> <p>(5) to <b>check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders’ general meeting, and to appoint a certified public accountant or a licensed auditor in the name of the Company to help review them, if doubts are found;</b></p> <p>(6) to propose an extraordinary general meeting of shareholders;</p> <p>(7) Other powers and responsibilities as provided in the articles of association. Supervisors are entitled to attend the meetings of the Board.</p>	<p><u>Article 7.12</u> The supervisory committee shall be accountable to the shareholders’ general meeting and shall exercise the following functions and powers in accordance with law:</p> <p><b>(1) To audit the periodical reports of the Company made by the Board and present written auditing opinions;</b></p> <p>(2) to inspect the Company’s financial position;</p> <p><b>(3) to supervise</b> Directors, president and other senior management personnel of the Company during their performance of Company duties <b>and put forward a proposal to dismiss the directors and senior management personnel who violate laws, administrative regulations, these Articles of Association or the resolutions of the shareholders’ general meeting;</b></p> <p>(4) to demand any Director, president or other senior officer who acts in a manner which is harmful to the Company’s interest to rectify such behaviour;</p> <p><b>(5) To institute legal proceedings against directors and senior management personnel according to Article 151 of the Company Law;</b></p> <p><b>(6) To carry out investigation if abnormal situation is found in operation of the Company; if necessary, to engage professional institutions such as Accounting Firm and law firm to assist in its work with the expenses borne by the Company;</b></p> <p>(7) to propose an extraordinary general meeting of shareholders and <b>convene and preside over the shareholders’ general meeting if the Board fails to implement such duties specified in the Company Law;</b></p> <p>(8) Other powers and responsibilities as provided in the articles of association. Supervisors are entitled to attend the meetings of the Board.</p>
<p><u>Article 13.8</u> Resolutions of the supervisory committee shall be adopted by a vote of <b>two-thirds or more of the members of the supervisory committee.</b></p>	<p><u>Article 7.13</u> The supervisory committee shall hold a meeting at least every six months. The supervisors may put forward a proposal to hold an extraordinary meeting.</p> <p><b>Resolutions of the supervisory committee shall be approved by more than half of the supervisors.</b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Article 13.9 Reasonable expenses incurred by the supervisory committee for hiring lawyers, certified public accountants, licensed auditors and other professionals in the exercise of its powers shall be borne by the Company.</u>	<u>Deleted</u>
<u>Article 13.10 The supervisor shall faithfully perform their supervisory duties in accordance with the laws, administrative regulations and the provisions of these Articles.</u>	<u>Deleted</u>
<u>Article 13.11 The supervisor shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign a written confirmation of the periodic report.</u>	<u>Deleted</u>
<u>Newly added</u>	<u>Article 7.14 The supervisory committee shall formulate rules of procedure and define the discussion methods and voting procedures to ensure the working efficiency and scientific decision-making of the supervisory committee.</u>
<u>Newly added</u>	<u>Article 7.15 The supervisory committee shall prepare meeting minutes of resolutions made for issues discussed at the meeting and supervisors present at the meeting shall sign their names on the meeting minutes.</u> <u>Supervisors shall have the right to make an explanatory record for the speech addressed at the meeting in the minutes. The minutes of Supervisors' Meeting shall be preserved as file of the Company for 10 years.</u>
<u>Newly added</u>	<u>Article 7.16 The notice of Supervisors' meeting shall contain the following content:</u> <u>(1) Date, location and duration of the meeting;</u> <u>(2) Reasons and issues; and</u> <u>(3) The date on which the notice is served.</u>
<u>Chapter 14 The Qualifications and Duties of Directors, Supervisors, Presidents and Other Senior Officers of the Company Article 14.1 to Article 14.18</u>	<u>Deleted</u>
<u>Chapter 15 Party Organization Article 15.1</u>	<u>Chapter 8 Party Organization Article 8.1</u>
<u>Chapter 16 Financial and Accounting Systems and Profit Distribution</u>	<u>Chapter 9 Financial Accounting System, Distribution of Profits and Audit</u>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<u>Newly added</u>	<b><u>Section I Financial Accounting System and Distribution of Profits</u></b>
<p><b><u>Article 16.1</u></b> The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the finance department of the State Council.</p>	<p><b><u>Article 9.1</u></b> The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the finance department of the State Council.</p>
<p><b><u>Article 16.2</u></b> The Company shall publish four financial reports in every accounting year, that is, an interim financial report shall be published within two months after the end of the first six months of every accounting year; an annual financial report shall be published within four months after the end of the accounting year; and quarterly financial accounting reports shall be submitted to the branch organs of China Securities Regulatory Commission and the stock exchange within one month from the end of the first three months and first nine months of every accounting year.</p> <p>The above financial reports shall be prepared in accordance with the China Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.</p>	<p><b><u>Article 9.2</u></b> The Company <b><u>shall submit and disclose its annual financial reports to China Securities Regulatory Commission and the stock changes where the Shares are listed within three months from the ending date of</u></b> each fiscal year <b><u>and submit and disclose its interim reports to the delegated authority of China Securities Regulatory Commission and the stock changes where the Shares are listed within two months from the ending date of the first half of each fiscal year.</u></b></p> <p>The aforesaid financial reports shall be prepared in accordance with <b><u>the relevant laws, administrative regulations and the regulations of China Securities Regulatory Commission and the stock changes where the Shares are listed.</u></b></p>
<p><b><u>Article 16.3</u></b> The Company uses the Gregorian calendar year as the accounting year, that is, an accounting year starts on 1 January every year and ends on 31 December every year on the Gregorian calendar. The Company uses RMB as currency unit for accounting.</p>	<p><b><u>Article 9.3</u></b> The Company uses the Gregorian calendar year as the accounting year, that is, an accounting year starts on 1 January every year and ends on 31 December every year on the Gregorian calendar. The Company uses RMB as currency unit for accounting.</p>
<p><b><u>Article 16.4</u></b> <b><u>The Board shall place before the shareholders at every shareholders' annual general meeting such financial reports as are required by the relevant laws, administrative regulations and directives promulgated by the local governments and competent departments to be prepared by the Company.</u></b></p>	<b><u>Deleted</u></b>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 16.5</u> .....</p> <p><u>The Company shall send to each holder of overseas-listed foreign shares (including but not limited to holders of H Shares) a copy of the financial report, together with the balance sheet (including all accompanying documents that are required according to the laws and administrative regulations of the PRC) and profit and loss statement or income and expenditure statement (including the aforesaid report) by prepaid post, or by electronic communication (including but not limited to publication of an announcement on the Company’s website and the website of the Hong Kong Stock Exchange). The financial report shall be served or sent to each shareholder not later than twenty one (21) days before the shareholders’ annual general meeting at their respective addresses registered in the register of shareholders.</u></p>	<p><u>Article 9.4</u> .....</p> <p><u>The Company shall notify and publish a copy of the financial report, together with the balance sheet (including all accompanying documents that are required according to the laws and administrative regulations of the PRC) and profit and loss statement or income and expenditure statement (including the aforesaid report) in accordance with the relevant provisions of these Articles of Association not later than twenty-one (21) days prior to the date of the shareholders’ annual general meeting.</u></p>
<p><u>Article 16.6</u> <u>The financial statements of the Company shall be prepared in accordance with the China Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 16.7</u> <u>Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the China Accounting Standards for Business Enterprises and the relevant guidelines and standards issued by the regulatory authorities.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 16.8</u> <u>The Company shall not keep accounts other than those required by law.</u></p>	<p><u>Article 9.5</u> <u>The Company shall not keep accounts other than those required by law. <b>Assets of the Company shall not be deposited in an account maintained in any individual’s name.</b></u></p>
<p><u>Article 16.9</u> <u>After completion of the Company’s interim financial report and annual financial report, formalities shall be proceeded with and announcement shall be made in accordance with the relevant securities laws and regulations of the PRC and the requirements of the stock exchange on which the Company’s shares are listed.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 16.10 The Company's after-tax profits shall be distributed in accordance with the following order:</u></p> <p><u>(1) making up for losses;</u></p> <p><u>(2) allocation to the statutory common reserve fund;</u></p> <p><u>(3) allocation to the discretionary common reserve fund;</u></p> <p><u>(4) payment of dividends in respect of Ordinary Shares.</u></p> <p><u>The actual distribution proportion of items (3) and (4) of this Article in a particular year shall be determined by the Board based on the operation and the development needs, and shall be approved by the shareholders' general meeting.</u></p> <p><u>Article 16.11 No dividends shall be distributed before the Company has made up for its losses and made allocations to the statutory common reserve fund.</u></p> <p><u>Article 16.12 10% of the after-tax profits shall be allocated to the statutory common reserve fund. No further allocation to the statutory common reserve fund is required where the cumulative amount of such fund reaches 50% of the registered capital of the Company.</u></p> <p><u>Article 16.13 Upon the approval of the shareholders in general meeting, the Company may make allocation to the discretionary common reserve fund out of the profits of the Company after allocation has been made to the statutory common reserve fund.</u></p>	<p><u>Article 9.6 The Company shall allocate 10% of its after-tax profit for the Company's statutory common reserve fund. When the aggregate balance in the statutory common reserve fund has reached 50% or more of the Company's registered capital, the Company need not make any further allocations to that fund.</u></p> <p><u>In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions.</u></p> <p><u>After the Company has made appropriation to the statutory reserve fund from the after-tax profits, optional reserve fund may also be extracted from the after-tax profits upon the resolution at the shareholders' general meeting.</u></p> <p><u>As for the remaining after-tax profits after the Company has covered loss and has extracted statutory reserve fund, shareholders shall be allocated pursuant to the ratio of the shareholding of the shareholders, except for those allocations not pursuant to the ratio of the shareholding as provided by these Articles of Association.</u></p> <p><u>In the event that the general meeting is in violation of the foregoing provisions and distributes profits to shareholders before the Company has covered the loss and has extracted for statutory reserve fund, the shareholders shall return such distributed profits in violation of rules to the Company.</u></p> <p><u>The shares of the Company owned by the Company shall not participate in the distribution of profits.</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 16.14 Capital common reserve fund includes the following items:</u></p> <p><u>(1) premium above the par value for shares issued at a premium price;</u></p> <p><u>(2) any other income designated for the capital common reserve fund by the regulations of the finance department of the State Council.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 16.15 The common reserve fund of the Company shall be applied for the following purposes:</u></p> <p><u>(1) to make up for losses;</u></p> <p><u>(2) to expand the Company’s production and operation;</u></p> <p><u>(3) to be converted into share capital.</u></p> <p>The Company may convert its common reserve fund into share capital with the approval of shareholders in a shareholders’ general meeting, and the Company shall either distribute new shares in proportion to the existing number of shares held by the shareholders, or to increase the par value of each share. However, when the statutory common reserve fund is converted to share capital, the balance of the statutory common reserve fund shall not fall below 25% of the registered capital of the Company.</p>	<p><u>Article 9.7 The reserve of the Company shall be applied for making up for losses of the Company, expansion of the production and operation of the Company or capitalization, except that capital reserve shall not be applied for making up losses of the Company.</u></p> <p>The Company may convert its common reserve fund into share capital with the approval of shareholders in a shareholders’ general meeting, and the Company shall either distribute new shares in proportion to the existing number of shares held by the shareholders, or to increase the par value of each share. However, when the statutory common reserve fund is converted to share capital, the balance of the statutory common reserve fund shall not fall below 25% of the registered capital of the Company.</p>
<p><u>Article 16.16 Subject to the restrictions stipulated by Articles 16.11, 16.12 and 16.13 herein, specified proposal for the final dividends shall be distributed in proportion to the shareholding of the shareholders shall be implemented within 2 months after the end of the shareholders’ general meeting.</u></p>	<p><u>Article 9.8 After a resolution on the profit distribution plan is made at the general meeting, the Board of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting. If the specific plan cannot be implemented within two months according to the provisions of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed, the implementation date of the specific plan can be adjusted according to such provisions and the actual situation.</u></p>



**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<p><u>Article 9.9 Dividends shall be distributed on the basis of the after-tax distributable profit, which shall be the smaller one of the following two data:</u></p> <p style="padding-left: 40px;"><u>(1) the aggregate amount of after-tax distributable profit in the financial report audited by an Accounting Firm in accordance with the PRC accounting standards; or</u></p> <p style="padding-left: 40px;"><u>(2) the aggregate amount of after-tax distributable profit in the financial report based on the audited financial report prepared in accordance with the PRC accounting standards and adjusted in accordance with international accounting standards.</u></p>
<u>Article 16.17 to Article 16.21</u>	<u>Article 9.10 to Article 9.14</u>
<u>Chapter 17</u> Appointment of Accounting Firm	<u>Section II</u> Appointment of an Accounting Firm
<u>Article 17.1 The Company shall appoint an independent Accounting Firm which is qualified under the relevant regulations of the State to audit the Company's annual report and review the other financial reports of the Company.</u>	<u>Article 9.15 In addition to the engagement of a domestic Accounting Firm which is qualified for securities business for auditing financial statements, verification of net assets and other related consulting services, the Company may also, according to its needs, engage a foreign Accounting Firm which meets relevant requirements of the PRC to conduct audit and review of its financial reports.</u>
<u>Article 17.2</u> The Accounting Firm appointed by the Company shall hold office from the conclusion of the shareholders' annual general meeting at which it is appointed until the conclusion of the next shareholders' annual general meeting.	<u>Article 9.16</u> The Accounting Firm appointed by the Company shall hold office from the conclusion of the shareholders' annual general meeting at which it is appointed until the conclusion of the next shareholders' annual general meeting.

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 17.3 The Accounting Firm appointed by the Company shall enjoy the following rights:</u></p> <p><u>(1) the right to inspect the books, records and vouchers of the Company at any time, and the right to require the Directors, presidents or other senior officers of the Company to supply relevant information and explanations;</u></p> <p><u>(2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of the duties of the Accounting Firm;</u></p> <p><u>(3) the right to attend shareholders' general meetings and to receive all notices and other information relating to the meetings which any shareholder is entitled to receive, and the right to express its views in any shareholders' general meeting in relation to matters concerning its role as the Accounting Firm of the Company.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 17.4 If there is a vacancy in the position of Accounting Firm, the Board may appoint another Accounting Firm to fill such vacancy before the convening of the shareholders' general meeting. Any other Accountancy Firm which has been appointed by the Company may continue to act during the period in which a vacancy arises.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 17.5 The shareholders in a shareholders' general meeting may by ordinary resolution remove the Accounting Firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Accounting Firm. The Accounting Firm's right (if any) to claim for damages which arise from its removal shall not be affected thereby.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 17.6</u> The remuneration of an Accountancy Firm or the manner according to which the Accounting Firm’s remuneration is to be decided shall be determined by the shareholders in a shareholders’ general meeting by ordinary resolution. <b><u>The remuneration of an Accounting Firm appointed by the Board shall be determined by the Board.</u></b></p>	<p><u>Article 9.17</u> The remuneration of an Accountancy Firm or the manner according to which the Accounting Firm’s remuneration is to be decided shall be determined by the shareholders in a shareholders’ general meeting by ordinary resolution.</p>
<p><u>Newly added</u></p>	<p><b><u>Article 9.18</u></b> The Company’s appointment, removal or non-reappointment of an Accounting Firm shall be resolved by the shareholders in a shareholders’ general meeting by ordinary resolution, The Board shall not appoint Accounting Firms prior to the decision of shareholders’ general meeting.</p>
<p><u>Newly added</u></p>	<p><b><u>Article 9.19</u></b> The Company guarantees that the accounting documents, account books, financial and accounting reports and other accounting materials provided to the Accounting Firm are true and complete. The Company shall not refuse to provide or conceal information and shall not provide false information.</p>
<p><b><u>Article 17.7</u></b> The Company’s appointment, removal or non-reappointment of an Accounting Firm shall be resolved by the shareholders in a shareholders’ general meeting by ordinary resolution, and shall be filed with the securities governing authorities of the State Council.</p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 17.8 Where a resolution is proposed to be passed at a shareholders' general meeting concerning the appointment of an Accounting Firm which is not an incumbent Accounting Firm to fill a casual vacancy in the office of Accounting Firm, the reappointment of a retiring Accounting Firm which was appointed by the Board for the purpose of filling a casual vacancy or the removal of an Accounting Firm before the expiration of its term of office, the following provisions shall apply:</u></p> <p><u>(1) A copy of the proposal about the appointment or removal shall be sent (before the notice of the shareholders' general meeting is given to the shareholders) to the Accounting Firm proposed to be appointed or proposing to leave its position or the Accounting Firm which has left its position in the relevant fiscal year. Leaving includes leaving by removal, resignation and retirement.</u></p> <p><u>(2) If the Accounting Firm leaving its position makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the Company has received such representations too late) take the following measures:</u></p> <p><u>(a) in any notice given to the shareholders in relation to the adoption of the resolution, to state the fact that such representations have been made by the Accounting Firm leaving its position;</u></p> <p><u>(b) attach a copy of such representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.</u></p> <p><u>(3) If the Company fails to send out the Accounting Firm's representations in the manner set out in sub-paragraph (2) above, such Accounting Firm may (in addition to his right to be heard) require such representations be read at the shareholders' general meeting.</u></p>	<p><u>Deleted</u></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>(4) An Accounting Firm which is leaving its position shall be entitled to attend the following shareholders' general meetings:</u></p> <p><u>(a) the general meeting at which its term of office would otherwise have expired;</u></p> <p><u>(b) the general meeting at which it is proposed to fill the vacancy caused by its removal;</u></p> <p><u>(c) the general meeting which is convened on its resignation.</u></p> <p><u>Accounting Firm which is leaving its position shall be entitled to receive all notices of the aforementioned shareholders' general meetings and other communications related to any such meeting, and shall have the right to speak at any such meeting which it attends on any matter which concerns it as the former Accounting Firm of the Company.</u></p>	
<p><u>Article 17.9</u> Prior notice should be given to the Accounting Firm if the Company decides to remove such Accounting Firm or not to renew its appointment thereof. Such Accounting Firm shall be entitled to make representations at the shareholders' general meeting. Where the Accountancy Firm resigns from its position, it shall make it clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.</p>	<p><u>Article 9.20 Thirty (30) days' prior</u> notice should be given to the Accounting Firm if the Company decides to remove such Accounting Firm or not to renew its appointment thereof. Such Accounting Firm shall be entitled to make representations at the shareholders' general meeting. Where the Accountancy Firm resigns from its position, it shall make it clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 17.10 An Accountancy Firm may resign from its position by depositing at the Company's office a resignation notice which shall become effective on the date on which it is deposited or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:</u></p> <p><u>(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or</u></p> <p><u>(2) a statement of any circumstances which it considers to be necessary.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 17.11 The Company shall submit a copy of the written notice as referred to in Article 17.10(2) herein to the governing authorities within fourteen (14) days upon the receipt of such notice. In the event that the representations referred to in Article 17.10(2) herein is set forth in the notice, a copy of such statement shall be kept at the Company's office and made available for shareholders' inspection, and the Company shall deliver a copy of the aforementioned statement to every holder of overseas-listed foreign shares by prepaid post at their respective addresses which appeared in the register of shareholders or by means of electronic communication (including but not limited to publication of an announcement on the Company's websites and the website of the Hong Kong Stock Exchange).</u></p>	<p><u>Deleted</u></p>
<p><u>Article 17.12 Where the Accounting Firm's notice of resignation contains a representation referred to in Article 17.10(2) herein, it may require the Board to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation about the relevant circumstances connected with its resignation.</u></p>	<p><u>Deleted</u></p>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
Chapter 18 Insurance <u>Article 18.1 to Article 18.2</u>	<u>Deleted</u>
Chapter 19 Labour Management <u>Article 19.1 to Article 19.4</u>	<u>Deleted</u>
Chapter 20 Labour Unions <u>Article 20.1</u>	<u>Deleted</u>
<u>Chapter 21 Merger and Division of the Company</u>	<u>Chapter 10 Merger, Division, Reduction of capital, Dissolution and Liquidation</u>
<u>Newly added</u>	<u>Section I Merger, Division, Increase and Reduction of Capital</u>
<p><u>Article 21.1 Any resolution on merger or division of the Company shall be proposed by the Board, and the relevant examination and approval procedures shall be completed in accordance with law after being approved pursuant to the procedures stipulated in these Articles of Association. Any shareholder opposing the proposal on merger or division of the Company shall have the right to request the Company or those shareholders who consent to such proposal to purchase shares from them at a fair price. The contents of the resolution of merger or division of the Company shall constitute a special document which shall be made available for shareholders' inspection.</u></p> <p><u>For holders of H Shares, the aforesaid document shall also be delivered by post or by means of electronic communication (including but not limited to publication of an announcement on the Company's websites and the website of the Hong Kong Stock Exchange).</u></p>	<u>Deleted</u>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 21.2</b> The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. In the case of a merger, all parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the resolution for the merger is passed and publish an announcement <b><u>in newspaper(s) for at least three (3) times</u></b> within thirty (30) days from the date when the resolution for the merger is passed. After the merger, the rights of the parties to the merger and their indebtedness shall be assumed by the company which survives the merger or the newly established company.</p>	<p><b>Article 10.1</b> The merger of the Company may take the form of either merger by absorption <b><u>or merger by the establishment of a new company.</u></b>  <b><u>Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to establishing a new company by merging two or more companies, whereby the merging parties shall be dissolved.</u></b></p> <p><b>Article 10.2</b> In the case of a merger, all parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the resolution for the merger is passed and publish an announcement in the <b><u>eligible media and on the website of the Hong Kong Stock Exchange (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>) within thirty (30) days. A creditor may, within thirty (30) days from the date of receipt of the written notice or, if the creditor did not receive a written notice, within forty-five (45) days from the date of the announcement, require the Company to pay the debt in full or to provide commensurate security.</u></b></p> <p><b>Article 10.3</b> <b><u>During</u></b> the merger, the rights of the parties to the merger and their indebtedness shall be assumed by the company which survives the merger or the newly established company</p>
<p><b>Article 21.3</b> Where there is a division of the Company, its assets <b><u>shall be</u></b> divided accordingly. In the case of a division, <b><u>all parties to the division shall execute a separation agreement and</u></b> prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the resolution for the division is passed and publish an announcement in a newspaper for at least three (3) times within thirty (30) days from the date when the resolution for the division is passed. Debts of the Company prior to division shall be assumed by the companies which exist after the division <b><u>according to the agreement concluded.</u></b></p>	<p><b>Article 10.4</b> Where there is a division of the Company, its assets divided accordingly. In the case of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date when the resolution for the division is passed and publish an announcement in the <b><u>eligible media and on the website of the Hong Kong Stock Exchange (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>)</u></b> within thirty (30) days.</p>



