

Hisense Home Appliances Group Co., Ltd.

Rules of Procedures of Shareholders' General Meeting

(Considered and passed at the 2018 Annual General Meeting)

Chapter 1 General Provisions

- Rule 1** These Rules are formulated to protect the legitimate rights and interests of the shareholders of Hisense Home Appliances Group Co., Ltd. (hereafter abbreviated as the “Company”), improve the efficiency of the general meetings of the shareholders of the Company, promote the standardized operation of the Company, according to the relevant laws and regulations such as “The Company Law of the People’s Republic of China” (hereafter abbreviated as the “Company Law”) and “Articles of Association of Hisense Home Appliances Group Co., Ltd.” (hereinafter abbreviated as the “Articles of Association”).
- 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.
- The shareholders’ general meeting shall have the following functions and powers:
- (1) to decide on the Company’s operational policies and investment plans;
 - (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;
 - (3) to elect and replace supervisors who are shareholders’ representatives and to decide on matters relating to the remuneration of supervisors;
 - (4) to examine and approve reports of the board of directors;
 - (5) to examine and approve reports of the supervisory committee;

- (6) to examine and approve the Company's annual financial budgets and final accounts plans;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the acquisition of the Company's shares made by the Company due to the circumstances as specified in the provisions of Article 4.4(1) and (2) in the Articles of Association;
- (12) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (13) to amend the Articles of Association;
- (14) to consider motions proposed by shareholder(s) who represent(s) 3% or more of the shares of the Company carrying voting right;
- (15) to examine and approve external investment, entering into of material commercial contract, entrusted investment and asset acquisition and disposal which meet one of the following standards:
 - (1) the total assets which are the subject of the transaction account for 50% or more of the total assets in the latest audited consolidated statements of the Company. If there are both book value and assessed value for the assets which are the subject of the transaction, the higher figure shall be used as the basis of calculation;
 - (2) the revenue from principal business of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the revenue

- from principal business in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 50 million yuan;
- (3) the net profit of the subject of the transaction (for example, equity interests) in the latest accounting year accounts for 50% or more of the net profit in the audited consolidated statements of the Company in the latest accounting year, and the absolute amount exceeds 5 million yuan;
 - (4) the consideration of the transaction (including the assumption of liability to debts and expenses) accounts for 50% or more of the net assets in the latest audited consolidated statements of the listed company, and the absolute amount exceeds 50 million yuan;
 - (5) the profit generated by the transaction accounts for 50% 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 5 million yuan;
 - (6) if the data involved in the above indicative calculations is a negative figure, its absolute value shall be used for the purpose of calculation;
 - (7) 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.
- (16) to examine and approve the following investments in derivatives:
- (1) investments in derivatives used for hedging purpose in amount representing 50% or more of the net assets as shown in the latest audited consolidated statements of the Company, and in absolute amount of more than 50 million yuan;

- (2) investments in derivatives used for purposes other than hedging.
- (17) to examine and approve connected transaction which meets one of the following standards:
 - (1) connected transaction between the Company and connected person (excluding the receipt of cash assets and provision of guarantee by the Company) in the amount of 30 million yuan or more and representing 5% or more of the absolute amount of the latest audited net assets of the Company;
 - (2) provision of guarantee by the Company for connected person.
- (18) to authorize the board of directors to amend relevant rules of procedures and working system pursuant to the relevant laws and regulations and requirements of regulatory authorities. The amendments shall follow the principles below:
 - (1) They shall be in compliance with laws and regulations and the stipulations contained in the Articles of Association;
 - (2) They shall not weaken or cancel the exercise of relevant rights by the shareholders' general meeting; and
 - (3) They shall not infringe the lawful rights of the Company and all of its shareholders, especially the small to medium shareholders;
- (19) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations and the Articles of Association.

Investments in derivatives that do not meet the criteria as provided in item (16) of this Rule shall be determined by the board of directors. Article 10.16 of the Articles of Association shall still be applicable to the disposal of fixed assets.

The authorization from the shareholders' general meeting to the board

of directors shall follow the principles below:

(1) It shall be in accordance with laws and regulations and the relevant stipulations contained in the Articles of Association;

(2) It shall be made after giving prime consideration for the operation and development of the Company and by following the principles of flexibility and practicality. To the extent that the relevant national laws and regulations and the Articles of Association are not violated, the authorization shall also avoid excessive complicated procedures and provide scientific decision-making and quick response to ensure the smooth and highly-efficient implementation of the Company's operating policies; and

(3) It shall not infringe the lawful rights of the Company and all of its shareholders, especially small to medium shareholders.