## LETTER FROM THE BOARD

Existing Articles	Revised Articles
	<p><b><u>Article 10.5</u></b> The surviving companies shall be <b><u>jointly liable</u></b> for the pre-division debts of the Company, <b><u>unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.</u></b></p>
<b><u>Newly added</u></b>	<p><b><u>Article 10.6</u></b> The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.</p> <p><b><u>The Company shall notify its creditors within ten (10) days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement in the eligible media and on the website of the Hong Kong Stock Exchange (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>) within thirty (30) days. Creditors shall, within thirty (30) days of receiving written notice, or within forty-five (45) days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.</u></b></p> <p><b><u>The reduced registered capital of the Company will not be less than the statutory minimum.</u></b></p>
<p><b><u>Article 21.4</u></b> The Company shall, in accordance with law, apply for change in its registration with the companies registration authority when there is a change in any item in its registration as a result of the merger or separation of the Company. Where the Company is dissolved, the Company shall apply for its de-registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.</p>	<p><b><u>Article 10.7</u></b> The Company shall, in accordance with law, apply for change in its registration with the companies registration authority when there is a change in any item in its registration as a result of the merger or separation of the Company. Where the Company is dissolved, the Company shall apply for its de-registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. <b><u>For increase or reduction of the registered capital of the Company, the Company shall handle the change registration with the company registration authority.</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<b><u>Chapter 22 Dissolution and Liquidation of the Company</u></b>	<b><u>Section II Dissolution and Liquidation</u></b>
<p><b><u>Article 22.1</u></b> The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:</p> <p>(1) a special resolution for dissolution is passed by shareholders at a shareholders' general meeting;</p> <p>(2) dissolution is necessary due to a merger or division of the Company;</p> <p><b><u>(3) the Company is declared to be insolvent according to law due to its failure to repay debts as they become due;</u></b></p> <p><b><u>(4) the Company is ordered to close down because of its violation of laws and administrative regulations.</u></b></p>	<p><b><u>Article 10.8</u></b> The Company shall be dissolved and liquidated in accordance with the laws upon the occurrence of any of the following events: <b><u>(1) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in these articles of association;</u></b></p> <p>(2) a special resolution for dissolution is passed by shareholders at a shareholders' general meeting;</p> <p>(3) dissolution is necessary due to a merger or division of the Company;</p> <p><b><u>(4) the Company is revoked of business license, ordered to close or canceled according to law;</u></b></p> <p><b><u>(5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights may petition a people's court to dissolve the Company.</u></b></p>
<b><u>Newly added</u></b>	<p><b><u>Article 10.9</u></b> Upon the occurrence of the situation described in sub-paragraph (1) of the <b><u>Article 10.8</u></b> of these Articles of Associate, the Company may continue to exist by amending these Articles of Association.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<p><u>Article 22.2 A liquidation committee shall be set up within fifteen (15) days of the Company’s dissolution pursuant to Article 22.1(1) herein, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders in a shareholders’ general meeting.</u></p> <p><u>Where the Company is dissolved under Article 22.1(3) herein, the People’s Court shall, in accordance with the requirements of the relevant laws, organize the shareholders, relevant authorities and relevant professional personnel to establish a liquidation committee to carry out the liquidation.</u></p> <p><u>Where the Company is dissolved under Article 22.1(4) herein, the relevant governing authorities shall organize the shareholders, relevant authorities and professional personnel to establish a liquidation committee to carry out the liquidation.</u></p>	<p><u>Article 10.10 In the case of dissolution of the Company under sub-paragraphs (I), (II), (IV) and (V) of Article 10.8, a liquidation committee shall be formed within fifteen (15) days after the occurrence of the event of dissolution to deal with matters of the liquidation. The members of the liquidation committee shall be determined by the Board or by an ordinary resolution of shareholders in a shareholders’ general meeting. If a liquidation committee is not established in time, the creditors may apply to the People’s Court to establish a liquidation committee by their appointment to proceed with the liquidation.</u></p>
<p><u>Article 22.3 Where the Board proposes to liquidate the Company for any reason other than the Company’s declaration of its own insolvency, the Board shall include a statement in the notice of the shareholders’ general meeting convened for this particular purpose to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to repay its debts in full within twelve (12) months from the commencement of the liquidation.</u></p> <p><u>Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, the functions and powers of the Board shall immediately cease.</u></p> <p><u>The liquidation committee shall act in accordance with the instructions of the shareholders’ general meeting to make a report at least once every year to the shareholders’ general meeting on its income and expenses, the business of the Company and the progress of the liquidation, and to present a final report to the shareholders’ general meeting on completion of the liquidation.</u></p>	<p><u>Deleted</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 22.4</b> The liquidation committee shall, within ten (10) days of its establishment, inform the creditors and shall, within sixty (60) days of its establishment, publish an announcement <b><u>in newspaper(s) for at least three (3) times</u></b>. The liquidation committee shall register the creditors' rights.</p>	<p><b>Article 10.11</b> The liquidation committee shall notify the creditors within ten days after its establishment, and publish an announcement in the <b><u>eligible media and on the website of the Hong Kong Stock Exchange (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>)</u></b> within sixty (60) days. <b><u>Creditors shall, within thirty (30) days from the date of receiving the notice; or for creditors who do not receive the notice, within forty-five (45) days from the date of the public announcement, inform the liquidation committee of their creditors' rights.</u></b></p> <p><b><u>The creditors shall provide a description and supporting evidence of the matters relating to their rights.</u></b></p> <p><b><u>The liquidation committee shall register the creditors' rights. The liquidation committee shall not make any debt settlement during the period for registration of creditors.</u></b></p>
<p><b>Article 22.5</b> During the liquidation period, the liquidation committee shall exercise the following functions and powers:</p> <p>.....</p> <p>(4) to pay all outstanding taxes;</p> <p>.....</p>	<p><b>Article 10.12</b> During the liquidation period, the liquidation committee shall exercise the following functions and powers:</p> <p>.....</p> <p>(4) to pay all outstanding taxes <b><u>and of taxes incurred during the liquidation process;</u></b></p> <p>.....</p>
<p><b>Article 22.6</b> .....</p> <p>(2) wages owed to the employees of the Company and labour insurance costs;</p> <p>.....</p> <p>During the liquidation period, the Company shall not commence any new operating activity.</p>	<p><b>Article 10.13</b> .....</p> <p>(2) wages owed to the employees of the Company, labour insurance costs, <b><u>and statutory compensations;</u></b></p> <p>.....</p> <p>During the liquidation period, the Company shall <b><u>continue to exist but</u></b> shall not engage in any business activities <b><u>unrelated to the liquidation.</u></b> <b><u>The Company's property will not be distributed to the shareholders until it has been applied to the making of the payments mentioned in the preceding paragraph.</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 22.7</b> If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.</p> <p>.....</p>	<p><b>Article 10.14</b> If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.</p> <p>.....</p>
<p><b>Article 22.8</b> Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income <b>and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant</b> and shall be submitted to the shareholders' general meeting or the relevant governing authorities for confirmation.</p> <p><b>The liquidation committee shall, within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph</b> to the companies registration authority and apply for the de-registration of the Company, and publish an announcement in relation to the termination of the Company.</p>	<p><b>Article 10.15</b> Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be confirmed <b>by</b> the shareholders' general meeting or <b>the People's Court</b> and submit to the companies registration authority and apply for the de-registration of the Company, and publish an announcement in relation to the termination of the Company.</p>
<p><b><u>Newly added</u></b></p>	<p><b>Article 10.16</b> <b><u>Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.</u></b></p> <p><b><u>Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Company.</u></b></p> <p><b><u>A member of the liquidation committee who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.</u></b></p>
<p><b><u>Newly added</u></b></p>	<p><b>Article 10.17</b> <b><u>Where the Company is declared bankrupt in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.</u></b></p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Chapter 23 Procedures for Amendments of these Articles of Association</u>	<u>Chapter 11 Amendments of Articles of Association</u>
<p><u>Article 23.1 The Company may amend these Articles of Association in accordance with the requirements of laws, administrative regulations and these Articles of Association.</u></p>	<p><u>Article 11.1 The Company shall amend the Articles of Association in any of the following circumstances:</u></p> <p style="padding-left: 40px;"><u>(1) after the amendments are made to the Company Law, other relevant laws, administrative regulations or the securities regulatory rules of the place(s) where the Company’s shares are listed, any term contained in the Articles of Association contradicts with the said amendments;</u></p> <p style="padding-left: 40px;"><u>(2) changes in the affairs of the Company are inconsistent with the terms specified in the Articles of Association; and</u></p> <p style="padding-left: 40px;"><u>(3) the general meeting of shareholders has resolved to amend the Articles of Association.</u></p>
<p><u>Article 23.2 The procedures to amend these Articles of Association are as follows:</u></p> <p style="padding-left: 40px;"><u>(1) a Board resolution recommending the shareholders’ general meeting to amend these Articles of Association and proposing the amendments shall be passed by the Board in accordance with these Articles of Association;</u></p> <p style="padding-left: 40px;"><u>(2) the shareholders shall be informed of the proposal of the amendments and a shareholders’ general meeting has to be convened to decide on the same;</u></p> <p style="padding-left: 40px;"><u>(3) the amendments recommended to the shareholders’ general meeting shall be passed by way of special resolution, subject to compliance with the relevant requirements of these Articles of Association.</u></p>	<p><u>Deleted</u></p>
<p><u>Article 23.3 If the amendments of these Articles of Association relate to the contents of the Mandatory Provisions, such amendments shall become effective upon the approval by the examination and approval authorities for companies authorized by the State Council and the State Council Securities Policy Committee.</u> If the amendments relate to any change in the registered particulars of the Company, application <u>shall</u> be made for change in registration in accordance with the law.</p>	<p><u>Article 11.2 Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval.</u> Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.</p>

**LETTER FROM THE BOARD**

Existing Articles	Revised Articles
<u>Newly added</u>	<u>Article 11.3 The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.</u>
<u>Newly added</u>	<u>Article 11.4 Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.</u>
<u>Chapter 24 Dispute Resolutions Article 24.1</u>	<u>Deleted</u>
<u>Chapter 25 Notice</u>	<u>Chapter 13 Notice and Announcement</u>
<u>Newly added</u>	<u>Section I Notice</u>
<u>Newly added</u>	<u>Article 13.1 Notices of the Company shall be served by the following methods: (1) by personal delivery; (2) by post; (3) by announcement; (4) by other methods stipulated in the Articles of Association;</u>
<u>Newly added</u>	<u>Article 13.2 Notices issued by the Company by way of announcement shall be deemed to have been received by all parties concerned once announced.</u>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 25.1 Any notice, written statement or information (including but not limited to annual report, interim report, quarterly report, notice of meeting, listing document, circular to shareholders, proxy form, reply slip and announcement) made by the Company to the holders of H Shares holding registered shares shall be served by hand to the holders of H Shares at their respective registered address, or sent by post to all the holders of H Shares at their respective addresses which appear in the register of shareholders, or delivered by electronic means (including but not limited to publication of an announcement on the Company’s website and the website of the Hong Kong Stock Exchange) in compliance with the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place of listing, or delivered by other means recognized by the securities regulatory authorities at the place where the Company’s shares are listed.</u></p> <p><u>Any notice issued by the Company to the holders of A Shares shall be published on one or more newspapers among Shanghai Securities News, Securities Times and China Securities Journal, and designate these newspapers and the website of Shenzhen Stock Exchange as the channels for publishing announcements and other information required to be disclosed by the Company. All holders of A Shares shall be deemed to have received such notice.</u></p>	<p><u>Article 13.3 The notice of meeting of the Company’s general meeting of shareholders shall be made by public announcement. Unless the context otherwise requires, in relation to announcements made to A-Share shareholders or announcements made within the territory of the PRC as required by the relevant regulations and these Articles of Association, it refers the publication of information on the website of the Shenzhen Stock Exchange and on media that meet the conditions prescribed by the China Securities Regulatory Commission (hereinafter collectively referred to as “eligible media”); for notices to be issued to holders of H Shares or in Hong Kong as required under the relevant provisions or these Articles of Association, the announcement being published on the website of the Company, the website of the Stock Exchange of Hong Kong and such other websites as may be required from time to time under the Hong Kong Listing Rules in accordance with the relevant requirements of the Hong Kong Listing Rules.</u></p> <p><u>Under the premise of the Company’s compliance with the relevant listing rules of the place(s) in which the shares of the Company are listed, regarding the provision and/or distribution by the Company of corporate communications to holders of the H Shares in accordance with requirements of such listing rules, the Company may also electronically or at the Company’s website or the website of the stock exchange(s) of the place(s) in which the shares of the Company are listed post such information so as to transmit or provide the same to such holders of H Shares in lieu of such delivery by hand or postage prepaid mail.</u></p>
<u>Newly added</u>	<p><u>Article 13.4 The notice of convening the Board meeting of the Company shall be delivered by hand, facsimile or in the form of a mail.</u></p>
<u>Newly added</u>	<p><u>Article 13.5 The notice of convening the Supervisory Committee meeting shall be delivered by hand, facsimile or in the form of a mail.</u></p>



## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>Article 25.2 Any notice shall be deemed to have been received after twenty-four (24) hours upon posting if such notice is delivered by post, provided that the name of the recipient and the address is clearly written, postage fee is pre-paid and the notice is put inside an envelope.</u></p> <p><u>Any notice, document, information or written statement sent by e-mail or facsimile at the e-mail addresses or fax number provided by shareholders to the Company shall be deemed to have been received by the shareholders upon successful delivery. Notices, documents, information or written statements issued by the Company by way of announcement shall be deemed to have been received by all parties concerned once announced (see below).</u></p> <p><u>Unless the context of these Articles of Association otherwise requires, “announcement” referred to in these Articles of Association shall mean, in relation to announcements to holders of A Shares or announcements to be published in the PRC as required by the relevant requirements and these Articles of Association, announcements published in the newspapers in the PRC and on the websites as designated by the PRC laws and regulations or the securities regulatory authorities of the State Council; whereas in relation to announcements to holders of H Shares or announcements to be published in Hong Kong as required by the relevant requirements and these Articles of Association, such announcements published in accordance with the requirements of listing rules of the Hong Kong Stock Exchange on the Company’s website, the website of the Hong Kong Stock Exchange or other websites as required from time to time by the listing rules of the Hong Kong Stock Exchange.</u></p>	<p><u>Article 13.6 The Company’s notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company’s notice be delivered by mail, the delivery date shall be five business days after the mail has been handed to the post office. Should the Company’s notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.</u></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><u>If the Company issues notices, documents, information or written statements to the shareholders in electronic form other than by way of email, facsimile and publication of announcement on website, subject to the laws, administrative regulations and the relevant requirements of the securities regulatory authorities in the place of listing, such notices, documents, information or written statements of the Company shall be deemed to be served after the electronic data message containing such notices, documents, information or written statements has been entered into the system specified by the shareholders.</u></p>	
<u>Newly added</u>	<u>Section II Announcement</u>
<u>Newly added</u>	<p><u>Article 13.7 The Company shall publish an announcement and discloses other information required to be disclosed in the eligible media and on the website of the Hong Kong Stock Exchange (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>). If the disclosure of information involves State secrets or commercial secrets, it shall be handled in accordance with the relevant regulations.</u></p>
<p><u>Article 25.3 The shareholders or Directors can serve any notice, document, information and written statement to the Company by hand or by registered post to the Company's registered address.</u></p>	<u>Deleted</u>
<p><u>Article 25.4 In proving that the shareholders or Directors have served the notice, document, information or written statement within the time prescribed in accordance with the requirements stipulated in Article 25.3 herein, either the confirmation by the Company upon the receipt of such notice, document, information or written notice has to be produced if the same are delivered by hand; or clear evidence showing that the postage has been paid and the mailing address is correct if the same are delivered by registered post.</u></p>	<u>Deleted</u>

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**LETTER FROM THE BOARD**

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Existing Articles	Revised Articles
<b><u>Chapter 26 Interpretation and Definition of these Articles of Association</u></b>	<b><u>Chapter 14 Miscellaneous</u></b>
<p><b><u>Article 26.1</u></b> The right to interpret these Articles of Association shall vest with the Board. Matters which are not resolved by these Articles of Association shall be proposed by the Board to the shareholders' general meetings for resolution. Matters not provided in these Articles of Association or inconsistent with the requirements of laws and regulations such as the Company Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules for the General Meetings of Shareholders of Listed Companies shall be subject to the relevant requirements based on the principle of severity.</p>	<p><b><u>Article 14.1</u></b> The right to interpret these Articles of Association shall vest with the Board. Matters which are not resolved by these Articles of Association shall be proposed by the Board to the shareholders' general meetings for resolution. Matters not provided in these Articles of Association or inconsistent with the requirements of laws and regulations such as the Company Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Rules for the General Meetings of Shareholders of Listed Companies shall be subject to the relevant requirements based on the principle of severity.</p>
<p><b><u>Article 26.2</u></b> These Articles of Association are written in both Chinese and English and the Chinese version shall prevail.</p>	<p><b><u>Article 14.2</u></b> These Articles of Association are written in both Chinese and English and the Chinese version of <b><u>the Articles of Association after the latest approval and registration by the Market Supervision and Administration Bureau of Guangdong Province</u></b> shall prevail.</p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b>Article 26.3</b> Unless otherwise required by the context, the following nouns and phrases shall have the following meanings:</p> <p>“these Articles of Association” the articles of association of the Company</p> <p>“Board” the board of Directors</p> <p>“Chairman” the chairman of the Board</p> <p>“Director” any director of the Company</p> <p>“Independent Non-executive Directors” shall have the same meaning as “Independent executive directors” non– defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which have the same meanings as “independent directors” defined in the PRC Company Law</p> <p>“Executive Directors” Directors other than Independent Non-executive Directors</p> <p>“Ordinary Shares” any domestic share or overseas-listed foreign share of the Company</p> <p>“A Shares” the Company’s shares listed on the Shenzhen Stock Exchange, which are subscribed and traded in RMB</p> <p>“H Shares” the Company’s shares listed on the Hong Kong Stock Exchange, which are subscribed and traded in Hong Kong dollar</p>	<p><b>Article 14.3</b> Unless otherwise required by the context, the following nouns and phrases shall have the following meanings:</p> <p>“these Articles of Association” the articles of association of the Company</p> <p><b><u>“controlling shareholder(s)” shareholders holding more than 50% of the ordinary shares of the Company’s total share capital; shareholders holding less than 50% of the Company’s total share capital, but whose voting rights based on their shareholdings are sufficient to exercise significant influence over the resolutions of the shareholders’ general meetings; and controlling shareholders as defined in the listing rules of the stock exchange where the Company’s shares are listed.</u></b></p> <p><b><u>“de facto controller(s)” a person who is not the Company’s shareholder but can have de facto control on the behaviors of the Company through investment, agreement or other arrangements.</u></b></p> <p><b><u>“associated relationship” the relationship between the Company’s controlling shareholders, de facto controllers, directors, supervisors, senior officers, and enterprises directly or indirectly under their control, as well as any other relationship which may cause transfer of the Company’s interests and the associated relationship according to the listing rules of the stock exchange where the Company’s shares are listed. However, the relationship between State-controlled enterprises is not a connected relationship due to the fact that such enterprises are under common control of the State.</u></b></p>

## LETTER FROM THE BOARD

Existing Articles	Revised Articles
<p><b><u>“Company’s office” the Company’s statutory address at No.8 Ronggang Road, Ronggui Street, Shunde District, Foshan City, Guangdong Province, PRC</u></b></p> <p>“RMB” the legal currency of the PRC</p> <p>“Board Secretary” the company secretary and board secretary appointed by the Board</p> <p>“China”, “PRC” or “State” the People’s Republic of China</p> <p>“Hong Kong Stock Exchange” The Stock Exchange of Hong Kong Limited</p> <p>“Company” Hisense Home Appliances Group Co., Ltd.</p> <p>“Accounting Firm” have the same meaning as the “Auditor” defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</p>	<p>“Board” the board of Directors</p> <p>“Chairman” the chairman of the Board</p> <p>“Director” any director of the Company</p> <p>“Independent Non-executive Directors” shall have the same meaning as “Independent non-executive directors” defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which have the same meanings as “independent directors” defined in the PRC Company Law</p> <p>“Executive Directors” Directors other than Independent Non-executive Directors</p> <p>“Ordinary Shares” any domestic share or overseas-listed foreign share of the Company</p> <p>“A Shares” the Company’s shares listed on the Shenzhen Stock Exchange, which are subscribed and traded in RMB</p> <p>“H Shares” the Company’s shares listed on the Hong Kong Stock Exchange, which are subscribed and traded in Hong Kong dollar</p> <p>“RMB” the legal currency of the PRC</p> <p>“Board Secretary” the company secretary and board secretary appointed by the Board</p> <p>“China”, “PRC” or “State” the People’s Republic of China</p> <p>“Hong Kong Stock Exchange” The Stock Exchange of Hong Kong Limited</p> <p>“Company” Hisense Home Appliances Group Co., Ltd.</p> <p>“Accounting Firm” have the same meaning as the “Auditor” defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</p>
<b><u>Newly added</u></b>	<p><b><u>Article 14.4 The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.</u></b></p>
<b><u>Newly added</u></b>	<p><b><u>Article 14.5 The terms “or more”, “within”, “or less” herein shall include the given figure, while “without”, “less than”, “more than” shall not include the given figure.</u></b></p>

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## LETTER FROM THE BOARD

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Existing Articles	Revised Articles
<u>Newly added</u>	<u>Article 14.6 The Board shall be responsible for the interpretation of the Articles of Association.</u>
<u>Newly added</u>	<u>Article 14.7 The attachment hereof shall include the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee.</u>

*Note:*

*Contents which are shown as “.....” above are provisions in the Articles of Association but are intentionally omitted for the purpose of this announcement as they are not subject to the Proposed Amendments to the Articles of Association.*

Save and except for the above-mentioned amendments, the other provisions in the Articles of Association shall remain unchanged.

The amended Articles of Association shall become effective on the date of passing of the relevant resolution at the EGM and the Class Meetings. Prior to the passing of the relevant resolution at the EGM and the Class Meetings, the prevailing Articles of Association of the Company shall remain valid.

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## LETTER FROM THE BOARD

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### VI. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE SHAREHOLDERS' GENERAL MEETING

On 17 February 2023, the CSRC issued the Trial Measures and relevant guidelines, which include the abolition of the Notice on the Implementation of the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《關於執行<到境外上市公司章程必備條款>的通知》). The Trial Measures have been effective since 31 March 2023. From the effective date of the Trial Measures, PRC issuers shall formulate their articles of association with reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》). In light of the above New PRC Regulations, Hong Kong Stock Exchange has made consequential amendments to the Listing Rules which have come into effect since 1 August 2023 to, amongst others, reflect the New PRC Regulations.

In view of the above, the Board proposes to amend the existing rules of procedures for the Shareholders' general meeting. Details of the proposed amendments are as follows:

Existing provision	Amended as
<p>Rule 2 The shareholders' general meeting is the organ of highest authority of the Company and shall exercise its functions and powers in accordance with laws.</p> <p>The shareholders' general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company's operational policies and investment plans;</p> <p>(2) to elect and replace directors and supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of directors and supervisors;</p> <p>.....</p> <p>(10) to decide on the issue of shares, repurchase of the shares of the Company apart from the circumstances set out under Article <b>4.4</b>(3), (5) and (6) of these Articles of Association, the issue of debentures by the Company and other financing instruments by the Company;</p> <p>.....</p>	<p>Rule 2 The Company shall hold shareholders' general meeting strictly in accordance with laws, administrative regulations, these Rules and the relevant provisions of the Articles of Association to ensure that the shareholders can exercise their rights in accordance with law.</p> <p>The Board of the Company shall earnestly perform their duties to organize shareholders' general meetings in a serious and timely manner. All Directors of the Company shall act diligently and responsibly to ensure that the shareholders' general meetings are properly held and their functions and powers are exercised according to law.</p>

**LETTER FROM THE BOARD**

Existing provision	Amended as
<p>(13) to examine and approve the provision of guarantees under Article <b>8.3</b> of the Articles of Association;</p> <p>.....</p> <p>(8) other external investment and asset disposal activities which are required by the laws and regulations to be resolved by shareholders' general meeting, or are considered by the shareholders' general meeting as necessary to be resolved by the same means.</p> <p>.....</p> <p>(22) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations and the Articles of Association.</p> <p>Investments in derivatives that do not meet the criteria as provided in item (19) of this Rule shall be determined by the board of directors. <b><u>Article 10.16 of the Articles of Association shall still be applicable to the disposal of fixed assets.</u></b></p> <p>The authorization from the shareholders' general meeting to the board of directors shall follow the principles below:</p> <p>.....</p> <p><b><u>The Company shall hold shareholders' general meeting strictly in accordance with laws, administrative regulations, these Rules and the relevant provisions of the Articles of Association to ensure that the shareholders can exercise their rights in accordance with law.</u></b></p> <p><b><u>The board of directors of the Company shall earnestly perform their duties to organize shareholders' general meetings in a serious and timely manner. All directors of the Company shall act diligently and responsibly to ensure that the shareholders' general meetings are properly held and their functions and powers are exercised according to law.</u></b></p>	<p>Rule 3 The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:</p> <p>(1) to decide on the Company's operational policies and investment plans;</p> <p>(2) to elect, replace, or <b>remove</b> directors and supervisors who are shareholders' representatives and to decide on matters relating to the remuneration of directors and supervisors;</p> <p>.....</p> <p>(10) to decide on the issue of shares, repurchase of the shares of the Company apart from the circumstances set out under Article <b>3.9</b> (3), (5) and (6) of these Articles of Association, the issue of debentures by the Company and other financing instruments by the Company;</p> <p>.....</p> <p>(13) to examine and approve the provision of guarantees under Article <b>4.13</b> of these Articles of Association;</p> <p>.....</p> <p>(h) other external investment and asset disposal activities assets which are required by the laws, regulations, <b>and the listing rules of the stock changes where the Shares are listed to be resolved</b> by shareholders' general meeting or are considered by the shareholders' general meeting to be resolved by the same.</p> <p>.....</p> <p>(22) other matters to be decided in shareholders' general meeting provided by the laws, administrative regulations, <b>the listing rules of the stock exchanges where the Shares are listed</b>, and these Articles of Association.</p> <p>Investments in derivatives that do not meet the criteria as provided in item (19) of this Article shall be determined by the Board.</p> <p>The authorization from the shareholders' general meeting to the board of directors shall follow the principles below:</p> <p>.....</p>



## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 3 Shareholders' general meetings are categorized as annual general meetings and extraordinary general meetings (hereafter abbreviated as the "shareholders' general meeting(s)"). Annual general meetings are held once every year within six months from the end of the preceding financial year. The conditions for convening extraordinary general meetings shall be subject to the provisions in the Articles of Association.</p> <p>Where a shareholders' general meeting cannot be convened within the prescribed period, the Company shall report to the branch organs of China Securities Regulatory Commission and the stock exchanges on which the Company's shares are listed (hereinafter abbreviated as the "stock exchange(s)") with reasons thereof and make announcement in respect thereof.</p>	<p>Rule 4 Shareholders' general meetings are categorized as annual general meetings and extraordinary general meetings (hereafter abbreviated as the "shareholders' general meeting(s)"). Annual general meetings are held once every year within six months from the end of the preceding financial year. <b><u>The extraordinary general meetings shall be convened from time to time, and the extraordinary general meetings shall be convened within two months under any of the following circumstances:</u></b></p> <p style="padding-left: 2em;">(1) <b><u>When the number of Directors falls below five (5);</u></b></p> <p style="padding-left: 2em;">(2) <b><u>the loss of the Company not made up reaches one-third of the Company's total share capital;</u></b></p> <p style="padding-left: 2em;">(3) <b><u>shareholder(s), individually or jointly, holding 10% or more of the total number of voting shares of the Company (excluding proxy for voting) request in writing to convene the meeting;</u></b></p> <p style="padding-left: 2em;">(4) <b><u>the Board deems it necessary to convene the meeting;</u></b></p> <p style="padding-left: 2em;">(5) <b><u>the supervisory committee proposes to convene the meeting;</u></b></p> <p style="padding-left: 2em;">(6) <b><u>in other circumstances as stipulated in the Articles of Association.</u></b></p> <p><b><u>The number of shares held by shareholders as mentioned in item (3) above shall be calculated as of the date of the written request.</u></b></p> <p>Where a shareholders' general meeting cannot be convened within the prescribed period, the Company shall report to the branch organ of China Securities Regulatory Commission in the locality and the stock exchanges on which the Company's shares are listed (hereinafter abbreviated as the "stock exchange(s)") with reasons thereof and make announcement in respect thereof.</p>

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## LETTER FROM THE BOARD

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Existing provision	Amended as
<p>Rule 4 Shareholders who legally and validly hold the shares of the Company are entitled to attend the shareholders' general meeting in person or by proxy.</p>	<p><b><u>Adjustment to Rule 14</u></b></p>
<p>Rule 5 The Board, independent directors and shareholders holding individually or collectively more than 1% of the voting shares or investor protection agencies established in accordance with laws, administrative regulations or the provisions of China Securities Regulatory Commission may solicit from other shareholders of the Company the rights to vote in a shareholders' general meeting. The solicitation of the rights to vote should be done without consideration, and information should be fully disclosed to the shareholders whose rights to vote are collected.</p>	<p><b><u>Adjustment to Rule 15</u></b></p>
<p>Rule 6 Shareholders (including proxy(ies), similarly hereinafter) attending the shareholders' general meeting shall enjoy the right to know, to speak, to question and to vote, and various other rights.</p>	<p><b><u>Adjustment to Rule 16</u></b></p>
<p>Rule 7 Shareholders attending the shareholders' general meeting shall comply with the provisions of the relevant laws, regulations, Articles of Association and these Rules, take the initiative to safeguard the order of the meeting and shall not infringe the lawful rights and interests of other shareholders.</p>	<p><b><u>Adjustment to Rule 17</u></b></p>

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## LETTER FROM THE BOARD

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Existing provision	Amended as
<p>Rule 8 The board of directors of the Company should engage lawyers to attend shareholders' general meeting to give opinion and make announcement on the following issues:</p> <p>(1) whether the procedures for convening and holding shareholders' general meeting are in compliance with the laws, regulations and the Articles of Association;</p> <p>(2) whether the qualifications of persons attending the shareholders' general meeting and conveners are legal and valid;</p> <p>(3) whether the qualifications of the shareholders proposing an additional motion (if applicable) is in compliance with the relevant regulations;</p> <p>(4) whether the voting procedures and voting results at the shareholders' general meeting are legal and valid;</p> <p>(5) legal opinion should be issued in respect of the relevant circumstances of online voting. If adding, rejecting or amending the motions is involved, legal opinion should be issued in respect of the subject of such motions and the voting procedures;</p> <p>(6) legal opinion issued in accordance with the request of the Company in respect of other matters.</p> <p>The board of directors of the Company can at the same time engage notaries to attend shareholders' general meeting.</p>	<p><b><u>Rule 5 The Company should engage lawyers to attend shareholders' general meeting to give legal opinions and make announcement on the following issues:</u></b></p> <p><b><u>(1) whether the procedures for convening and holding meeting are in compliance with the requirements of the laws, administrative regulations, these Rules and the Articles of Association;</u></b></p> <p><b><u>(2) whether the qualifications of persons attending the shareholders' general meeting and conveners are legal and valid;</u></b></p> <p><b><u>(3) whether the voting procedures and voting results at the meeting are legal and valid;</u></b></p> <p><b><u>(4) legal opinion issued in accordance with the request of the Company in respect of other matters.</u></b></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
Chapter 2 Notice of the meeting	<b><u>Chapter 4 Notice of the meeting</u></b>
<p>Rule 9 When the Company convenes an annual general meeting, it shall notify the shareholders by way of announcement 20 days before the date of the meeting (exclusive of the date of the meeting). When the Company convenes an extraordinary general meeting, it shall notify the shareholders by way of announcement 15 days before the date of the meeting (exclusive of the date of the meeting).</p> <p>The contents of the notice of the shareholders' general meeting should comply with the provisions of the Articles of Association.</p> <p>The Company shall clearly state the voting time and the voting procedures of online voting or other voting method in the notice of the shareholders' general meeting.</p> <p><b><u>The commencement time for online voting or other voting method for the shareholders' general meeting should not be earlier than 3:00 p.m. on the day before the shareholders' general meeting and should not be later than 9:30 a.m. on the day of the shareholders' general meeting and it should not end earlier than 3:00 p.m. on the day of the conclusion of the shareholders' general meeting.</u></b></p> <p>The notice and supplemental notice of the shareholders' general meeting should fully and completely disclose specific contents of all the motions and all information or explanation to enable the shareholders to make reasonable judgment on the matters proposed to be discussed. For matters proposed to be discussed that require the opinions from independent directors, their opinions and reasons thereof should also be disclosed in the notice or supplemental notice of the shareholders' general meeting.</p>	<p>Rule 23 When the Company convenes an annual general meeting, it shall notify the shareholders by way of announcement <b><u>21 days</u></b> before the date of the meeting (exclusive of the date of the meeting). When the Company convenes an extraordinary general meeting, it shall notify the shareholders by way of announcement 15 days before the date of the meeting (exclusive of the date of the meeting). <b><u>Any shareholder who wishes to attend the shareholders' general meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the general meeting.</u></b></p> <p>The contents of the notice of the shareholders' general meeting should comply with the provisions of the Articles of Association.</p> <p>The Company shall clearly state the voting time and the voting procedures of online voting or other voting method in the notice of the shareholders' general meeting.</p> <p>The notice and supplemental notice of the shareholders' general meeting should fully and completely disclose specific contents of all the motions and all information or explanation to enable the shareholders to make reasonable judgment on the matters proposed to be discussed. For matters proposed to be discussed that require the opinions from independent directors, their opinions and reasons thereof should also be disclosed in the notice or supplemental notice of the shareholders' general meeting.</p>
<p>Rule 10 When the election of directors and supervisors is proposed to be discussed at the shareholders' general meeting.....</p>	<b><u>Adjustment to Rule 24</u></b>

## LETTER FROM THE BOARD

Existing provision	Amended as
<u>Newly added</u>	<u>Rule 25 The notice of shareholders' general meeting shall state the time and venue of the meeting, and determine the share registration date. The interval between the share registration date and the date of the shareholders' meeting shall not exceed seven (7) business days. Once the share registration date is confirmed, it shall not be changed.</u>
Rule 11 After the notice of shareholders' general meeting has been issued, the shareholders' general meeting shall not be postponed or cancelled without valid reason.....	<u>Adjustment to Rule 26</u>
Rule 12 The Chairman shall chair the shareholders' general meeting. If the Chairman is unable to attend the meeting for any reason, he may nominate a director of the Company to chair the meeting. .....	<u>Adjustment to Rule 36</u>
Rule 13 to Rule 17	<u>Adjustment to Rule 18 to Rule 22</u>
Chapter 4 Convening of shareholders' general meeting	<u>Chapter 2 Convening of shareholders' general meeting</u>
Rule 18 The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events: .....	<u>Rule 6 The Board shall convene shareholders' general meetings within the period specified in Rule 4 as set out herein.</u>
Rule 19 to Rule 23	<u>Adjustment to Rule 7 to Rule 11</u>

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## LETTER FROM THE BOARD

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Existing provision	Amended as
<p>Rule 24 If the supervisory committee or proposing shareholders decide(s) to convene an extraordinary meeting on its/their own, the board of directors and the board secretary shall coordinate accordingly. The board of directors shall provide the register of shareholders as of the record date for entitlement. If the board of directors fails to provide the register of shareholders, the convener may apply to the securities registration and clearing authority with the announcement in relation to the notice convening the shareholders' general meeting to obtain the same. The register of shareholders obtained by the convener may not be used for purposes other than that of convening the shareholders' general meeting.</p> <p>Any cost incurred for convening the shareholders' general meetings by the supervisory committee and the shareholders on its/their own shall be borne by the listed company.</p>	<p>Rule 12 If the supervisory committee or proposing shareholders decide(s) to convene an extraordinary meeting on its/their own, the board of directors and the board secretary shall coordinate accordingly. The board of directors shall provide the register of shareholders as of the record date for entitlement. If the board of directors fails to provide the register of shareholders, the convener may apply to the securities registration and clearing authority with the announcement in relation to the notice convening the shareholders' general meeting to obtain the same. The register of shareholders obtained by the convener may not be used for purposes other than that of convening the shareholders' general meeting.</p> <p>Rule 13 Any cost incurred for convening the shareholders' general meetings by the supervisory committee and the shareholders on its/their own shall be borne by the listed company.</p>
<p>Rule 25 Shareholders (or their proxies) whose names appear on the register on the record date for entitlement stated in the announcement regarding the notice convening the shareholders' general meeting.....</p>	<p><b><u>Adjustment to Rule 27</u></b></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 26 The Company shall hold a shareholders' general meeting at the Company's office or at such place as specified in the notice of the general meeting.</p> <p>Shareholders' general meeting should be set up at a venue and should be held by way of a physical meeting. Shareholders' general meeting should adopt safe, economic and convenient network and other method to enable shareholders to attend the shareholders' general meeting conveniently in accordance with the law, administrative regulations or regulations stipulated by the China Securities Regulatory Commission or Articles of Association. Shareholders attending the shareholders' general meeting by the abovementioned methods will be regarded as attending the shareholders' general meeting.</p> <p>Shareholders can attend the shareholders' general meeting in person or appoint proxies to attend and vote on their behalf.</p>	<p>Rule 33 The Company shall hold a shareholders' general meeting at the Company's office or at such place as specified in the notice of the general meeting.</p> <p>Shareholders' general meeting should be set up at a venue and should be held by way of a physical meeting. Shareholders' general meeting should adopt safe, economic and convenient network and other method to enable shareholders to attend the shareholders' general meeting conveniently in accordance with the law, administrative regulations or regulations stipulated by the China Securities Regulatory Commission or Articles of Association. Shareholders attending the shareholders' general meeting by the abovementioned methods will be regarded as attending the shareholders' general meeting.</p> <p><b><u>Shareholders may attend the general meeting in person and exercise their voting rights or appoint another person to attend on their behalf and exercise their voting rights within the scope of authorization.</u></b></p>
Rule 27 to Rule 31	<b><u>Adjustment to Rule 28 to Rule 32</u></b>
Chapter 6 Discussion and voting	<b><u>Chapter 7</u></b> Discussion and voting
Rule 27 and Rule 31	<b><u>Adjustment to Rule 39 and Rule 40</u></b>
<p>Rule 34 All the directors, supervisors and the board secretary of the Company shall attend the shareholders' general meeting, and the senior officers shall also be present at the meeting. The Company shall arrange means such as video, telephone or online conference to facilitate the participation of the directors, supervisors and senior officers in the shareholders' general meeting. Except for trade secrets of the Company which cannot be disclosed at the shareholders' general meeting, the directors, supervisors and senior officers should reply or explain in response to the queries and suggestions from shareholders. The accountants responsible for annual audit of the Company shall attend the shareholders' annual general meeting, and give explanation on the Company's annual report and audit-related issues on which investors have concerns and doubts.</p>	<b><u>Adjustment to Rule 38</u></b>

**LETTER FROM THE BOARD**

Existing provision	Amended as
<p>Rule 35 All motions listed on the agenda should be voted separately at the shareholders' general meeting.....</p>	<p><u>Adjustment to Rule 41</u></p>
<p><u>Newly added</u></p>	<p><u>Rule 42 When a shareholder has connected relationship with the matter to be considered at the general meeting, he/she shall abstain from voting and the voting rights represented by the shares held by the shareholder shall not be counted in the total number of shares with voting rights of shareholders present at the general meeting</u></p> <p><u>When material issues affecting the interests of small to medium investors are considered at the shareholders' general meeting, the votes of the small to medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</u></p> <p><u>The Company has no voting right for the shares it holds. The shares held by the Company shall not be counted in the total number of voting shares represented by the shareholders attending the shareholders' general meeting.</u></p> <p><u>If a shareholder buys voting shares of the Company is in violation of the provisions of sections 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.</u></p> <p><u>The soliciting of voting rights can be carried out by 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 set out by China Securities Regulatory Commission. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Payment of consideration or disguised consideration for soliciting shareholders' voting rights is prohibited. Except as a condition required by law, the Company shall not impose any minimum shareholding restrictions for soliciting voting rights.</u></p>