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.

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.

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.

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.

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.

Rule 5 The board of directors, independent directors and shareholders qualified under the relevant regulations 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.

The Company and the person soliciting the rights to vote shall not impose any restriction of minimum shareholding for soliciting voting rights.

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.

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.

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:

(1) whether the procedures for convening and holding

shareholders' general meeting are in compliance with the laws, regulations and the Articles of Association;

(2) whether the qualifications of persons attending the shareholders' general meeting and conveners are legal and valid;

(3) whether the qualifications of the shareholders proposing an additional motion (if applicable) is in compliance with the relevant regulations;

(4) whether the voting procedures and voting results at the shareholders' general meeting are legal and valid;

(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;

(6) legal opinion issued in accordance with the request of the Company in respect of other matters.

The board of directors of the Company can at the same time engage notaries to attend shareholders' general meeting.

Chapter 2 Notice of the meeting

Rule 9 When the Company convenes a shareholders' general meeting, the board of directors should notify the shareholders by an announcement 45 days (excluding the date of the meeting) prior to the holding of the shareholders' general meeting.

The contents of the notice of the shareholders' general meeting should comply with the provisions of the Articles of Association.

If online voting or other voting method is adopted for the shareholders' general meeting of the Company, the voting time and the voting procedures of online voting or other voting method should be clearly stated in the notice of the shareholders' general meeting.

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.

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.

Rule 10 When the election of directors and supervisors is proposed to be discussed at the shareholders' general meeting, full disclosure of the particulars of these directors and supervisors shall be made in the notice of meeting, which shall at least include the following:

(1) education background, work experience and any other offices concurrently held;

(2) whether there is any connected relationship with the listed company, its controlling shareholder or person in actual control;

(3) the number of shares held in listed company;

(4) whether he has been subject to any punishment by the China Securities Regulatory Commission and other authorities and any disciplinary action by stock exchanges.

Save for the adoption of the cumulative voting system to elect directors and supervisors, each candidate for director or supervisor shall be nominated in a separate motion.

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. Once postponement or cancellation is required, such postponement or cancellation and reasons thereof shall be announced at least 2 working days prior to the original meeting date.

Notice of postponement shall state the date the shareholders' general meeting has been postponed to. Where the Company postpones the shareholders' general meeting, the record date for shareholder entitlement stated in the original notice shall not be changed.

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. If no chairman is appointed, the shareholders present at the meeting can elect a person as chairman. If the shareholders 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.

Shareholders' general meeting convened by the supervisory committee on its own shall be chaired by the chairman of the supervisory committee. If the chairman of the supervisory committee cannot or does not discharge his/her duties, the meeting shall be chaired by a supervisor elected by more than one-half of the supervisors.

Shareholders' general meeting convened by shareholders on their own shall be chaired by a representative elected by the conveners.

If the chairman of the meeting violates the Rules of Procedures during the shareholders' general meeting so that the meeting is unable to proceed, with the consent of shareholders representing more than half of the voting rights present at the meeting, a person may be elected as the chairman for the meeting to continue.

Chapter 3 Issues and motions

- Rule 13 Motions proposed at a shareholders' general meeting shall be specific and shall relate to the matters to be discussed at the meeting. The contents of the motion shall be within the scope of authority of the shareholders' general meeting and there shall be clear and definite topics and specific matters to be resolved, and they shall comply with the laws, regulations and the Articles of Association.
- Rule 14 The board of directors shall set out the matters to be discussed at the shareholders' general meeting in the notice of the meeting, and shall make full disclosure of the contents of each motion proposed by the board of directors. If it is required to alter matters involved in the resolutions of the previous shareholders' general meeting, the contents of the motion shall be complete instead of setting out the changes only. Items included under "any other business" without specific contents shall not be deemed as a motion and the same shall not be voted at the shareholders' general meeting.
- Rule 15 Any shareholder(s) who hold(s), individually or jointly, 3% or more of the Company's total voting shares shall be entitled to propose and submit in writing to the convener additional motions 16 days prior to the date of the shareholders' general meeting. Upon receiving the motions, the convener shall issue a supplemental notice of the shareholders' general meeting within the prescribed period to announce the contents of the additional motion.
- Except as prescribed in the above paragraph, after the notice of the shareholders' general meeting has been issued, the convener shall not make any change in the proposed motion as set out in the notice of the shareholders' general meeting nor add any new motion.
- The shareholders' general meeting shall not vote and make any resolutions on the motions which are not specified in the notice of shareholders' general meeting or which do not comply with Rule 13 as set out herein.