**LETTER FROM THE BOARD**

Existing provision	Amended as
<p>Rule 36 In considering the proposals on the election of directors and supervisors at a shareholders’ general meeting, shareholders shall vote on the candidates for the office of directors or supervisors one by one. Where a motion on election of directors or supervisors is passed, the term of office of a new director or supervisor shall commence immediately after the conclusion of the meeting.</p>	<p>Rule 43 When a vote is made on the election of directors or supervisors at the general meeting, cumulative voting shall be adopted. Each ordinary share shall have the same number of votes as the number of directors or supervisors to be elected, and the use of voting rights owned by shareholders may be centralized when electing directors or supervisors at the general meeting.</p> <p><b><u>In considering the proposals on the election of directors and supervisors at a shareholders’ general meeting, shareholders shall vote on the candidates for the office of directors or supervisors one by one. Where a motion on election of directors or supervisors is passed, the term of office of a new director or supervisor shall commence immediately after the conclusion of the meeting.</u></b></p>
<p style="text-align: center;"><b><u>Newly added</u></b></p>	<p><b><u>Rule 44 Except for the cumulative voting system, a shareholders’ general meeting shall vote on all the proposals on a case-by-case basis. If there are different proposals for the same matter, voting shall take place in accordance with the chronological order of the proposals being put forward. Except where a shareholders’ general meeting is terminated or cannot adopt resolution due to force majeure and other special reasons, the shareholders’ general meeting cannot put proposals on hold or withdraw them from voting.</u></b></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 37 Connected transactions between the Company and its connected persons (excluding the receipt of cash assets and provision of guarantee by the Company) of an amount exceeding RMB30 million and consists of 5% or above of the latest audited net asset absolute value of the Company shall be submitted to the shareholders' general meeting for consideration.</p> <p>The approval power regarding other connected transactions shall be decided by the Board or management. Where a resolution is required to be passed by the Board, the board meeting can be convened with a majority of unconnected directors present at the meeting, and the resolutions proposed by the Board shall be passed only with affirmative votes of a majority of those unconnected directors. In the event that the number of unconnected directors present at the meeting is less than 3, the proposed resolution shall be considered at a shareholders' general meeting.</p> <p>When connected transaction is considered at a shareholders' general meeting, it shall be in compliance with the related laws and regulations of the State, and Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A shareholder who has a connected relationship in the connected transaction (including his/her authorized proxy) may attend the shareholders' general meeting and express his/her views to the attending shareholders according to the meeting procedures, but shall abstain from voting on the connected transaction, and also shall not intervene with the Company' decision in any way. Where any shareholder shall abstain from voting in relation to certain matter or restricted to voting only for or only against any particular resolution in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p>	<p><b><u>Deleted</u></b></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 38 Any matters not specified in the notice of the shareholders' general meeting shall not be voted at the shareholders' general meeting. Any amendment will be considered as a new motion and cannot be voted at such shareholders' general meeting.</p>	<p><b><u>Adjustment to Rule 45</u></b></p>
<p>Rule 39 Open ballot voting method shall be used in shareholders' general meetings. Shareholders shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.</p> <p>When material issues affecting the interests of small to medium investors are considered at the shareholders' general meeting, the votes of the small to medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p><b><u>The Company has no voting right for the shares it holds. The shares held by the Company shall not be counted in the total number of voting shares represented by the shareholders attending the shareholders' general meeting. If a shareholder buys voting shares of the Company in violation of the provisions of sections 63(1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the shareholders' general meeting.</u></b></p> <p>When convening a shareholders' general meeting, in addition to a physical meeting, the Company shall, through various means and channels, use modern information technology and provide an online voting platform as a prioritized means, provide convenience to shareholders attending shareholders' general meeting, provided that the legality and validity of the shareholders' general meeting is assured.</p>	<p>Rule 46 Open ballot voting method shall be used in shareholders' general meetings. Shareholders shall exercise their voting rights according to the number of voting shares that they represent, and each share carries one vote.</p> <p>When material issues affecting the interests of small to medium investors are considered at the shareholders' general meeting, the votes of the small to medium investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>When convening a shareholders' general meeting, in addition to a physical meeting, the Company shall, through various means and channels, use modern information technology and provide an online voting platform as a prioritized means, provide convenience to shareholders attending shareholders' general meeting, provided that the legality and validity of the shareholders' general meeting is assured.</p> <p>Relevant requirements issued by the China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.</p> <p>All shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements. Where repeated voting occurs for the same share, the result of the first valid voting prevails.</p>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Relevant requirements issued by the China Securities Regulatory Commission and the Shenzhen Stock Exchange shall be complied with when implementing online voting for the Company's shareholders' general meeting.</p> <p>All shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting, are entitled to exercise their voting rights through the online voting system for the shareholders' general meeting, provided that the voting right of the same share shall be exercised through only one of the following ways: on-the-spot voting, online voting or other voting methods which are in compliance with the relevant requirements.</p> <p>Where repeated voting occurs for the same share, the result of the first valid voting prevails. Where the shareholders of the Company or their proxies exercise their voting rights through the online voting system for the shareholders' general meeting, they shall participate in the online voting within the effective time as stipulated in the notice of the shareholders' general meeting.</p> <p><b><u>Shareholders of the Company or their proxies shall be entitled to examine their voting results through the online voting system for the shareholders' general meeting.</u></b></p>	<p>Where the shareholders of the Company or their proxies exercise their voting rights through the online voting system for the shareholders' general meeting, they shall participate in the online voting within the effective time as stipulated in the notice of the shareholders' general meeting.</p>
<p><b><u>Newly added</u></b></p>	<p><b><u>Rule 47 Shareholders presenting at the shareholders' general meeting shall give their opinions on each item submitted for voting, being: for, against or abstention, unless securities registration and settlement institutions, as the nominal holders of shares that can be traded through Mainland-Hong Kong Stock Connect, make declarations according to the intention of actual holders.</u></b></p> <p><b><u>Shareholders shall fill in the ballot as required and put the ballot in the ballot box. For ballots that are left blank, incorrectly filled out, illegible or not cast, the shareholder shall be deemed to have waived his voting rights, and the voting result of the number of shares held by that shareholder shall be counted as "abstention".</u></b></p>

**LETTER FROM THE BOARD**

<b>Existing provision</b>	<b>Amended as</b>
<p>Rule 40 Resolutions of shareholders’ general meetings shall be categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be passed by votes representing more than one-half of the voting rights represented by the shareholders present at the meeting. A special resolution shall be passed by votes representing two-thirds or more of the voting rights represented by the shareholders present at the meeting. The scopes of ordinary resolutions and special resolutions shall be subject to the laws, regulations and provisions in the Articles of Association.</p>	<p><b><u>Rule 48</u></b> Resolutions of shareholders’ general meetings shall be categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be passed by votes representing more than one-half of the voting rights represented by the shareholders present at the meeting. A special resolution shall be passed by votes representing two-thirds or more of the voting rights represented by the shareholders present at the meeting.</p> <p><b><u>Rule 49</u></b> The scopes of ordinary resolutions and special resolutions shall be subject to the laws, regulations and provisions in the Articles of Association.</p>
<p>Rule 41 Prior to the voting at the shareholders’ general meeting, 3 vote-counters should be elected by the attending shareholders, of which there should be one supervisor and two shareholder representatives. When the resolutions at the shareholders’ general meeting involve matters regarding connected transactions, the connected shareholders’ should not be a vote-counter. When voting on resolutions at the shareholders’ general meeting, lawyers, shareholders’ representatives and supervisors’ representatives should be jointly responsible for counting and scrutineering the votes.</p>	<p>Rule 50 Prior to the voting at the shareholders’ general meeting, 3 vote-counters should be elected by the attending shareholders, of which there should be one supervisor and two shareholder representatives. When the resolutions at the shareholders’ general meeting involve matters regarding connected transactions, the connected shareholders’ should not be a vote-counter. When voting on resolutions at the shareholders’ general meeting, lawyers, shareholders’ representatives and supervisors’ representatives should be jointly responsible for counting and scrutineering the votes.</p> <p><b><u>Shareholders of the Company or their authorized proxies shall be entitled to examine their voting results through the online voting system of the shareholders’ general meeting.</u></b></p>
Rule 42	<b><u>Adjustment to Rule 47</u></b>
Rule 43	<b><u>Adjustment to Rule 51</u></b>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 44 The vote-counters should sign the summary statement of voting results. The chairman of the meeting shall announce the voting result based on the contents of the summary statement.</p>	<p>Rule 52 The vote-counters should sign the summary statement of voting results. <b><u>The finishing time of the on-site shareholders' general meeting shall not be earlier than that of the meeting through internet or by other means. The presider of the meeting shall announce the voting situation and results with respect to each proposal at the on-site meeting and announce whether or not such proposal is adopted on the basis of the voting results.</u></b></p> <p><b><u>Before the official results are announced, all the relevant parties involved in the voting at the on-site general shareholders' meeting, through internet and by other means such as the Company, vote counter, scrutineer, major shareholders, internet service provider and others have confidential obligations regarding the voting situation.</u></b></p>
Rule 45	<b><u>Adjustment to Rule 53</u></b>
<p>Rule 46 After the voting result is announced, a written resolution of the meeting shall be formulated based on the number of shareholders present at the meeting, the number of shares represented and the proportion to the total number of shares of the Company and voting results on the matters discussed, such resolution shall be read out in the meeting.</p>	<b><u>Deleted</u></b>
<p>Rule 47 Contents of each resolution of the shareholders' general meeting shall comply with laws and the Articles of Association. Directors present at the meetings shall duly perform their duties and ensure that the resolutions are true, accurate and complete and are free from representation that may lead to ambiguity.</p> <p>Where the resolutions of the shareholders' general meeting violate the laws and administrative regulations and infringe the legitimate rights and interests of shareholders, the shareholders are entitled to file a civil lawsuit with the people's court according to the law.</p>	<b><u>Deleted</u></b>

## LETTER FROM THE BOARD

Existing provision	Amended as
<p>Rule 48 Upon conclusion of the meeting agenda, the chairman of the meeting shall require the lawyer retained by the Company to give his legal opinion in respect of the compliance of the shareholders' general meeting. The legal opinion shall be read out at the same meeting.</p>	<p><u>Adjustment to Rule 60</u></p>
<p><u>Newly added</u></p>	<p><u>Rule 54 Resolutions of a shareholders' general meeting shall be promptly announced. The announcement shall specify the number of shareholders and the proxies attending the meeting, the total number of shares with voting rights held by them and its proportion of the Company's total number of shares with voting rights, the voting method, the voting result of each proposal and the detailed contents of various approved resolutions.</u></p> <p><u>The Company shall make statistics and an announcement in respect of the holders of domestic shares and foreign shares attending the meeting and their respective voting result.</u></p>
<p><u>Newly added</u></p>	<p><u>Rule 56 The convener shall ensure that the shareholders' general meeting proceeds continuously until a final resolution is made. If a shareholders' general meeting is terminated or no resolution is made due to force majeure and other special reasons, necessary measures shall be taken as soon as possible to resume convening of the shareholders' general meeting or terminate such meeting directly and make an announcement promptly. At the same time, the convener shall report to the dispatched office of the China Securities Regulatory Commission at the place where the Company is located and the Stock Exchange.</u></p>
<p><u>Newly added</u></p>	<p><u>Rule 57 If a proposal is adopted with respect to the distribution of cash dividend, bonus shares or the conversion of capital reserves into share capital at the shareholders' general meeting, the Company shall implement such specific plans within 2 months after the conclusion of the shareholders' general meeting.</u></p>

**LETTER FROM THE BOARD**

Existing provision	Amended as
<u>Newly added</u>	<p style="text-align: center;"><u>Rule 58 For resolution regarding the repurchase of ordinary shares, the Company shall publish an announcement in relation to such resolution the day after it is approved at shareholders' general meeting.</u></p>
<u>Newly added</u>	<p style="text-align: center;"><u>Rule 59 Resolutions of the Company made at the shareholders' general meeting with contents contravening the laws, the administrative regulations shall be invalid.</u></p> <p style="text-align: center;"><u>The controlling shareholder(s) and actual controller(s) should not restrict or obstruct small and medium investors to exercise their voting rights in accordance with laws and should not infringe the legal rights of the Company and small and medium investors.</u></p> <p style="text-align: center;"><u>If the convening procedure or voting method of a shareholders' general meeting contravenes the laws, the administrative regulations or the Articles of Association or if the resolution contents contravene the Articles of Association, shareholders may themselves request the People's Court to nullify such resolution within 60 days as from the resolution adoption date.</u></p>
<u>Newly added section</u>	<u>Chapter 6 Convening of meeting</u>
<u>Re-arranged section</u>	<p style="text-align: center;"><u>Rule 34 The Company shall clearly state the voting time and the voting procedures of online voting or other voting method in the notice of the shareholders' general meeting.</u></p> <p style="text-align: center;"><u>The commencement time for online voting or other voting method for the shareholders' general meeting should not be earlier than 3:00 p.m. on the day before the shareholders' general meeting and should not be later than 9:30 a.m. on the day of the shareholders' general meeting and it should not end earlier than 3:00 p.m. on the day of the conclusion of the shareholders' general meeting.</u></p>
<u>Newly added</u>	<p style="text-align: center;"><u>Rule 35 Shareholders who attend the shareholders' general meeting shall produce their stock account cards, identity cards or other valid documents or proof of identification. A proxy shall also provide the power of attorney and valid personal identification documents.</u></p>



**LETTER FROM THE BOARD**

Existing provision	Amended as
<u>Newly added</u>	<b><u>Rule 37 The Board and the supervisory committee shall report their work in the preceding year at the annual general meeting. Each Independent Director shall also make his work report.</u></b>
Chapter 7 Minutes of the meeting	<b><u>Chapter 8</u></b> Minutes of the meeting
<p>Rule 49 Minutes shall be prepared for the shareholders' general meeting. Such minutes shall be prepared by the board secretary and shall contain the following details:</p> <p>(1) the number of voting shares held by the attendees of the meeting and the proportion to the total number of shares of the Company;</p> <p>(2) the date and venue which the meeting is held;</p> <p>(3) the name of the chairman of the meeting and the meeting agenda;</p> <p>(4) the key points of the speech made by each speaker in respect of each matter considered;</p> <p>(5) the voting result of each resolution;</p> <p>(6) the inquires and the suggestions made by the shareholders and the replies or explanations provided by the board of directors or the supervisory committee;</p> <p>(7) other details which the shareholders' general meeting deems necessary to be included in the minutes pursuant to the requirement under the Articles of Association.</p> <p>The directors who have attended such meeting, supervisors, board secretary, convener or its representative, and the chairman of the meeting shall sign on the minutes and warrant that the details thereof are true, accurate and complete. The minutes shall be kept together with other valid materials such as the log book for the shareholders who have attended such meeting, the instrument appointing the proxies and the results of online voting and voting through other means. The minutes shall be kept for a period of ten (10) years.</p>	<p>Rule 61 Minutes shall be prepared for the shareholders' general meeting. Such minutes shall be prepared by the Board Secretary and shall contain the following details:</p> <p><b><u>(1) the time, venue and agenda of the meeting and name of the convener;</u></b></p> <p><b><u>(2) the names of the chairman of the meeting and the directors, supervisors and the Board Secretary, managers and other senior management who attend or present at the meeting;</u></b></p> <p><b><u>(3) the number of the attending shareholders and proxies, the total number of voting shares held by them and the proportion to the total number of shares of the Company;</u></b></p> <p><b><u>(4) the process of review and discussion, summary of any speech and voting results of each proposal;</u></b></p> <p><b><u>(5) the inquires or the suggestions made by the shareholders and the corresponding replies or explanations;</u></b></p> <p><b><u>(6) names of lawyers, tellers and scrutineers;</u></b></p> <p><b><u>(7) other details to be included in the minutes pursuant to the requirement under the Articles of Association.</u></b></p> <p>The Directors who have attended such meeting, supervisors, the Board Secretary, convener or its representative, and the chairman of the meeting shall sign on the minutes and warrant that the details thereof are true, accurate and complete. The minutes shall be kept together with other valid materials such as the log book for the shareholders who have attended such meeting, the instrument appointing the proxies and the results of online voting and voting through other means. The minutes shall be kept for a period of ten (10) years.</p>

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**LETTER FROM THE BOARD**

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<b>Existing provision</b>	<b>Amended as</b>
Rule 50 and Rule 51	<u>Adjustment to Rule 62 and Rule 63</u>
Rule 54 If a motion is not passed or any resolution passed at the previous shareholders' general meeting is revised at the current shareholders' general meeting, explanation shall be given in the announcement on resolutions of the shareholders' general meeting.	<u>Adjustment to Rule 55</u>
Chapter 8 Announcement	<u>Deleted</u>
Rule 55 and Rule 58	<u>Adjustment to Rule 64 and Rule 67</u>

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**LETTER FROM THE BOARD**

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**VII. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE MEETING OF THE BOARD**

In the light of the actual situation of the Company, the Board proposes to amend the existing rules of procedures for the meeting of the Board. Details of the proposed amendments are as follows:

Existing provision	Amended as
<u>Newly added</u>	<p style="text-align: center;"><u>Rule 6 The Board is accountable to the shareholders' general meeting and shall exercise the following functions and powers:</u></p> <p style="text-align: center;"><u>(1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders' general meeting;</u></p> <p style="text-align: center;"><u>(2) to implement the resolutions passed by the shareholders' general meeting;</u></p> <p style="text-align: center;"><u>(3) to determine the Company's business plans and investment proposals;</u></p> <p style="text-align: center;"><u>(4) to formulate the Company's annual financial budgets and final accounts;</u></p> <p style="text-align: center;"><u>(5) to formulate the Company's profit distribution proposal (including the distribution proposal of year-end dividends) and loss recovery proposal;</u></p> <p style="text-align: center;"><u>(6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of debentures or other securities and listing by the Company;</u></p> <p style="text-align: center;"><u>(7) to draw up plans for material acquisition or disposal by the Company, merger, division or dissolution of the Company, and acquisition of the shares of the Company under circumstances as required in (1) and (2) of Article 3.9 of the Articles of Association;</u></p> <p style="text-align: center;"><u>(8) to determine the acquisition of shares of the Company under the circumstances as required in (3), (5) and (6) of Article 3.9 of the Articles of Association within the authorization of the shareholders' general meeting;</u></p> <p style="text-align: center;"><u>(9) to determine the charge, lease and transfer of important assets of the Company which do not require to be approved by shareholders at general meeting;</u></p> <p style="text-align: center;"><u>(10) to decide on the Company's internal management structure;</u></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
	<p><u>(11) to appoint or remove the Company's president(s), the Board Secretary and other senior management members and to decide on their remuneration, awards and penalty and to appoint or remove the deputy president(s) and person in charge of finance of the Company based on the recommendation of the president(s), and to decide on their remuneration;</u></p> <p><u>(12) to formulate the Company's basic management system, and to the extent of being authorized by the shareholders' general meeting, amend the relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of the regulatory authorities;</u></p> <p><u>(13) to formulate proposals for any amendment of the Articles of Association;</u></p> <p><u>(14) subject to compliance with the relevant requirements of the State, to determine the level of remuneration and fringe benefits and the reward system;</u></p> <p><u>(15) to decide on the establishment of special committees and the appointment and removal of relevant persons-in-charge;</u></p> <p><u>(16) to decide on other major business and administrative issues which are not required to be determined by the shareholders' general meeting under the Articles of Association;</u></p> <p><u>(17) to manage disclosure of the Company's information;</u></p> <p><u>(18) to recommend to the shareholders' general meeting the appointment or replacement of the Accounting Firm which conducts audit work for the Company;</u></p> <p><u>(19) to receive the working report by the Company's president(s) and examine their performance;</u></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
	<p><u>(20) to examine and approve external investment, entering into of material commercial contract, entrusted investment, acquisition and disposal of assets and external donations which meet one of the following standards, provided that the same shall be examined and approved at the shareholders' general meeting if it meets the condition set out in item (14) of Article 4.12 of the Articles of Association;</u></p> <p><u>(a) the total assets which are the subject of the transaction account for 10% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and appraised value for the total assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;</u></p> <p><u>(b) the net assets which are the subject (for example, equity interests) of the transaction account for 10% or more of the net assets in the latest audited consolidated statements of the Company, and the absolute amount exceeds RMB10 million. If there are both book value and appraised value for the net assets which are the subject of the transaction, the higher figure shall prevail;</u></p> <p><u>(c) the operating income of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the operating income in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million;</u></p> <p><u>(d) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 10% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million;</u></p> <p><u>(e) the consideration of the transaction (including the assumption of debts and expenses) accounts for 10% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds RMB10 million;</u></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
	<p><u>(f) the profit generated by the transaction accounts for 10% or more of the net profit in the audited consolidated statements of the listed company in the latest accounting year, and the absolute amount exceeds RMB1 million;</u></p> <p><u>(g) if the data involved in the above indicative calculations is a negative figure, its absolute value shall be used for the purpose of calculation;</u></p> <p><u>(h) other external investment, entering into of material commercial contracts, entrusted investments and asset acquisition and disposal which are required by the laws and regulations to be examined by the Board, or are considered by the Board as necessary to be examined.</u></p> <p><u>(21) to examine and approve connected transaction which meets one of the following standards' provided that the same shall be examined and approved at the shareholders' general meeting if it meets the condition set out in item (16) of Article 4.12 of the Articles of Association:</u></p> <p><u>(a) transactions with connected natural person with a transaction amount exceeding RMB300,000;</u></p> <p><u>(b) transactions with connected legal person (or other organizations) with a transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the listed company; or</u></p> <p><u>(c) other connected transactions which are considered by the Board as necessary to be examined by the same;</u></p> <p><u>(22) to examine and approve investments in derivatives used for hedging purpose which do not meet the condition set out in item (15) of Article 4.12 of the Articles of Association;</u></p>

## LETTER FROM THE BOARD

Existing provision	Amended as
	<p style="text-align: center;"><u>(23) to exercise other functions and powers which are authorized by the shareholders' general meeting and the Articles of Association.</u></p> <p style="text-align: center;"><u>Save in respect of the matters specified in sub-paragraphs (6), (7), (8) and (13) of these Rules and the provisions of the "Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange" and the " Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" which shall be passed by the affirmative votes of two-thirds or more of all the Directors, the Board's resolutions in respect of all other matters above may be passed by the affirmative votes of more than one-half of the Directors.</u></p>
Rule 6 and Rule 7	<u>Adjustment to Rule 7 and Rule 8</u>
<p>Rule 8 The Board shall notify all directors in writing fourteen <b>(14)</b> days prior to the regular meeting. In principle, regular board meetings should be held by way of physical meeting. The directors should be actively communicated before the meeting time is confirmed to ensure that most of the directors can attend the meeting in person</p> <p style="text-align: center;">.....</p>	<p>Rule 9 The Board shall notify all directors in writing fourteen <b>(14)</b> days prior to the regular meeting. In principle, regular board meetings should be held by way of physical meeting. The directors should be actively communicated before the meeting time is confirmed to ensure that most of the directors can attend the meeting in person.</p> <p style="text-align: center;">.....</p>
Rule 9 to Rule 21	<u>Adjustment to Rule 10 to Rule 22</u>
<p>Rule 22 Voting at meetings shall be by show of hand or in writing. Each director has one (1) vote.</p> <p>Except the following matters which shall be approved by over two-thirds of the directors, other matters shall be approved by a majority of all the directors.</p> <p>(1) <u>repurchase of the shares of the Company under Rule 4.4(3), (5) and (6) of these Rules;</u></p> <p>(2) the provision of financial assistance by the Company;</p> <p>(3) the provision of guarantee by the Company.</p>	<p>Rule 23 Voting at meetings shall be by show of hand or in writing. Each director has one (1) vote.</p> <p>Except the following matters which shall be approved by over two-thirds of the directors, other matters shall be approved by a majority of all the directors.</p> <p>(1) <u>matters under Rule (6), (7), (8) and (13) of these Rules;</u></p> <p>(2) the provision of financial assistance by the Company;</p> <p>(3) the provision of guarantee by the Company.</p>

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## LETTER FROM THE BOARD

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Existing provision	Amended as
Rule 23	<u>Adjustment to Rule 24</u>
<p>Rule 24 When a resolution is put at the meeting, a director who has an interest in the resolution shall recuse himself and has no voting rights, nor shall he vote on behalf of other directors, and such director shall not be included in the calculation of the quorum of directors present at the meeting. A director shall not vote in any contract or arrangement in which he or any of his associates (as defined in the Listing Rules of the Hong Kong Stock Exchange) has a material interest or any proposed resolution of the Board, nor shall he be included in the quorum at the meeting.</p> <p>The board meeting may be held with the quorum of a simple majority of unrelated directors and resolutions to be passed at the board meeting shall be passed by a simple majority of votes of unrelated directors. Where the number of unrelated directors present at the board meeting is less than 3, the matter shall be submitted to the shareholders' general meeting for deliberation.</p>	<p>Rule 25 <u>A director who is related to an enterprise involved in a board resolution shall abstain from voting for the board resolution and shall not represent another director in the exercise of voting rights. The board meeting may be held with the quorum of a simple majority of unrelated directors and resolutions to be passed at the board meeting shall be passed by a simple majority of votes of unrelated directors. Where the number of unrelated directors present at the board meeting is less than 3, the matter shall be submitted to the shareholders' general meeting for deliberation. If there are any additional restrictions on directors' participation in board meetings and voting imposed by laws, regulations and securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.</u></p>
Rule 25 to Rule 35	<u>Adjustment to Rule 26 to Rule 36</u>



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**LETTER FROM THE BOARD**

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**VIII. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE MEETING OF THE SUPERVISORY**

In the light of the actual situation of the Company, the Board proposes to amend the existing rules of procedures for the meeting of the Supervisory. Details of the proposed amendments are as follows:

Existing provision	Amended as
<u>Newly added</u>	<p><b><u>Rule 6 The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with law:</u></b></p> <p><b><u>(1) to review the Company's periodic reports prepared by the Board of Directors and submit written review opinions;</u></b></p> <p><b><u>(2) to examine the Company's financial position;</u></b></p> <p><b><u>(3) to supervise the directors and senior officers in their performance of duties who have contravened any law, administrative regulations;</u></b></p> <p><b><u>(4) to demand any director, senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;</u></b></p> <p><b><u>(5) to propose an extraordinary general meeting of shareholders;</u></b></p> <p><b><u>(6) if there are any unusual circumstances in the Company's operations, to conduct investigation, and if necessary, to engage an Accounting Firm, law firm or other professionals to assist in their work' the relevant expenses of which shall be borne by the Company;</u></b></p> <p><b><u>(7) other powers and responsibilities as provided in the Articles of Association. Supervisors are entitled to attend the Board meetings.</u></b></p>
Rule 6 to Rule 15	<b><u>Adjustment to Rule 7 to Rule 16</u></b>
<p>Rule 16 The supervisory committee shall conduct voting by show of hands or in writing. Each supervisor shall have one vote. Resolutions made by the supervisory committee shall be passed by two-thirds or more of the supervisors present at the meeting.</p>	<p>Rule 17 The supervisory committee shall conduct voting by show of hands or in writing. Each supervisor shall have one vote. <b><u>The resolutions of the supervisory committee shall be approved by more than half of the supervisors</u></b></p>

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## LETTER FROM THE BOARD

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### IX. EGM AND H SHARE CLASS MEETING

Special resolution will be proposed at the EGM and H Share Class Meeting for considering and, if thought fit, approving, among other things, the proposed amendments to the Articles of Association.

Ordinary resolutions will be proposed at the EGM for considering and, if thought fit, approving, among other things, (i) the Stock Ownership Plan (Draft) and its summary; (ii) the Administrative Measures for the Stock Ownership Plan; (iii) the proposed authorization to the Board to deal with matters relating to the Stock Ownership Plan; (iv) the proposed amendments to the rules of procedures for the Shareholders' general meeting; (v) the proposed amendments to the rules of procedures for the meeting of the Board; and (vi) the proposed amendments to the rules of procedures for the meeting of the Supervisory.

The EGM will be held at the conference room of Hisense Building, No.17 Donghai West Road, Qingdao City, Shandong Province, the PRC on Thursday, 22 February 2024 at 3:00 p.m., at which the relevant resolutions set out above will be proposed. The H Share Class Meeting will be held at the same venue on Thursday, 22 February 2024 after the conclusion of the EGM and the A Share Class Meeting, at which the relevant resolutions set out above will be proposed.

A notice of the EGM, a notice of the H Share Class Meeting, proxy forms for use at the EGM and the H Share Class Meeting, and reply slips for the EGM and the H Share Class Meeting, have been despatched by the Company on Thursday, 25 January 2024 and are also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://hxjd.hisense.cn>). Whether or not you intend to attend the EGM and/or the H Share Class Meeting, you are requested to complete and return the proxy forms for use at the EGM and/or the H Share Class Meeting in accordance with the instructions printed on them and return them to the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM and the H Share Class Meeting or any adjournment of such meeting (as the case may be). Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM and/or the H Share Class Meeting or any adjournment of such meetings (as the case may be) should you so wish and, in such event, the proxy form(s) previously submitted shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip for the EGM to the registered office of the Company at No. 8 Ronggang Road, Ronggui Street, Shunde District, Foshan City, Guangdong Province, the PRC (postal code: 528303) by personal delivery, post or fax during hours between 8:30 a.m. and 11:00 a.m., 1:30 p.m. and 4:30 p.m. on every business day on or before Thursday, 8 February 2024.

If you intend to attend the H Share Class Meeting in person or by proxy, you are required to complete and return the reply slip for the H Share Class Meeting to the registered office of the Company at No. 8 Ronggang Road, Ronggui Street, Shunde District, Foshan City, Guangdong Province, the PRC (postal code: 528303) by personal delivery, post or fax during hours between 8:30 a.m. and 11:00 a.m., 1:30 p.m. and 4:30 p.m. on every business day on or before Thursday, 8 February 2024.

Failure to complete or return the reply slip will not preclude eligible Shareholders from attending the EGM and/or the H Share Class Meeting should they so wish.

The vote of the Shareholders at the EGM and the H Share Class Meeting will be taken by poll in accordance with Rule 13.39(4) of the Hong Kong Listing Rules and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

In order to determine the holders of Shares who are eligible to attend and vote at the EGM and the H Share Class Meeting, the register of members of the Company will be closed from Friday, 9 February 2024 to Thursday, 22 February 2024 (both days inclusive). In order to qualify for attending the EGM and the H Share Class Meeting, all transfer documents of H Shares together with the relevant share certificates must have been lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 8 February 2024 for registration.

### **X. RECOMMENDATION**

The Directors consider that all resolutions set out in the notice of the EGM and notices of Class Meetings for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM and the Class Meetings.

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## LETTER FROM THE BOARD

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### XI. RESPONSIBILITY STATEMENT

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

Yours faithfully,  
By order of the Board  
**Hisense Home Appliances Group Co., Ltd.**  
**Dai Hui Zhong**  
*Chairman*

**STATEMENT**

The Company and all members of the Board hereby warrant that the content of this ESOP is true, accurate and complete and that there are no false or misleading statements or material omissions.

**RISK WARNING**

1. This ESOP will be implemented only after the approval of the general meeting of the Company, and there is uncertainty whether or not this ESOP will be approved by the general meeting of the Company.
2. The specific source of funds, proportion of contribution, implementation plan and repurchase status of this ESOP are preliminary decided, and it is uncertain whether or not the implementation can be completed.
3. In the event that the level of subscription by employees is low, there is a risk that this ESOP will not be established; in the case there are insufficient funds for subscription by employees, there is a risk that the size of this ESOP may be smaller than expected. If the Repurchase Plan does not reach the expected size within the specified period, there is a risk that this ESOP will not be established or will fall below the expected size.
4. The Company will disclose relevant progress in accordance with the regulations. Investors should be cautious when making decisions and pay attention to investment risks.

**SPECIAL NOTICE**

1. The 2024 A Share Employee Stock Ownership Plan (“this ESOP”, the “Plan”) of Hisense Home Appliances Group Co., Ltd. (“Hisense Home Appliances” or the “Company”) is prepared by the Company in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guiding Opinions on the Implementation of Pilot Program on the Employee Share Ownership Plan by Listed Companies, the Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board and other relevant laws, administrative regulations, rules, normative documents and the Articles of Association.
2. This ESOP follows the principles of the Company’s discretionary decision and employees’ voluntary participation, and in no event will employees be forced to participate in this ESOP through means such as apportionment and mandatory distribution.

3. The ESOP's Participants shall include the directors (excluding independent directors), supervisors, senior management, core management and core employees of the Company who have an important role and influence on the overall performance and medium- to long-term development of the Company. As at the date of this ESOP Draft announcement, the total number of the participants under the ESOP shall not be more than 279, of which 8 of them are directors (excluding independent directors), supervisors and senior management. The exact number of the ESOP's Participants shall be determined based on the actual payment made by the employees.
4. The source of funds for participating in this ESOP shall be the legal remuneration of employees, their self-raised funds and other methods permitted by the laws and regulations, and the Company shall not provide financial assistance such as advances, guarantees and loans to the ESOP's Participants in any form.
5. The source of shares under this ESOP is ordinary A shares of Hisense Home Appliances repurchased by the Company in accordance with the Resolution on the Repurchasing of A Shares of the Company through Centralized Bidding which was considered and approved by the 2024 first extraordinary meeting of the eleventh session of the Board. After the consideration and approval by the general meeting, under this ESOP, shares repurchased by the Company through means as permitted by the laws and regulations such as non-trading transfer will be transferred, and the total number of shares transferred shall not exceed 13,916,000 shares in aggregate, representing approximately 1.00% of the total share capital of the Company of 1,387,935,370 shares as at the date of the announcement of this ESOP. The final amount and proportion shall be subject to the actual number of shares repurchased by the Company and the actual subscription of the ESOP's Participants.
6. As at the date of the announcement of this ESOP Draft, the draft of the 2022 A Share Employee Stock Ownership Plan of the Company is still in existence, which involves not more than 11,700,000 A shares of the Company, together with not more than 13,916,000 shares involved in the ESOP, totaling 25,616,000 shares, representing approximately 1.85% the Company's total share capital of 1,387,935,370 shares as at the date of this announcement. After the implementation of the ESOP, the total number of all Shares held under all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company in aggregate, and the number of the underlying Shares corresponding to the units of ESOP held by any Holder shall not exceed 1% of the total share capital of the Company (excluding the Shares acquired by the Holder before the Company's initial public offering for listing, the Shares purchased by the Holder through the secondary market and the Shares acquired through equity incentives).
7. The transfer price of the Company's shares held in the designated securities repurchase account of the Company under this ESOP is RMB10.78 per share, which is 50% of the average trading price of the Company's shares on the last trading day preceding the announcement of this ESOP Draft.

In the event of any capitalisation of capital reserve, bonus issue, sub-division of shares, rights issue or consolidation of shares of the Company in the period from the date of the announcement of this ESOP to the completion of registration of the ESOP by the ESOP's Participants, the transfer price shall be adjusted accordingly.

8. The term of this ESOP is 48 months from the date on which the Company announces the transfer of the last tranche of the Underlying Shares to this ESOP. The Underlying Shares acquired under this ESOP shall be unlocked in three phases, which is 12 months, 24 months and 36 months from the date on which the Company announces the transfer of the last tranche of the Underlying Shares to this ESOP, respectively. The proportion of the Underlying Shares to be unlocked in each phase shall be 40%, 30% and 30%, respectively. The proportion and quantity of shares to be unlocked each year shall be calculated and determined based on the performance indicators of the Company and the performance appraisal results of the Holders.
9. During the term of the ESOP, this ESOP will be managed by the Company itself. A management committee for the ESOP shall be established to exercise the rights of shareholders on behalf of the Holders and responsible for the daily operation of the ESOP.
10. After the approval of this ESOP by the Board, the Company will issue a notice to convene a general meeting and submit it to the general meeting for consideration and approval before implementation. The general meeting of the Company to consider this ESOP will be held by a combination of on-site voting and online voting. The Company will provide an online voting platform to the shareholders of the Company through the trading system of the Shenzhen Stock Exchange and the internet voting system, and shareholders can exercise their voting rights through the above system during online voting.
11. Matters such as finance, accounting treatment and tax expenses in relation to the implementation of the ESOP will be handled according to the relevant financial policies, accounting standards and tax policies, and the relevant taxes and fees to be paid by the employees as a result of the implementation of the ESOP shall be borne by the employees themselves.
12. The implementation of this ESOP will not cause the shareholding structure of the Company to fail to meet the listing requirements.

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## DEFINITIONS

In the Draft Plan, unless otherwise stated, the following abbreviations have the following meanings:

Hisense Home Appliances, the Company	Hisense Home Appliances Group Co., Ltd. (including controlled subsidiaries)
ESOP, this ESOP	The 2024 A Share Employee Stock Ownership Plan of Hisense Home Appliances Group Co., Ltd.
ESOP Draft, the Draft Plan, the Plan	The 2024 A Share Employee Stock Ownership Plan of Hisense Home Appliances Group Co., Ltd. (Draft)
Holder(s), Unit Holder(s), ESOP's Participant(s)	Participant(s) of this ESOP
Holders' Meeting	The meeting of holders of the ESOP
Management Committee	The management committee of the ESOP
Administrative Measures for ESOP	The Administrative Measures for the 2024 A Share Employee Stock Ownership Plan of Hisense Home Appliances Group Co., Ltd
Underlying Shares	Ordinary A shares of Hisense Home Appliances
CSRC	China Securities Regulatory Commission
CSDC	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
RMB and RMB0'000	Renminbi and Renminbi 0'000
Company Law	The Company Law of the People's Republic of China
Securities Law	The Securities Law of the People's Republic of China
Guiding Opinions	Guiding Opinions on the Implementation of Pilot Program on the Employee Share Ownership Plan by Listed Companies
Self-regulatory Guideline No. 1	Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board

Articles of Association	The articles of association of Hisense Home Appliances Group Co., Ltd.
SFC	Securities and Futures Commission of Hong Kong
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Any discrepancy between the figures shown as totals and their arithmetic aggregation in this document is due to rounding.

## **I. PURPOSES OF THE ESOP**

The ESOP Draft is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guiding Opinions, the self-regulatory Guideline No. 1 and other relevant laws, administrative regulations, rules, regulatory documents, and the Articles of Association.

The employees of the Company participate in this ESOP on a voluntary, legal and compliant basis. The purposes of holding shares of the Company are to establish and improve the mechanism for sharing benefits between employees and shareholders, attract, motivate and retain core talents, improve corporate governance standards, increase the cohesion of employees and competitiveness of the Company, raise the enthusiasm and creativity of employees, and promote the long-term, sustainable and healthy development of the Company.

## **II. BASIC PRINCIPLES OF THE ESOP**

### **(I) Legal Compliance**

In implementing the ESOP, the Company follows the procedures in strict compliance with relevant requirements under the laws and administrative regulations, which require the Company to disclose true, accurate and complete information in a timely manner. No person is permitted to engage in insider trading, manipulation of the securities market, and other fraudulent actions through the ESOP.

### **(II) Voluntary Participation**

The implementation of the ESOP is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company does not force employees to participate in the ESOP in such forms as apportionment and mandatory distribution.

**(III) Bearing of Own Risks**

The Holders under the ESOP will bear their own risks for gains or losses, and share equal rights with other investors.

**III. THE ESOP'S PARTICIPANTS AND THEIR DETERMINATION CRITERIA  
DETERMINATION CRITERIA****(I) Legal Basis for Determination of Participants**

The Company has determined the eligibility of the ESOP's Participants according to the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guideline No. 1 and other laws, regulations and regulatory documents as well as the relevant provisions of Articles of Association. The employees of the Company shall participate in this ESOP in accordance with the principles of legal compliance, voluntary participation and voluntary risk assumption.

**(II) Position Basis for Determining the ESOP's Participants**

The ESOP's Participants are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who have an important role and influence on the overall performance and medium- to long-term development of the Company.

As at the date of this ESOP Draft announcement, the total number of the participants under the ESOP shall not be more than 279. The exact number of the ESOP's Participants shall be determined based on the actual payment made by the employees. The employees' participation in the ESOP shall follow the principles of the Company's discretionary decisions and employees' voluntary participation. The Company shall not force employees to participate in the ESOP by means such as apportionment and mandatory distribution.

**(III) ESOP's Participants and Proportion of Allocation**

The subscription unit of the ESOP is "unit", and each unit amounts to RMB1 and the maximum number of units under the ESOP is 150,014,500. The number of shares of the Company granted under the ESOP corresponding to the units subscribed and held by any one Holder shall not exceed 1% of the total share capital of the Company. The specific number of units held by the Holders of the ESOP shall be determined by the actual payment made by the employees.

As at the date of this ESOP Draft announcement, the total number of directors (excluding independent directors), supervisors, senior management, core management and core employees of the Company participating in the ESOP shall not exceed 279, including 8 directors, supervisors and senior management. The relationship between such personnel and the ESOP does not constitute acting-in-concert relationship.

The specific proportion of subscription is as follows:

No.	Name	Position	Proposed number of units to be subscribed ( '000 units)	Percentage of the Employee Stock Ownership Plan	The number of shares of the corresponding proposed subscription units ( '000 units)
1	Dai Hui Zhong	Chairman and Executive Director	2,156.00	1.44%	200.00
2	Jia Shao Qian	Executive Director	2,156.00	1.44%	200.00
3	Yu Zhi Tao	Executive Director	2,156.00	1.44%	200.00
4	Hu Jian Yong	Executive Director and President	3,557.40	2.37%	330.00
5	Xia Zhang Zhua	Executive Director	2,156.00	1.44%	200.00
6	Gao Yu Ling	Executive Director, person-in-charge of finance	2,156.00	1.44%	200.00
7	Yin Zhi Xin	Employee Supervisor	1,401.40	0.93%	130.00
8	Zhang Yu Xin	Secretary to the Board	646.80	0.43%	60.00
	Sub-total		16,385.60	10.92%	1,520.00
	core management and core employees (not exceeding 271 people)		133,628.90	89.08%	12,396.60
	Total		150,014.50	100.00%	13,916.00

*Notes:*

1. The specific number of Shares held by the Holders is based on the number of Shares listed in the "Share Subscription Agreement in relation to the 2024 A Share Employee Ownership Plan of Hisense Home Appliances Group Co., Ltd." signed between the ESOP's Participants and the Company.
2. Figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding.

In the event of non-subscription by some employees, the Board shall have the right to reallocate such Shares to other eligible employees.

**IV. SIZE, SOURCE OF SHARES, SOURCE OF FUNDS AND TRANSFER PRICE OF  
THE ESOP****(I) Size of the Underlying Shares involved in the ESOP**

The Underlying Shares under the ESOP will not exceed 13,916,000 shares, representing approximately 1.00% of the total share capital of the Company in the amount of 1,387,935,370 shares at the time of the announcement of the ESOP Draft. The exact number of shares to be held will be determined based on the actual capital contribution of the employees and the Company will comply with the information disclosure obligations in a timely manner as required

As at the date of the announcement of this ESOP Draft, the draft of the 2022 A Share Employee Stock Ownership Plan of the Company is still in existence, which involves not more than 11,700,000 A shares of the Company, together with not more than 13,916,000 shares involved in the ESOP, totaling 25,616,000 shares, representing approximately 1.85% the Company's total share capital of 1,387,935,370 shares as at the date of the announcement of this ESOP Draft. After the implementation of this ESOP, the total number of shares held validly under the ESOP shall not exceed 10% of the total share capital of the Company in aggregate, and the number of Underlying Shares corresponding to the ESOP held by any Holder shall not exceed 1% of the total share capital of the Company (excluding the shares acquired by the Holder before the Company's initial public offering for listing, the shares purchased by the Holder through the secondary market and the shares acquired through equity incentives).

**(II) Sources of Underlying Shares involved in the ESOP**

The sources of the shares under this ESOP are the ordinary A shares of Hisense Home Appliances repurchased from the Company's designated repurchase account.

At the 2024 first extraordinary meeting of the eleventh session of the Board of Directors held on 8 January 2024, the Resolution on the Repurchasing of A Shares of the Company through Centralized Bidding (the "Repurchase Plan") was considered and approved. As at the date of the announcement of this Draft Plan, the Repurchase Plan will soon commence and the Underlying Shares shall be available upon completion of the Repurchase Plan.

**(III) Sources of Funding for the ESOP**

The source of funds for this ESOP shall be the legal remuneration of employees, their self-raised funds and other methods permitted by the laws and regulations, and the Company shall not provide financial assistance such as advances, guarantees and loans to the Holders in any form. This ESOP does not involve leveraged funds and there is no arrangement for third parties to provide incentives, grants, subsidies, and make up the balance for employees to participate in the ESOP.

**(IV) Transfer Price and Pricing Basis of the ESOP*****1. Transfer Price***

The transfer price of the shares held in the Company's designated securities repurchase account under the Stock Ownership Plan shall be RMB10.78 per share. The transfer price of the shares is not less than the par value of the share and not less than the higher of the following prices:

- (a) 50% of the average price of the Company's shares on the last trading day preceding the date of the announcement of ESOP Draft (total trading transaction of shares on the preceding trading day/total trading volume of shares on the preceding trading day) of RMB21.56 per share, being RMB10.78 per share;
- (b) 50% of the average price of the Company's shares on the 20 trading days preceding the date of the announcement of ESOP Draft (total trading transaction of shares on the 20 preceding trading days/total trading volume of shares on the 20 preceding trading days) of RMB20.79 per share, being RMB10.39 per share.

In the event of any capitalisation of capital reserve, bonus issue, sub-division of shares, rights issue or consolidation of shares of the Company in the period from the date of the announcement of ESOP Draft to the completion of registration of the ESOP by the ESOP's Participants, the transfer price shall be adjusted accordingly. The adjustment methods are set below:

- (a) *Conversion of capital reserve into share capital, bonus issue and share split*

$$P = P0 \div (1 + n)$$

Where: P0 represents the transfer price before the adjustment; n represents the ratio of conversion of capital reserve into share capital, bonus issue or share split per Share; P represents the transfer price after the adjustment.

- (b) *Rights issue*

$$P = P0 \times (P1 + P2 \times n) \div [P1 \times (1 + n)]$$

Where: P0 represents the transfer price before the adjustment; P1 represents the closing price on the record date; P2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue); P represents the transfer price after the adjustment.

(c) *Share consolidation*

$$P = P0 \div n$$

Where: P0 represents the transfer price before the adjustment; n represents the share consolidation ratio; P represents the transfer price after the adjustment.

(d) *Profit distribution*

$$P = P0 - V$$

Where: P0 represents the transfer price before the adjustment; V represents the dividend per Share; P represents the transfer price after the adjustment. P shall remain larger than 1 after the adjustment for profit distribution.

(e) *Issuance of new Shares*

In case of issuance of new Shares by the Company, the transfer price of the Share Options shall not be adjusted.

## 2. *Pricing Basis*

The ESOP's Participants of this ESOP are Directors (excluding independent Directors), supervisors, senior management, core management and core employees of the Company, who are responsible for corporate governance, assisting in the formulation of the Company's strategic planning or other important tasks. The Company is of the view that, on the basis of compliance with the laws and regulations, providing incentives to these employees by granting Shares to them at an appropriate price can truly enhance the enthusiasm and sense of responsibility of the target employees and effectively align the interests of the employees, the Company and the Shareholders, thereby facilitating the achievement of the motivation objectives.

This ESOP is an important means to attract and retain core talents, boost staff motivation and maintain the competitiveness of the Company. The stability and sustainable development of a company is a process full of risks and challenges, and requires core talents as the backbone to support the normal operation and development of the company. This ESOP aims to enhance the motivation and loyalty of core employees, and at the same time establish a long-term remuneration incentive system for key staff, so as to link the earnings of employees with the long-term performance of the Company. Based on the principle of equality between incentive and discipline, the Company has set up challenging performance appraisal indicators and individual performance appraisals to effectively tie the interests of the Company, shareholders and employees together.

In summary, in order to attract and retain talents, safeguard the interests of shareholders, enhance the sense of responsibility and mission of the management team and core employees of the Company for the growth and development of the Company, enhance the core competitiveness of the Company and enable employees to share the benefits of the Company's continuous growth, taking into account the Company's operating conditions and market environment, this ESOP is designed to provide reasonable incentives to the ESOP's Participants at a reasonable cost. On the basis of the principle of not harming the interests of the Company and with due consideration to the effectiveness of the incentive, the purchase price under this ESOP for the shares repurchased by the Company is RMB10.78 per share, which is reasonable and conducive to the sustainable development of the Company, taking into account the incentive effect and the interests of shareholders of the Company, and is in line with the basic principle of allowing the Holders to "bear their own risks, bear their own gains or losses, and enjoy equal rights with other investors".

## V. TERM, LOCK-UP PERIOD AND PERFORMANCE APPRAISAL OF THE ESOP

### (i) Term of the ESOP

1. The term of this ESOP shall be 48 months, commencing from the date on which the Company announces the transfer of the last tranche of Underlying Shares to this ESOP. If not extended, this ESOP will be terminated automatically upon the expiry of its term.
2. Upon expiry of the lock-up period of this ESOP and if all the Underlying Shares held under this ESOP are sold or transferred to the Unit Holders and liquidated and distributed in accordance with the regulations, this ESOP may be terminated prior to the expiry upon consideration and approval by the Holders' Meeting.
3. If a Holders' Meeting is held at least one month prior to the expiry of the term of this ESOP and with the consent of more than two-thirds of the units held by the Holders present at the meeting and after submission to the board of directors of the Company for consideration and approval, the term of this ESOP may be extended..
4. Where the Shares held by this ESOP cannot be fully sold or transferred to the Unit Holders before the expiry of the term due to the suspension of trading of the Shares or short trading window period, the term of this ESOP may be extended with the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting and after submission to the board of directors of the Company for consideration and approval.



5. The Company shall issue an indicative announcement six months prior to the expiry of the term of this ESOP, stating the number of shares held by this ESOP which is about to expire and its proportion to the total share capital of the Company.
6. The Company shall disclose the number of shares held under the expired ESOP and its proportion to the total share capital of the Company, as well as the disposal arrangements upon expiry, at the latest upon the expiry of the ESOP. In the case of an extension of the term, every difference from the pre-extension period should be explained in accordance with the disclosure requirements under Rule 6.6.7 of the Self-regulatory Guidelines No. 1, and the corresponding review procedures and disclosure obligations should be fulfilled in accordance with the provisions of the ESOP.

**(II) Lock-up Period of the ESOP and its Rationality and Compliance**

1. The Underlying Shares acquired by this ESOP through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of announcement of the Company of the transfer of the last tranche of Underlying Shares to the ESOP. The lock-up period shall be up to 36 months. Details are as follows:

Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the Underlying Shares to this ESOP, and the number of shares to be unlocked shall be 40% of the total number of the Underlying Shares held by this ESOP.

Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the Underlying Shares to this ESOP, and the number of shares to be unlocked shall be 30% of the total number of the Underlying Shares held by this ESOP.

Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the Underlying Shares to this ESOP, and the number of shares to be unlocked shall be 30% of the total number of the Underlying Shares held by this ESOP.

The shares derived from the Underlying Shares obtained under this ESOP as a result of events such as the distribution of share dividends and capitalization of capital reserve by the Company shall also be subject to the above lock-up arrangement.

## 2. Trading restrictions of this ESOP

This ESOP will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the Shenzhen Stock Exchange, the SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules on stock trading. No shares of the Company under this ESOP shall be traded during the following periods:

- (1) Within one month prior to the announcement of the annual report, half-year report or quarterly report of the Company. Where the date of the announcement is postponed due to special reasons, the period shall commence one month prior to the original scheduled date of the announcement;
- (2) Within 10 days before the announcement of results forecast and preliminary results;
- (3) During the period commencing one month immediately before the earlier of the date of board meeting (as such date if first notified to the Hong Kong Stock Exchange under the Hong Kong Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules);
- (4) From the date of occurrence of a major event that may have a significant impact on the trading price of the Shares and derivatives of the Company or the date of entering into the decision-making process, until the date of disclosure in accordance with the law (including such date); and
- (5) Such other period as stipulated by the CSRC, Shenzhen Stock Exchange, SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules.

If there are new provisions in the relevant laws, administrative regulations or departmental rules regarding the period in which the Company is prohibited from stock trading, the new relevant provisions shall prevail.

## 3. Explanation on the rationality and compliance of the lock-up period of this ESOP

The lock-up period of this ESOP is set based on the principle of balancing incentives and constraints. The purchase price of the shares of this ESOP is discounted, so the shares will be unlocked in three phases after 12 months of lock-up, and the ratios of the shares to be unlocked will be 40%, 30% and 30%, respectively. The Company believes that on the basis of legal compliance, the setting of lock-up period can further constrain employees

while fully motivating them, thus better aligning the interests of the Holders, the Company and its shareholders. This will help achieve the purpose of this ESOP and promote the long-term development of the Company.

### (III) Performance Appraisal of the ESOP

#### 1. Performance appraisal at company level

The appraisal years under the ESOP are the three accounting years from 2024 to 2026, and the appraisal will be conducted once every accounting year, with the achievement of the performance appraisal target as one of the unlocking conditions. The performance appraisal targets of each year are as set out in the table below:

Unlocking period	The appraisal indicator for that appraisal year	Growth rate of net profit (A)	
		Target value (Am)	Trigger value (An)
First Unlocking Period	Growth rate of net profit for 2024 compared to that of 2022	122%	98%
Second Unlocking Period	Growth rate of net profit for 2025 compared to that of 2022	155%	124%
Third Unlocking Period	Growth rate of net profit for 2026 compared to that of 2022	194%	155%

Appraisal indicator	Performance completion level	Unlocking ratio at the Company level (X)
Growth rate of net profit (A)	$A \geq A_m$	X=100%
	$A_n \leq A < A_m$	X=80%
	$A < A_n$	X=0%

Notes:

- (1) The above “net profit” indicators are calculated based on the audited net profit attributable to Shareholders and excluding the impact of the share-based fee payment arising from the implementation of the ESOP for the period and other share incentive schemes and employee stock ownership plans.
- (2) The above performance appraisal targets are not undertakings about its performance made by the Company to investors.

During each of the above unlocking periods, the percentage of unlocking at the Company level will be determined in accordance with the level of achievement of the Company’s performance. Units that do not meet the unlocking conditions will be taken back by the Management Committee, which has the authority to decide on the disposal of the relevant rights and interests.

**2. Performance appraisal at employee level**

The individual appraisal of the Participants is conducted annually. The appraisal results are determined based on the individual performance appraisal and the unlocking ratio will be determined by the appraisal results. The actual number of underlying Shares unlocked by the Holders in the year = the number of underlying Shares planned to be unlocked by the Holders in the year x unlocking ratio at company level x unlocking ratio at individual level. If the actual number of underlying Shares unlocked by the Holder in the year is less than the target number of Shares to be unlocked due to the performance appraisal at individual level, the Management Committee will take back the units that have not met the unlocking conditions and decide on the disposal arrangements (including but not limited to allocating the recovered shares to other eligible employees at an appropriate time). If such units are not allocated during the term of the Stock Ownership Plan, the unallocated portion will be sold at an appropriate time by the Company during the term of the Stock Ownership Plan after the unlocking date. After the sale, the original capital contribution for the corresponding units will be returned to the Holders. If there is any gain after the contribution is returned to the Holders, the gain shall be returned to the Company.

The results of the performance appraisal of the Holders are classified into five grades, namely S, A, B, C and D. Details are shown in the table below:

<b>Appraisal grading</b>	<b>S</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Unlocking ratio at the individual level		100%		70%	0%

**VI. MEANS FOR THE ESOP TO PARTICIPATE IN FINANCING ARRANGEMENTS OF THE COMPANY DURING THE TERM OF THE ESOP**

During the term of this ESOP, when the Company raises capital by way of placing of shares, issue of new shares, issue of convertible bonds, etc., the Management Committee will submit to the Holders’ Meeting and the Board of Directors for consideration of whether to participate in such financing arrangements and the specific plan of participation.

**VII. MANAGEMENT MODEL OF THE ESOP**

Subject to the approval of the general meeting, this ESOP shall be established with self-owned funds and shall be managed by the Company itself. The highest internal management authority of the ESOP is the Holders' Meeting. The Holders' Meeting shall establish the Management Committee and authorize the Management Committee as the management body of this ESOP to supervise the daily management of this ESOP and exercise the shareholders' rights on behalf of the Holders. The Administrative Measures for ESOP clearly stipulate the responsibilities of the Management Committee and adopt adequate risk prevention and segregation measures. The Board of the Company is responsible for drafting and amending the draft of the ESOP and handling other relevant matters of the ESOP within the scope as authorized by the general meeting.

**(I) Holders' Meeting**

1. The employees of the Company will become the Holders under the ESOP after they subscribe for the units under the ESOP and the Holders' Meeting is the highest internal management authority of the ESOP. All Holders are entitled to attend the Holders' Meeting. The Holders may attend and vote at Holders' Meetings in person, or appoint proxies to attend and vote on their behalf. The expenses, such as travel and accommodation, incurred by the Holders and their proxies to attend the Holders' Meeting shall be borne by the Holders themselves.
2. The following matters are required to be considered at the Holders' Meeting:
  - (1) election and removal of any members of the Management Committee;
  - (2) alternation, termination and extension of the term of the ESOP;
  - (3) when the Company raises funds by way of placing of share, issue of new shares, issue of convertible bonds, etc. during the term of the ESOP, the Management Committee will submit the plan to the Holders' Meeting and the Board for consideration whether to participate in such financing arrangements and the specific plan of participation;
  - (4) consideration and amendment to the Administrative Measures for ESOP;
  - (5) authorization to the Management Committee to supervise the daily management of the ESOP;
  - (6) authorization to the Management Committee to exercise Shareholders' rights;
  - (7) authorization to the Management Committee to take charge of the liquidation and allocation of the assets of the ESOP;

- (8) other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.
3. The first Holders' Meeting shall be convened and presided over by the Secretary to the Board of the Company or the designated person, and the subsequent Holders' Meetings will be convened by the Management Committee and chaired by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duty, he/she shall appoint a member of the Management Committee to preside over the meeting.
  4. To convene a Holders' Meeting, the Management Committee shall deliver a notice of meeting 3 days prior to the meeting to all the Holders through direct delivery, mail, facsimile, e-mail or other means. The notice of meeting shall at least include the following details:
    - (1) time and venue of the meeting;
    - (2) means of convening the meeting;
    - (3) proposed matters to be considered;
    - (4) convener and chairman of the meeting and the proposer(s) of the extraordinary meeting(s) and their written proposals;
    - (5) necessary materials for voting at the meeting;
    - (6) requirements as to the Holders to attend the meeting in person or appoint other Holders to attend the meeting on their behalf;
    - (7) contact person and contact information;
    - (8) date of issuance of the notice.

In case of emergency, a Holders' Meeting can be convened by verbal notice.

The verbal notice shall at least include the above information mentioned in items (1), (2) and (3) and an explanation on the emergency and necessity to convene a Holders' Meeting as soon as possible.

5. Voting procedures of the Holders' Meeting
  - (1) After each proposal has been fully discussed, the chairman shall invite Holders present at the meeting to vote in a timely manner. The chairman may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.

- (2) The Holders of this ESOP shall exercise their voting rights according to the units held by them.
  - (3) The Holders may vote for or against the resolution, or abstain from voting on any resolution according to their wish. The Holders present at the meeting shall select one of the voting options, and any vote with no selection or two selections or more will be deemed as abstention. Anyone who leaves the venue in the middle of the meeting and does not return without making a choice will be deemed as abstention. Any vote made after the chairman announces the voting result or after the prescribed voting time shall not be counted.
  - (4) The chairman of the meeting shall announce the voting results on the spot. Each resolution becomes a valid resolution after being passed by the Holders present at the Holders' Meeting holding more than 50% (excluding 50%) of the units (except for resolutions that require the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting).
  - (5) Resolutions of the Holders' Meeting that shall be submitted to the Board of the Company and shareholders' general meeting for consideration shall be submitted to the Board of the Company and the shareholders' general meeting for consideration in accordance with the Articles of Association.
  - (6) The chairman of the meeting is responsible for arranging personnel to take minutes of the meeting.
6. Holders who individually or jointly hold over 30% of the units under the ESOP may submit a temporary motion to the Holders' Meeting. Such a temporary motion shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
  7. Holders who individually or jointly hold over 10% of the units under the ESOP may propose to convene a Holders' Meeting.

**(II) Management Committee**

1. The Management Committee shall be set up for the ESOP and shall be responsible for the daily management of the ESOP and exercising shareholders' rights on behalf of the Holders. The members of the Management Committee shall be elected by the Holders' Meeting attended by all Holders.

2. The Management Committee comprises three members including one officer. The officer of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the ESOP.
3. The members of the Management Committee have the following fiduciary duties to the ESOP in accordance with laws, administrative regulations and provisions of the Administrative Measures for the ESOP:
  - (1) not to take advantage of their positions and authority to accept bribes or other illegal income; not to misappropriate any property of the ESOP;
  - (2) not to misappropriate funds of the ESOP;
  - (3) without the consent of the Management Committee, not to open account under his or her own name or others' names for depositing the assets or funds of the ESOP;
  - (4) without the consent of the Holders' Meeting, not to lend funds of the ESOP to others or provide guarantee for others with the properties of the ESOP;
  - (5) not to take advantage of their positions and authority to jeopardize the interests of the ESOP.
  - (6) Not to arbitrarily disclose trade secrets in relation to the ESOP.

Where a member of the Management Committee causes any loss to the ESOP due to his or her breach of fiduciary duties, such member shall be liable for indemnification.

4. The Management Committee shall discharge the following functions and duties:
  - (1) convene the Holders' Meetings;
  - (2) take up the daily management of the ESOP on behalf of all Holders;
  - (3) exercise the shareholders' rights on behalf of all Holders;
  - (4) manage the allocation of interests of the ESOP;
  - (5) decide on the recovery and acceptance of the units of the ESOP and the arrangement for realization of the corresponding income;



- (6) handle unit registration, change and inheritance registration of the units under the ESOP;
  - (7) decide on special matters other than the above during the term of the ESOP;
  - (8) sign relevant documents on behalf of all Holders;
  - (9) consider and determine the allocation/redistribution of shares withdrawn for reasons such as failure to meet the unlocking conditions of the Company's performance appraisal, failure to meet the unlocking conditions of the individual's performance appraisal, or personal changes, etc. in accordance with the provisions of the ESOP;
  - (10) other functions and duties as delegated by the Holders' Meeting;
  - (11) other functions and duties which shall be performed by the Management Committee under the ESOP and as stipulated in the relevant laws and regulations.
5. The officer of the Management Committee shall discharge the following functions and authority:
  - (1) preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
  - (2) supervise and monitor the execution of resolutions of the Holders' Meetings and the Management Committee meetings;
  - (3) other functions and authority as delegated by the Management Committee.
6. The Management Committee meetings shall be convened on a non-regular basis by the officer of the Management Committee. A notice of the meeting shall be sent to all members of the Management Committee 1 day prior to the meeting.
7. The members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The officer of the Management Committee shall convene and preside over the Management Committee meeting within 3 days after receiving the proposal.

8. Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. Each member of the Management Committee shall have one vote regarding the voting for resolutions at the Management Committee.
9. The voting of the Management Committee's resolutions shall be conducted by open ballot. Provided that the members of the Management Committee can fully express their opinions, the Management Committee meetings can be held and resolutions can be made by way of facsimile which shall be signed by the members of the Management Committee attending the meeting.
10. The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meetings, they may appoint other members of the Management Committee in writing to attend the meeting on their behalf. The proxy form shall specify the name of the proxy, matters to be dealt with by proxy, scope of authorization and term of validity, and shall be signed or sealed by the member who has made the authorization. The authorized members of the Management Committee shall exercise the rights within the scope of authorization. For any member of the Management Committee who neither attend a meeting of the Management Committee nor appoint a proxy to attend a Management Committee meeting, he/she shall be deemed to have given up his/her right to vote at the meeting.
11. The Management Committee shall take minutes of the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.

**(III) Authorization to the Board by the Shareholders' General Meeting**

The general meeting authorizes the Board to handle all matters in relation to the ESOP in full discretion, including but not limited to the following:

1. to authorize the Board to handle the establishment, modifications to and termination of the ESOP;
2. to authorize the Board to make decisions on the extension and early termination of the ESOP;
3. to authorize the Board to handle all matters relating to the lock-up and unlocking of the shares purchased under the ESOP;
4. to authorize the Board to interpret the 2024 A Share Employee Stock Ownership Plan (Draft) of Hisense Home Appliances Group Co., Ltd.;

5. to authorize the Board to implement the ESOP, including but not limited to nominating candidates for the Management Committee;
6. to authorize the Board to make decisions on the participation of the ESOP in refinancing matters such as placing of shares of the Company during the term of the ESOP;
7. to authorize the Board to change the ESOP's Participants and the determination criteria for the ESOP;
8. to authorize the Board to sign contracts and relevant agreements and documents for the ESOP;
9. to authorize the Board, in the event of changes in the relevant laws, regulations and policies, to make corresponding amendments and enhancements to the ESOP according to the changes in the relevant laws, regulations and policies;
10. to authorize the Board to handle other matters necessary for the ESOP, except for those rights expressly stipulated in the relevant documents to be exercised by the general meeting.

Such authorizations shall be valid from the date of approval at the general meeting of the Company until the date of completion of implementation of the ESOP.

#### **(IV) Management Organization**

Following the approval from the general meeting, the ESOP will be managed by the Company itself. Depending on the implementation of the ESOP, professional institutions with relevant qualifications may be engaged to provide consultation and management services for the ESOP.

### **VIII. ALTERATION, TERMINATION AND HANDLING OF HOLDERS' INTERESTS UNDER THE ESOP**

#### **(I) Alteration of the ESOP**

During the term of the ESOP, any amendment to the ESOP shall be subject to the approval of at least two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company.

#### **(II) Termination of the ESOP**

1. The ESOP will be terminated automatically upon its expiry.
2. When all shares held in the Company under this ESOP are sold or transferred to the Holders, this ESOP may be terminated before its expiry.

3. The term of the ESOP may be extended by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board of the Company one month prior to the expiry of the ESOP, and the ESOP shall be terminated upon expiry of the extended period.
4. In addition to self-termination or early termination, the termination of the Stock Ownership Plan during the term shall be approved by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board.

**(III) Liquidation and Distribution of the ESOP**

1. The Management Committee shall complete the liquidation of the ESOP within 30 working days after the date of its expiry and arrange for distribution in proportion to the units held by the Holders after deducting the relevant taxes and fees in accordance with the law.
2. During the term of this ESOP, the Management Committee may distribute cash or unlocked shares from the capital account of the ESOP to the Holders in accordance with the authorization of the Holders' Meeting.

**(IV) Rights Attached to the Shares Held by the ESOP and Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Shares**

1. Holders of the ESOP are entitled to the asset income rights of the shares held by the ESOP according to their actual capital contribution. The corresponding shares obtained by the Holders through the ESOP shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of shares and other asset income rights).
2. During the term of the ESOP, except as otherwise provided by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units of the ESOP held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debt or other similar disposal.
3. During the lock-up period, the Holders shall not request for distribution of interests under the ESOP.
4. During the lock-up period, in the event of any capitalization of capital reserve and distribution of bonus issue, the shares newly acquired by the ESOP due to holding the Company's shares shall be locked up together and shall not be sold in the secondary market or otherwise transferred, and the unlocking period of such shares shall be the same as the corresponding shares.

5. Upon the expiry of the lock-up period of the ESOP and during the term of the ESOP, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall sell the corresponding Underlying Shares or transfer the corresponding Underlying Shares to the Unit Holders at an appropriate time during the term of the ESOP after the unlocking date.
6. Upon the expiry of the lock-up period of the ESOP and during the term of the ESOP, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall decide whether to distribute the income corresponding to the ESOP. Where the distribution is decided, the Holders' Meeting shall authorize the Management Committee to distribute the income according to the units of the Holders after deducting relevant taxes and fees in accordance with the law.
7. During the term of the ESOP, distribution may be made in each accounting year when the Underlying Shares held by the ESOP are sold for cash or other distributable income, and the Management Committee shall distribute the shares held by the Holders in proportion to the total number of shares under the ESOP after deducting relevant taxes and fees and payables of the ESOP in accordance with the law.
8. During the lock-up period, in the event of dividend payment by the Company, the cash dividends received by the ESOP for the shares of the Company held shall be credited to the monetary assets of the ESOP and shall not be distributed separately for the time being. Upon the expiry of the lock-up period of the ESOP and during the term, the Management Committee shall, in accordance with the authorization of the Holder's Meeting, decide whether to distribute the income. Upon the expiry of the lock-up period of the ESOP and during the term, in the event of a dividend payment by the Company, the cash dividends received by the ESOP for the Shares of the Company shall be credited to the monetary assets of the ESOP.
9. Upon occurrence of other unspecified events, the disposal method of the units of the ESOP held by the Holders shall be determined by the Holders' Meeting.
10. During the term of the ESOP, when the Company obtains financing by means of placing of shares, issue of shares and convertible bonds, the Management Committee will submit to the Holders' Meeting and the Board of Directors for consideration of whether to participate and the specific plan of participation.

**(V) Measures for the Disposal of the Interests of the Shares Held by Holder of the ESOP in the Event of Termination of Employment, Retirement, Death or Other Circumstances that Render the Holder no longer Suitable to Participate in the Plan**

1. The Management Committee has the right to disqualify the Holder from participating in the ESOP in the event of the following circumstances:
  - (1) the Holder resigns or resigns without authorization or quitting from the original position due to personal reasons (“quitting from the original position” means a Holder leaves his/her current job to take up a position as a consultant, expert, teacher, etc., where his/her experience and expertise can be utilized, the same applies below) or is dismissed by the Company;
  - (2) the Holder refuses to renew the labor contract with the Company or its controlled subsidiaries upon expiration of the labor contract;
  - (3) the Company or its controlled subsidiaries does not renew the labor contract with the Holder upon expiration of the labor contract;
  - (4) the Holder’s labor contract is terminated by the Company or its controlled subsidiaries due to his/her violation of laws, administrative regulations or rules and systems of the Company;
  - (5) the Holder becomes ineligible to participate in the ESOP due to reasons such as making a material mistake;
  - (6) material breaches of the rules and systems of the Company;
  - (7) other circumstances as determined by the Management Committee.

Measures for handling: if one of the above (1)-(7) occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to allocation of the recovered shares to other eligible employees). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be disposed of at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holder. Where there is still revenue after the return to the Holder, it shall be kept for the benefit of the Company.

Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holders shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units he/she holds.

- (8) retirement: the Holder reaches the national retirement age and retires during the term;
- (9) death: the Holder passed away during the term;
- (10) loss of working capacity: the Holder loses working capacity during the term.

Measures for handling: if one of the above (8)-(10) occurs, the Holder's units of the ESOP will still be unlocked for the most recent unlocking period at the time and under the unlocking conditions originally set out, with the unlocking proportion determined by the Holder's period of employment in the corresponding performance year. After the unlocking date, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the unlocked units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to allocation of the recovered units to other eligible employees). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds plus the interest on bank deposits shall be returned to the Holder or his/her legal successors. Where there is still revenue after the return, the revenue shall be returned to the Company.

Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holder shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units held by him/her.

- (11) the Holder has caused damage to the Company and caused material adverse impact to the society due to violation of law and discipline;

Measures for handling: if the above (11) occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to the allocation of the recovered units to other eligible employees). Where the allocation of such portion is not completed during the term

of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holders. Where there is still revenue after the return to the Holder, the revenue shall be returned to the Company. The Management Committee has the right to recover the portion of cash proceeds already realized under the ESOP.

- (12) the Holder has caused material loss to the Company due to violation of non-compete restrictions and other major employment issues after termination of employment.

Measures for handling: if the above (12) occurs, the Management Committee has the right to recover the portion of cash proceeds already realized under the ESOP.

2. Adjustments to the shareholdings of the Holders

Demotion or downgrading: a change in the Holder's duties for personal reasons during the term but still meeting the conditions of participation;

During the term, the Management Committee may adjust the units of the ESOP awarded to the Holder, including reduction and cancellation of units based on the relevant assessment of the Holder by the Company or changes in position/rank. The Management Committee has the right to conduct the reduction/cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to the allocation of the recovered shares to other eligible employees). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holders. Where there is still revenue after the return to the Holders, the revenue shall be returned to the Company.

Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holder shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units held by him/her..

3. Circumstances in which the Holder's interest will not be changed

- (1) Change in position: if the Holder's position is changed for organisational reasons but he/she still meets the conditions of participation during the term;



- (2) Quitting from the original position (organizational reasons): if the Holder quits from the original position due to organisational reasons but he/she still meets the conditions of participation during the term;

there will be no change to his/her interests in the ESOP during the term.

#### **IX. MEASURES FOR DISPOSAL OF THE SHARES HELD BY EMPLOYEES UPON EXPIRY OF THE ESOP**

1. If all the shares of the Company held by the ESOP are sold or transferred to the Unit Holders and the assets under the ESOP are liquidated and allocated completely according to the ESOP, the ESOP may be terminated earlier after being approved by the Holders' Meeting.
2. The term of the ESOP may be extended with the consent of two-thirds of the units held by the Holders attending the Holders' Meeting and after the submission to the Board of Directors of the Company for consideration and approval one month prior to the expiry of the term of the ESOP.
3. After the proposed early termination or expiration of the term of the ESOP, the Management Committee shall complete the liquidation within 30 working days after the termination date of the ESOP and proceed to distribution in proportion to the units of the Holders after deduction of relevant taxes and fees in accordance with the law.
4. After the expiration of the term of the ESOP, if the assets held by the ESOP still contain the underlying Shares, the Management Committee shall determine the disposal method.

#### **X. ACCOUNTING TREATMENT OF THE ESOP**

According to the provisions of Accounting Standards for Enterprises No. 11 – Share-based Payment, the equity-settled share-based payments in consideration of services rendered by staff that can only be exercised upon the completion of services or attainment of required performance targets within the vesting period are recognized in relevant cost or expenses and the capital reserve in respect of services obtained for the period at the fair value on the date of grant of the equity instrument based on the best estimate of the volume of exercisable equity instruments at each balance sheet date during the vesting period.

Assuming that the Company transfers 13,916,000 Underlying Shares to the ESOP in early May 2024, the ESOP will sell the Underlying Shares held in the agreed proportion mentioned above upon the expiration of the lock-up period. As an estimate, assuming that the fair value of the equity instruments is measured at the closing price of the shares of the Company of RMB21.30 per share on the trading day prior to the consideration of the Board of Directors on the ESOP, the total cost to be recognized by the Company is estimated to be

RMB146,396,300, which will be amortised by the Company in proportion to each unlocking during the lock-up period. The amortization of the ESOP expenses from 2024 to 2027 is estimated as follows:

No. of shares purchased ( <i>'000 shares</i> )	Total share-based payment ( <i>RMB'000</i> )	2024 ( <i>RMB'000</i> )	2025 ( <i>RMB'000</i> )	2026 ( <i>RMB'000</i> )	2027 ( <i>RMB'000</i> )
13,916.00	146,396.30	63,438.40	56,118.60	21,959.40	4,879.90

*Note:* The final result of the impacts above on the Company's operating results is subject to the annual audit report issued by the accounting firm.

Without taking into account the impacts of the ESOP on the Company's results, the amortization of the ESOP expenses will have an impact on the net profit for each year during the term, but the impact is not significant. If taking into account the positive effect of the ESOP on the Company's development, the ESOP can effectively stimulate the enthusiasm of the employees of the Company and improve the operating efficiency.

#### XI. PROCEDURES FOR THE IMPLEMENTATION OF THE ESOP

1. The Board of Directors shall be responsible for formulating the ESOP Draft.
2. Before the implementation of the ESOP, the Company shall fully seek the opinions of employees through staff representatives' meetings and other organizations.
3. The Board of Directors will consider and approve the ESOP Draft, while the Supervisory Committee shall deliver their opinions on whether the ESOP is beneficial to the sustainable development of the Company, whether it is detrimental to the interests of the Company and the shareholders as a whole, and whether there is any apportionment, mandatory distribution and other circumstances in which the employees are forced to participate in the ESOP.
4. When the Board of Directors is considering the ESOP, directors who are associated with the ESOP shall abstain from voting. The Board of Directors shall announce the resolution of the Board of Directors, the summary of the ESOP Draft, the opinions of the Supervisory Committee within two trading days after the consideration and approval of the ESOP Draft.
5. The Company shall engage a law firm to issue legal opinions for the ESOP, and publish the legal opinions two trading days before the convening of the relevant on-site general meeting.
6. The Company shall engage an independent financial advisor to issue the Independent Financial Advisor's Report on the ESOP, which will be published prior to the relevant general meeting to be held for considering the ESOP.

7. A general meeting will be held to consider the ESOP. The general meeting will adopt the combination of on-site voting and online voting, where the votes of medium to small investors will be counted separately, the results of which will be made public; any director or shareholder who is involved in the ESOP shall abstain from voting. The ESOP can be implemented after it is passed by a majority of effective voting rights present at the general meeting (of which the affiliated shareholders should abstain from voting).
8. The Company will timely disclose the time, quantity and proportion among others of the Underlying Shares acquired hereunder within 2 trading days after the Company has completed the purchase of Underlying Shares or the transfer of the same into the ESOP.
9. Other procedures that shall be performed as stipulated by the CSRC and the SZSE.

## **XII. RELATED-PARTY RELATIONSHIP AND ACTING-IN-CONCERT RELATIONSHIP UNDER THE ESOP**

As at the date of the announcement of the ESOP Draft, there is no de facto controller of the Company and the controlling shareholder of the Company has not participated in the ESOP. Therefore, no acting-in-concert agreement has been signed or acting-in-concert arrangement exists between the ESOP and the controlling shareholder or the de facto controller of the Company.

Some of the directors, supervisors and senior management of the Company hold units under the ESOP, and such Holders are connected to the ESOP and should abstain from voting at the general meeting, the meeting of the Board and the meeting of the Supervisory Committee of the Company when considering resolutions relating to the ESOP; when the general meeting of the Company considers matters relating to the directors, supervisors and senior management participating in the ESOP, the Holders under the ESOP should abstain from voting. Save as aforesaid, there is no other connected relationship or acting-in-concert relationship between the ESOP and the de facto controller, directors, supervisors and senior management of the Company.

There is no connected relationship between the Holders of the ESOP. No acting-in-concert agreement has been signed and no acting in concert arrangement exists in relation to the ESOP. There is no act or fact that the ESOP has expanded the number of voting rights of the Company's shares at their disposal through agreements or other arrangements with the de facto controller, directors, supervisors and senior management.

**XIII. OTHER IMPORTANT MATTERS**

1. The approval of the ESOP at the Board meeting and the general meeting of the Company neither implies that the Holders have the right to continue to serve at the Company, nor constitutes an undertaking of the Company regarding the term of employment of the employees. The employment relation between the Company and the Holders shall continue to be governed by the labor contract or employment agreement entered into between the Company and the Holders.
2. Matters such as finance, accounting treatment and taxation in relation to the implementation of the ESOP by the Company will be dealt with according to the relevant policies of finance, accounting and tax. Personal income tax payable by the employees as a result of the implementation of the ESOP will be borne by the employees themselves.
3. There is no arrangement for third parties to provide incentives, subsidies, and make up the balance for employees to participate in the ESOP.
4. The Board of Directors of the Company reserves the right of interpretation over the ESOP, and the ESOP will only come into force after being reviewed and approved at the general meeting of the Company.

Board of Directors of Hisense Home Appliances Group Co., Ltd.  
8 January 2024

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## APPENDIX II THE ADMINISTRATIVE MEASURES FOR THE 2024 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN

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### CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to regulate the implementation of the 2024 A Share Employee Stock Ownership Plan (hereinafter referred to as the “**ESOP**”) of Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as “**Hisense Home Appliances**” or the “**Company**”), the Company has formulated the Administrative Measures for the 2024 A Share Employee Stock Ownership Plan of Hisense Home Appliances Group Co., Ltd. (the “**Administrative Measures**”) in accordance with the requirements of the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies of the China Securities Regulatory Commission (the “**Guiding Opinions**”), the Self-regulatory Guidance No. 1 of the Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Listed Companies on the Main Board (“**Self-regulatory Guidance No. 1**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant laws, regulations and regulatory documents, and the Articles of Association of Hisense Home Appliances Group Co., Ltd. (the “**Article of Association**”) and the 2024 A Share Employee Stock Ownership Plan (Draft) of Hisense Home Appliances Group Co., Ltd.

### CHAPTER 2 FORMULATION OF THE ESOP

#### **Article 2 Basic principles of the ESOP**

(I) Principle of legal compliance

In implementing the ESOP, the Company follows the procedures in strict compliance with relevant requirements under the laws and administrative regulations, which require the Company to disclose true, accurate and complete information in a timely manner. No person is permitted to engage in insider trading, manipulation of the securities market, and other fraudulent actions through the ESOP.

(II) Principle of voluntary participation

The implementation of the ESOP is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company does not force employees to participate in the ESOP in such forms as apportionment and mandatory distribution.

(III) Principle of self-bearing of risks

The participants under the ESOP (the “ESOP’s Participants”, “**Holders**” or “**Unit Holders**”) will bear their own risks for gains or losses, and share equal rights with other investors.

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## **APPENDIX II THE ADMINISTRATIVE MEASURES FOR THE 2024 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN**

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### **Article 3 Holders of the ESOP**

#### **(I) Legal Basis for Determining the ESOP's Participants**

The Company has determined the eligibility of the ESOP's Participants according to the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines No. 1 and other laws, regulations, regulatory documents as well as the relevant provisions of the Articles of Association. The employees of the Company shall participate in this ESOP in accordance with the principles of legal compliance, voluntary participation and voluntary risk assumption.

#### **(II) Position Basis for Determining the ESOP's Participants**

The ESOP's Participants are directors (excluding independent directors), supervisors, senior management, core management, core management and core employees of the Company, who have an important role and influence on the overall performance and medium- to long-term development of the Company.

The total number of participants in the ESOP shall not exceed 279, of which 8 shall be directors (excluding independent directors), supervisors and senior management. The exact number of the ESOP's Participants is determined based on the actual payment made by the employees. The employees' participation in the ESOP shall follow the principles of the Company's discretionary decisions and employees' voluntary participation. The Company shall not force employees to participate in the ESOP by means such as apportionment and mandatory distribution.

### **Article 4 Size of the Underlying Shares involved in the ESOP**

The underlying shares under the ESOP will not exceed 13,916,000 shares, representing approximately 1.00% of the total share capital of the Company in the amount of 1,387,935,370 shares at the time of the announcement of the Draft of the ESOP. The exact number of shares to be held will be determined based on the actual capital contribution of the employees and the Company will comply with the information disclosure obligations in a timely manner as required.

As at the date of the announcement of the Draft of the ESOP, the draft of the 2022 A Share Employee Stock Ownership Plan of the Company which is still in existence, involves not more than 11,700,000 A shares of the Company, together with not more than 13,916,000 shares involved in the ESOP, totaling 25,616,000 shares, representing approximately 1.85% the Company's total share capital of 1,387,935,370 shares as at the date of the announcement of the Draft of the ESOP. After the implementation of the ESOP, the total number of all shares held under all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company in aggregate, and the number of the underlying shares corresponding to the units of ESOP held by any Holder shall not exceed 1% of the total share capital of the Company (excluding the shares acquired by the Holder before the Company's initial public offering for listing, the shares purchased by the Holder through the secondary market and the shares acquired through equity incentives).

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**APPENDIX II      THE ADMINISTRATIVE MEASURES FOR THE 2024  
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**Article 5 Source of the Underlying Shares involved in the ESOP**

The sources of the shares under the ESOP are the ordinary A shares of Hisense Home Appliances repurchased from the Company's designated repurchase account.

At the 2024 first extraordinary meeting of the eleventh session of the Board of Directors held on 8 January 2024, the Resolution on the Repurchasing of A Shares of the Company through Centralized Bidding (the "Repurchase Plan") was considered and approved. As at the date of the announcement of the Draft of the ESOP, the Repurchase Plan will soon commence and the underlying shares shall be available upon completion of the Repurchase Plan.

**Article 6 Sources of Funding for the ESOP**

The source of funds for participating in the ESOP shall be the legal remuneration of employees, their self-raised funds and other methods permitted by the laws and regulations, and the Company shall not provide financial assistance such as advances, guarantees and loans to the Holders in any form. The ESOP does not involve leveraged funds and there is no arrangement for third parties to provide incentives, grants, subsidies, and make up the balance for employees to participate in the ESOP.

**Article 7 Term and Lock-up Period of the ESOP**

**(I) *The term of the ESOP***

1. The term of the ESOP shall be 48 months, commencing from the date on which the Company announces the transfer of the last tranche of underlying shares to the ESOP. If not extended, the ESOP will be terminated automatically upon the expiry of its term.
2. Upon expiry of the lock-up period of the ESOP, if all the underlying shares held under the ESOP are sold or transferred to the Unit Holders and liquidated and distributed in accordance with the regulations, this ESOP may be terminated prior to the expiry upon consideration and approval by the Holders' Meeting.
3. If a Holders' Meeting is held at least one month prior to the expiry of the term of the ESOP and with the consent of more than two-thirds of the units held by the Holders present at the meeting and after submission to the board of directors of the Company for consideration and approval, the term of the ESOP may be extended.
4. Where the shares of the Company held by the ESOP cannot be fully realized or transferred to the Unit Holders before the expiry of the term due to the suspension of trading of the shares of the Company or short trading window period, the term of the ESOP may be extended with the consent of more

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than two-thirds of the units held by the Holders attending the Holders' Meeting and after submission to the board of directors of the Company for consideration and approval.

5. The Company shall issue an indicative announcement six months prior to the expiry of the term of the ESOP, stating the number of shares held by the ESOP which is about to expire and its proportion to the total share capital of the Company.
6. The Company shall disclose the number of shares held under the expired ESOP and its proportion to the total share capital of the Company, as well as the disposal arrangements upon expiry, at the latest upon the expiry of the ESOP. In the case of an extension of the term, every difference from the pre-extension period should be explained in accordance with the disclosure requirements under Rule 6.6.7 of the Self-regulatory Guidelines No.1, and the corresponding review procedures and disclosure obligations should be fulfilled in accordance with the provisions of the ESOP.

***(II) Lock-up period of the Underlying Shares involved in the ESOP***

1. The underlying shares acquired by this ESOP through non-trading transfer or other ways permitted by the laws and regulations shall be unlocked in three phases commencing from 12 months after the date of announcement of the Company of the transfer of the last tranche of Underlying Shares for the first grant to the ESOP. The lock-up period shall be up to 36 months. Details are as follows:

Time of unlocking for the first batch shall be: the expiry of 12 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying shares to the ESOP, and the number of shares to be unlocked shall be 40% of the total number of the underlying shares held by the ESOP.

Time of unlocking for the second batch shall be: the expiry of 24 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying shares to the ESOP, and the number of shares to be unlocked shall be 30% of the total number of the underlying shares held by the ESOP.

Time of unlocking for the third batch shall be: the expiry of 36 months from the date of the announcement of the Company of the transfer of the last tranche of the underlying shares to the ESOP, and the number of shares to be unlocked shall be 30% of the total number of the underlying shares held by the ESOP.



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The shares derived from the underlying shares obtained under the ESOP as a result of the events such as the distribution of share dividends and capitalisation of capital reserve by the Company shall also be subject to the above lock-up arrangement.

2. The ESOP will strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the Shenzhen Stock Exchange, the Securities and Futures Commission of Hong Kong (the “SFC”), The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the Hong Kong Listing Rules on stock trading. No Shares of the Company under the ESOP shall be traded during the following periods:
  - (1) Within one month prior to the announcement of the annual report, half-year report or quarterly report of the Company. Where the date of the announcement is postponed due to special reasons, the period shall commence one month prior to the original scheduled date of the announcement;
  - (2) Within 10 days before the announcement of results forecast and preliminary results;
  - (3) During the period commencing one month immediately before the earlier of the date of board meeting (as such date if first notified to the Hong Kong Stock Exchange under the Hong Kong Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules);
  - (4) From the date of occurrence of a major event that may have a significant impact on the trading price of the Shares and derivatives of the Company or the date of entering into the decision-making process, until the date of disclosure in accordance with the law (including such date); and
  - (5) Such other period as stipulated by the CSRC, Shenzhen Stock Exchange, SFC, the Hong Kong Stock Exchange and the Hong Kong Listing Rules.

If there are new provisions in the relevant laws, administrative regulations or departmental rules regarding the period in which the Company is prohibited from stock trading, the new relevant provisions shall prevail.

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**APPENDIX II      THE ADMINISTRATIVE MEASURES FOR THE 2024  
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***(III) Performance Appraisal of the ESOP***

1. Performance Appraisal at Company Level

The appraisal years under the ESOP are the three accounting years from 2024 to 2026, and the appraisal will be conducted once every accounting year, with the achievement of the performance appraisal target as one of the unlocking conditions. The performance appraisal targets of each year are as set out in the table below:

<b>Unlocking Period</b>	<b>The appraisal indicators used in that appraisal year</b>	<b>Growth rate of net profit (A)</b>	
		<b>Target value (Am)</b>	<b>Trigger value (An)</b>
First Unlocking Period	Growth rate of net profit for 2024 compared to that of 2022	122%	98%
Second Unlocking Period	Growth rate of net profit for 2025 compared to that of 2022	155%	124%
Third Unlocking Period	Growth rate of net profit for 2026 compared to that of 2022	194%	155%

  

<b>Appraisal indicator</b>	<b>Performance completion level</b>	<b>Unlocking ratio at company level (X)</b>
Growth rate of net profit (A)	$A \geq A_m$	X=100%
	$A_n \leq A < A_m$	X=80%
	$A < A_n$	X=0%

*Notes:*

- (1) The above “net profit” indicators are calculated based on the audited net profit attributable to shareholders of the Company and excluding the impact of the share-based fee payment arising from the implementation of the ESOP for the period and other share incentive schemes and employee stock ownership plans.
- (2) The above performance appraisal targets are not undertakings about its performance made by the Company to investors.

During each of the above unlocking periods, the percentage of unlocking at the Company level will be determined in accordance with the level of achievement of the Company’s performance. Units that do not meet the unlocking conditions will be taken back by the Management Committee, which has the authority to decide on the disposal of the relevant rights and interests.

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**APPENDIX II THE ADMINISTRATIVE MEASURES FOR THE 2024  
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2. Performance Appraisal at Employee Level

The individual appraisal of the Holders is conducted annually. The appraisal results are determined based on the individual performance appraisal and the unlocking ratio will be determined by the appraisal results. The actual number of underlying shares unlocked by the Holders in the year = the number of underlying shares planned to be unlocked by the Holders in the year x unlocking ratio at company level x unlocking ratio at individual level. If the actual number of underlying shares unlocked by the Holders in the year is less than the target number of shares to be unlocked due to the individual performance appraisal, the Management Committee will take back the units that have not met the unlocking conditions and decide on the dispose arrangements (including but not limited to allocating the recovered shares to other eligible employees at an appropriate time). If such units are not allocated during the term of the ESOP, the unallocated portion will be sold at an appropriate time by the Company during the term of the ESOP after the unlocking date. After the sale, the original capital contribution for the corresponding units will be returned to the Holders. If there is any gain after the contribution is returned to the Holders, the gain shall be returned to the Company.

The results of the performance appraisal of the Holders are classified into five grades, namely S, A, B, C and D. Details are shown in the table below:

<b>Appraisal grading</b>	<b>S</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Unlocking ratio at employee level		100%		70%	0%

**Article 8 Procedures for the Implementation of the ESOP**

- (I) The Board of Directors shall be responsible for formulating the draft of the ESOP.
- (II) Before implementing the ESOP, the Company shall fully seek the opinions from employees through staff representatives' meeting and other organisations.
- (III) The Board of Directors will consider and approve the draft of the ESOP, while the Supervisory Committee shall deliver their opinions on whether the ESOP is beneficial to the sustainable development of the Company, whether it is detrimental to the interests of the Company and the shareholders as a whole, and whether there is apportionment, mandatory distribution and other circumstance in which the employees are forced to participate in the ESOP.

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- (IV) When the Board of Directors is considering the ESOP, the directors who are associated with the ESOP shall abstain from voting. The Board of Directors will shall announce the resolution of the Board of Directors, the summary of the draft of the ESOP, the opinions of the Supervisory Committee within two trading days after the consideration and approval of the draft of the ESOP.
- (V) The Company shall engage a law firm to issue legal opinion on the ESOP, and publish the legal opinions two trading days before the convening of the relevant on-site general meeting.
- (VI) The Company shall engage an independent financial advisor to issue the independent financial advisor's report on the ESOP, which will be published prior to the relevant general meeting to be held for considering the ESOP.
- (VII) A general meeting will be held to consider the ESOP. The general meeting will adopt the combination of on-site voting and online voting, where the votes of medium to small investors will be counted separately, the results of which will be made public; any director or shareholder who is involved in the ESOP shall abstain from voting. The ESOP can be implemented after it is passed by a majority of effective voting rights present at the general meeting (of which the affiliated shareholders should abstain from voting).
- (VIII) The Company will timely disclose the time, quantity and proportion among others of the underlying shares acquired within 2 trading days after the Company has completed the purchase of underlying shares or the transfer of the underlying shares into the ESOP.
- (IX) Other procedures to be performed as required by the rules of CSRC and Shenzhen Stock Exchange.

### **CHAPTER 3 MANAGEMENT OF THE ESOP**

#### **Article 9 Management Model of the ESOP**

Subject to the approval of the general meeting, the ESOP shall be established with self-owned funds and shall be managed by the Company itself. The highest internal management authority of the ESOP is the Holders' Meeting. The Holders' Meeting shall establish the Management Committee and authorize the Management Committee as the management body of the ESOP to supervise the daily management of the ESOP and exercise the shareholders' rights on behalf of the Holders. The Administrative Measures clearly stipulate the responsibilities of the Management Committee and adopt adequate risk prevention and segregation measures. The Board of the Company is responsible for drafting and amending the draft of the ESOP and handling other relevant matters of the ESOP within the scope as authorized by the general meeting.

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**Article 10 Holders' Meeting of the ESOP**

- (I) Employees of the Company will become the Holders under the ESOP after they subscribe for the units under the ESOP and Holders' Meeting is the highest internal management authority of the ESOP. All Holders are entitled to attend the Holders' Meeting. The Holders may attend and vote at Holders' Meetings in person, or appoint proxies to attend and vote on their behalf. The expenses, such as travel and accommodation, incurred by the Holders and their proxies to attend the Holders' Meeting shall be borne by the Holders themselves.
- (II) The following matters shall be considered and discussed at the Holders' Meeting:
1. Election and removal of any members of the Management Committee;
  2. Alteration, termination and extension of the duration of the ESOP;
  3. When the Company raises funds by way of placing of shares, issue of new shares, issue of convertible bonds, etc. during the term of the ESOP, the Management Committee will submit the plan to the Holders' Meeting and the Board for consideration whether to participate in such financing arrangements and the specific plan of participation;
  4. Consideration and amendment to the Administrative Measures;
  5. Authorization to the Management Committee to supervise the daily management of the ESOP;
  6. Authorization to the Management Committee to exercise the shareholders' rights;
  7. Authorization to the Management Committee to take charge of the liquidation and distribution of the assets of the ESOP;
  8. Other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.
- (III) The first Holders' Meeting shall be convened and presided over by the Secretary to the Board of the Company or the designated person, and the subsequent Holders' Meetings will be convened by the Management Committee and chaired by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duty, he/she shall appoint a member of the Management Committee to preside over the meeting.

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(IV) To convene a Holders' Meeting, the Management Committee shall deliver a notice of meeting 3 days prior to the meeting to all the Holders through direct delivery, mail, facsimile, e-mail or other means. The notice of meeting shall at least include the following details:

1. time and venue of the meeting;
2. means of convening the meeting;
3. proposed matters to be considered;
4. convener and chairman of the meeting and the proposer(s) of the extraordinary meeting (s) and their written proposals;
5. necessary materials for voting at the meeting;
6. requirements as to the Holders to attend the meeting in person or appoint other Holders to attend the meeting on their behalf;
7. contact person and contact information;
8. date of issuance of the notice.

In case of emergency, the Holders' Meeting can be convened by verbal notice. The verbal notice shall at least include the above information mentioned in items 1, 2 and 3 and an explanation on the emergency and necessity to convene a Holders' Meeting as soon as possible.

(V) Voting procedures of the Holders' Meeting

1. After each proposal has been fully discussed, the chairman shall invite Holders present at the meeting to vote in a timely manner. The chairman may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
2. The Holders of the ESOP shall exercise their voting rights according to the units held by them.
3. The Holders may vote for or against the resolution, or abstain from voting on any resolutions according to their wish. The Holders present at the meeting shall select one of the voting options, and any vote with no selection or two selections or more will be deemed as abstention. Anyone who leaves the venue in the middle of the meeting and does not return without making a choice will be deemed as abstention. Any vote made after the chairman announces the voting result or after the prescribed voting time shall not be counted.

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4. The chairman of the meeting shall announce the voting results on the spot. Each resolution becomes a valid resolution after being passed by the Holders present at the Holders' Meeting holding more than 50% (excluding 50%) of the units (except for resolutions that require the consent of more than two-thirds of the units held by the Holders attending the Holders' Meeting).
  5. Resolutions of the Holders' Meeting that shall be submitted to the Board of the Company and shareholders' general meeting for consideration shall be submitted to the Board of the Company and the shareholders' general meeting for consideration in accordance with the Articles of Association.
  6. The chairman of the meeting is responsible for arranging personnel to take minutes of the meeting.
- (VI) Holders who individually or jointly hold over 30% of the units under the ESOP may submit a temporary motion to the Holders' Meeting. Such a temporary motion shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
- (VII) Holders who individually or jointly hold over 10% of the units under the ESOP may propose to convene a Holders' Meeting.

**Article 11 Management Committee of the ESOP**

- (I) The Management Committee shall be set up for the ESOP and shall be responsible for the daily management of the ESOP and exercising shareholders' rights on behalf of the Holders. The members of the Management Committee shall be elected by the Holders' Meeting attended by all Holders.
- (II) The Management Committee comprises three members including one officer. The officer of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the ESOP.
- (III) Members of the Management Committee have the following fiduciary duties to the ESOP in accordance with laws, administrative regulations and the Administrative Measures:
  1. not to take advantage of their positions and authority to accept bribes or other illegal income; not to misappropriate any property of the ESOP;
  2. not to misappropriate funds of the ESOP;
  3. without the consent of the Management Committee, not to open account under his or her own name or others' names for depositing the assets or funds of the ESOP;

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4. without the consent of the Holders' Meeting, not to lend funds of the ESOP to others or provide guarantee for others with the properties of the ESOP;
5. not to take advantage of their positions and authority to jeopardize the interests of the ESOP;
6. not to arbitrarily disclose trade secrets in relation to the ESOP.

Where a member of the Management Committee causes any loss to the ESOP due to his or her breach of fiduciary duties, such member shall be liable for indemnification.

(IV) The Management Committee shall discharge the following functions and duties:

1. convene the Holders' Meetings;
2. take up the daily management of the ESOP on behalf of all Holders;
3. exercise the shareholders' rights on behalf of all Holders;
4. manage the allocation of interests of the ESOP;
5. decide on the recovery and acceptance of the units of the ESOP and the arrangement for realization of the corresponding income;
6. handle unit registration, change and inheritance registration of the units under the ESOP;
7. decide on special matters other than the above during the term of the ESOP;
8. sign relevant documents on behalf of all Holders;
9. consider and determine the allocation/redistribution of shares withdrawn for reasons such as unsubscribed shares, failure to meet personal appraisals, personal changes, etc. in accordance with the provisions of the ESOP;
10. other functions and duties as delegated by the Holders' Meeting.
11. other functions and duties which shall be performed by the Management Committee under the ESOP and as stipulated in the relevant laws and regulations..



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- (V) The officer of the Management Committee shall discharge the following functions and authority:
1. preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
  2. supervise and monitor the execution of resolutions of the Holders' Meetings and the Management Committee meetings;
  3. other functions and authority as delegated by the Management Committee.
- (VI) The Management Committee meetings shall be convened on a non-regular basis by the officer of the Management Committee. A notice of the meeting shall be sent to all members of the Management Committee 1 day prior to the meeting.
- (VII) The members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The officer of the Management Committee shall convene and preside over the Management Committee meeting within 3 days after receiving the proposal.
- (VIII) Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. Each member of the Management Committee will have one vote regarding the voting for resolutions of the Management Committee.
- (IX) The voting of the Management Committee's resolutions shall be conducted by open ballot. Provided that the members of the Management Committee can fully express their opinions, the Management Committee meetings can be held and resolutions can be made by way of facsimile which shall be signed by the members of the Management Committee attending the meeting.
- (X) The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meetings, they may appoint other members of the Management Committee in writing to attend the meeting on their behalf. The proxy form shall specify the name of the proxy, matters to be dealt with by proxy, scope of authorization and term of validity, and shall be signed or sealed by the member who has made the authorization. The authorized members of the Management Committee exercise the rights within the scope of authorization. For any member of the Management Committee who neither attend a meeting of the Management Committee nor appoint a proxy to attend, he/she shall be deemed to have given up his/her right to vote at the meeting.
- (XI) The Management Committee shall take minutes of the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.

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**Article 12 Authorization to the Board by the Shareholders' General Meeting**

The general meeting authorizes the Board to handle all matters in relation to the ESOP in full discretion, including but not limited to the following:

1. to authorize the Board to handle the establishment, modifications and termination of the ESOP;
2. to authorize the Board to make decisions on the extension and early termination of the ESOP;
3. to authorize the Board to handle all matters relating to the lock-up and unlocking of the shares purchased under the ESOP;
4. to authorize the Board to interpret the 2024 A Share Employee Stock Ownership Plan (Draft) of Hisense Home Appliances Group Co., Ltd.;
5. to authorize the Board to implement the ESOP, including but not limited to nominate candidates for the Management Committee;
6. to authorize the Board to make decisions on the participation of the ESOP in refinancing matters such as the placing of shares of the Company during the term of the ESOP;
7. to authorize the Board to change the ESOP's Participants and the determination criteria of the ESOP;
8. to authorize the Board to sign contracts and relevant agreements and documents related for the ESOP;
9. to authorize the Board, in the event of changes in the relevant laws, regulations and policies, to make corresponding amendments and enhancements to the ESOP according to the changes in the relevant laws, regulations and policies;
10. to authorize the Board to handle other matters necessary for the ESOP, expressly stipulated in the relevant documents to be exercised by the general meeting.

Such authorizations shall be valid from the date of approval at the general meeting of the Company until the date of completion of implementation of the ESOP.

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**Article 13 Management Organization**

Following the approval from the general meeting, the ESOP will be managed by the Company itself. Depending on the implementation of the ESOP, professional institutions with relevant qualifications may be engaged to provide consultation and management services for the ESOP.

**CHAPTER 4 ALTERATION, TERMINATION AND DISPOSAL OF  
HOLDERS' INTERESTS UNDER THE ESOP**

**Article 14 Alteration of the ESOP**

During the term of the ESOP, any amendment to the ESOP shall be subject to the approval of at least two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company.

**Article 15 Termination of the ESOP**

1. The ESOP will terminate automatically upon its expiry.
2. When all shares held in the Company under the ESOP are sold or transferred to the Unit Holders,, the ESOP may be terminated before its expiry.
3. The term of the ESOP may be extended by the Holders present at the Holders' Meeting holding at least two-thirds of the units and upon consideration and approval of the Board of the Company one month prior to the expiry of the ESOP, and the ESOP shall be terminated upon expiry of the extended period.
4. In addition to self-termination or early termination, the termination of the Stock Ownership Plan during the term shall be approved by the Holders present at the Holders' Meeting holding at least two-thirds (including two-thirds) of the units and upon consideration and approval of the Board.

**Article 16 Liquidation and Distribution of the ESOP**

- (I) The Management Committee shall complete the liquidation of the ESOP within 30 working days after the date of its expiry and arrange for distribution in proportion to the units held by the Holders after deducting the relevant taxes and fees in accordance with the law.
- (II) During the term of the ESOP, the Management Committee may distribute cash from the capital account of the ESOP to the Holders in accordance with the authorization of the Holders' Meeting.

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**Article 17 Rights Attached to the Shares Held by the ESOP and the Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Shares**

- (I) Holders of the ESOP are entitled to the asset income rights of the shares held by the ESOP according to their actual capital contribution. The corresponding shares obtained by the Holders through the ESOP shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of shares and other asset income rights).
- (II) During the term of the ESOP, except as otherwise provided by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units of the ESOP held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debt or other similar disposal.
- (III) During the lock-up period, the Holders shall not request for distribution of interests under the ESOP.
- (IV) During the lock-up period, in the event of any capitalization of capital reserve and distribution of bonus issue, the shares newly acquired by the ESOP due to holding the Company's shares shall be locked up together and shall not be sold in the secondary market or otherwise transferred, and the unlocking period of such shares shall be the same as the corresponding shares.
- (V) Upon the expiry of the lock-up period of the ESOP and during the term of the ESOP, the Management Committee, in accordance with the authorization of the Holders' Meeting, shall sell the corresponding underlying shares or transfer the corresponding underlying shares to the Unit Holders at an appropriate time during the term of the ESOP after the unlocking date.
- (VI) Upon the expiry of the lock-up period of the ESOP and during the term of the ESOP, the Management Committee, in accordance with the authorization of the Holders' meeting, shall decide whether to distribute the income corresponding to the ESOP. Where a decision is made for distribution, the Holders' Meeting shall authorize the Management Committee to distribute the income according to the units of the Holders after deducting relevant taxes and fees in accordance with the law.
- (VII) During the term of the ESOP, distribution may be made in each fiscal year when the underlying shares held by the ESOP are sold for cash or other distributable income, and the Management Committee shall distribute the shares held by the Holders in proportion to the total shares of the ESOP after deducting relevant taxes and fees and payables of the ESOP in accordance with the law.

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- (VIII) During the lock-up period, in the event of dividend payment by the Company, the cash dividends received by the ESOP for the shares of the Company held shall be credited to the monetary assets of the ESOP and shall not be distributed separately for the time being. Upon the expiry of the lock-up period of the ESOP and during the term, the Management Committee shall, in accordance with the authorization of the Holder's Meeting, decide whether to distribute the income. Upon the expiry of the lock-up period of the ESOP and during the term, in the event of a dividend payment by the Company, the cash dividends received by the ESOP for holding the shares of the Company shall be credited to the monetary assets of the ESOP.
- (IX) Upon occurrence of other unspecified events, the disposal method of the units of the ESOP held by the Holders shall be determined by the Holders' Meeting.
- (X) During the term of the ESOP, when the Company obtains financing by means of placing of shares, issue of shares and convertible bonds, the Management Committee will submit to the Holders' Meeting and the Board of Directors for consideration of whether to participate and the specific plan of participation.

**Article 18 Disposal of Holder's Interests**

- (I) The Management Committee has the right to disqualify the Holder from participating in the ESOP in the event of the following circumstances:
1. the Holder resigns or resigns without authorization or quits from the original position due to personal reasons ("quitting from the original position" means a Holder leaves his/her current job to take up a position as a consultant, expert, teacher, etc., where his/her experience and expertise can be utilized, the same applies below) or is dismissed by the Company;
  2. the Holder refuses to renew the labor contract with the Company or its controlled subsidiaries upon expiration of the labor contract;
  3. the Company or its controlled subsidiaries does not renew the labor contract with the Holder upon expiration of the labor contract;
  4. the Holder's labor contract is terminated by the Company or its controlled subsidiaries due to his/her violation of laws, administrative regulations or rules and systems of the Company;
  5. the Holder becomes ineligible to participate in the ESOP due to reasons such as making a material mistake;
  6. material breaches of the rules and systems of the Company;
  7. other circumstances as determined by the Management Committee.

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Measures for handling: if the above 1-7 occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to allocation of the recovered units to other eligible employees at an appropriate time). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be disposed of at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holder. Where there is still revenue after the return to the Holder, the revenue shall be returned to the Company.

Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holders shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units he/she holds.

8. retirement: the Holder reaches the national retirement age and retires during the term;
9. death: the Holder passed away during the term;
10. loss of working capacity: the Holder loses working capacity during the term.

Measures for handling: if one of the above 8-10 occurs, the Holder's units of the ESOP will still be unlocked for the most recent unlocking period at the time and under the unlocking conditions originally set out, with the unlocking proportion determined by the Holder's period of employment in the corresponding performance year. After the unlocking date, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the unlocked units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to allocation of the recovered units to other eligible employees at an appropriate time). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds plus the interest on bank deposits shall be returned to the Holder or his/her legal successors. Where there is still revenue after the return, the revenue shall be returned to the Company.

Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holder shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units held by him/her.

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11. the Holder has caused damage to the Company and caused material adverse impact to the society due to violation of law and discipline;

Measures for handling: if the above 11 occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP and conduct the cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to the allocation of the recovered units to other eligible employees at an appropriate time). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holders. Where there is still revenue after the return to the Holder, the revenue shall be returned to the Company. The Management Committee has the right to recover the portion of cash proceeds already realized under the ESOP.

12. the Holder has caused material loss to the Company due to violation of non-compete restrictions and other major employment issues after termination of employment.

Measures for handling: if the above 12 occurs, the Management Committee has the right to recover the portion of cash proceeds already realized under the ESOP.

(II) Adjustments to the units of the Holders

Demotion or downgrading: a change in the Holder's duties for personal reasons during the term but still meeting the conditions of participation;

During the term, the Management Committee may adjust the units of the ESOP

awarded to the Holder, including reduction and cancellation of units based on the relevant assessment of the Holder by the Company or changes in position/rank. The Management Committee has the right to conduct the reduction/cancellation and withdrawal of the units of the ESOP. The measure for handling the recovered units shall be determined by the Management Committee (including but not limited to the allocation of the recovered units to other eligible employees at an appropriate time). Where the allocation of such portion is not completed during the term of the ESOP, the undistributed portion shall be sold at an appropriate time during the term after the unlocking date, and the original amount of capital contribution of the self-raised funds shall be returned to the Holder. Where there is still revenue after the return to the Holder, the revenue shall be returned to the Company.

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Up to the date of disqualification of such Holder from participating in the ESOP by the Management Committee, the original Holder shall be entitled to the portion of cash proceeds already realized under the ESOP in proportion to the units held by him/ her.

(III) Circumstances in which the Holder's interest will not be changed

1. Change in position: if the Holder's position is changed for organizational reasons but he/she still meets the conditions of participation during the term;
2. Quitting from the original position (organizational reasons): if the Holder quits from the original position due to organisational reasons but he/she still meets the conditions of participation during the term;

there will be no change to his/her interests in the ESOP during the term.

**CHAPTER 5 SUPPLEMENTARY PROVISIONS**

**Article 19** The approval of the ESOP at the Board meeting and the general meeting of the Company neither implies that the Holders have the right to continue to serve at the Company, nor constitutes an undertaking of the Company regarding the term of employment of the employees. The employment relation between the Company and the Holders shall continue to be governed by the labor contract or employment agreement entered into between the Company and the Holders.

**Article 20** Matters such as the finance, accounting treatment and taxation in relation to the implementation of the ESOP by the Company will be dealt with according to the relevant policies of finance, accounting and tax. Personal income tax payable by the employees as a result of the implementation of the ESOP will be borne by the employees themselves.

**Article 21** The Board of the Company shall be responsible for the interpretation of these measures.

**Article 22** These measures shall take effect on the date of consideration and approval by the general meeting of the Company.

The Board of Directors of Hisense Home Appliances Group Co., Ltd.

8 January 2024