Rule 16 In respect of additional motions proposed for the shareholders' general meeting referred to in the preceding rule, the board of directors shall review such motions according to the following principles:

(1) Relevance. The board of directors shall review the motions proposed by the shareholders. Matters in motions proposed by the shareholders which directly relate to the Company and are not outside the scope of authority of the shareholders' general meeting as stipulated in the laws, regulations and the Articles of Association shall be submitted to the shareholders' general meeting for discussion. No submission for discussion at the shareholders' general meeting will be made if the above requirements are not fulfilled. If the board of directors decides not to present the motion proposed by the shareholders at the shareholders' general meeting for voting, it shall explain and state the reasons at that shareholders' general meeting.

(2) Procedural issues. The board of directors may make decisions on procedural issues concerning motions proposed by the shareholders. Consent of the proposing shareholders shall be obtained if the motions will be split up or combined for voting. In the event of any objection to the change by the proposing shareholders, the chairman of the shareholders' general meeting may present the procedural issues to the shareholders' general meeting for decision and discussions shall be conducted in accordance with the procedures as the shareholders' general meeting may determine.

Rule 17 The board of directors shall convene shareholders' general meetings within the period specified in Rule 3 as set out herein.

Chapter 4 Convening of shareholders' general meeting

Rule 18 The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than five;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholder(s) individually or jointly holding 10% or more of the Company's voting shares (not including the right to vote by proxy) request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary;
- (5) whenever the supervisory committee so requests.
- (6) Other circumstances as specified in the Articles of Association.

The number of shares held as stated in the above item (3) is calculated based on that on the date when the shareholders propose a written request.

Rule 19 Independent directors are entitled to propose to convene an extraordinary general meeting to the board of directors. For the proposal of the independent directors to convene the extraordinary general meeting, the board of directors shall provide written feedback on whether it agrees to convene the extraordinary general meeting within 10 days after receiving the proposal according to the provisions of the relevant laws, administrative regulations and Articles of Association.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting within 5 days of its decision. If the board of directors decides against convening the extraordinary general meeting, it shall provide reasons for the decision and make announcement in respect thereof.

Rule 20 The supervisory committee is entitled to propose to convene an extraordinary general meeting in writing to the board of directors. The board of directors shall provide written feedback on whether it agrees

to convene the extraordinary general meeting within 10 days after receiving the proposal according to the provisions of the relevant laws, administrative regulations and Articles of Association.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting within 5 days of its decision, and any changes to the original proposal in the notice shall be made only with the consent of the supervisory committee.

If the board of directors decides against convening the extraordinary general meeting, or if it has failed to provide its written feedback within 10 days after receiving the proposal, the board of director shall be deemed unable to or failing to perform its duty to convene a shareholders' general meeting, and the supervisory committee may convene and chair the meeting on its own.

Rule 21 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 in writing to the board of directors. The board of directors shall provide written feedback on whether it agrees to convene the extraordinary general meeting within 10 days after receiving the request according to the provisions of the relevant laws, administrative regulations and Articles of Association.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting within 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 shareholders.

If the board of directors decides against convening the extraordinary general meeting, or if it has failed to provide its feedback within 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.

If the supervisory committee agrees to convene the extraordinary general meeting, it shall issue a notice to convene shareholders' general meeting within 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 shareholders.

If the supervisory committee fails to issue a notice of shareholders' general meeting within the prescribed period, the supervisory committee shall be deemed not convening or chairing a shareholders' general meeting. Shareholders individually or jointly holding more than 10% of the shares of the Company for 90 consecutive days may convene and chair the meeting on their own.

Rule 22 If the supervisory committee or shareholders decide(s) to convene a shareholders' general meeting on its/their own, it/they should notify the board of directors in writing, and file with the branch organ of China Securities Regulatory Commission and stock exchange where the Company is located.

The shareholding of convening shareholders shall not fall below 10% before the publication of announcement regarding the shareholders' general meeting resolutions.

The supervisory committee and convening shareholders shall submit the relevant supporting evidence to the branch organ of China Securities Regulatory Commission and stock exchange where the Company is located when issuing the notice of shareholders' general meeting and publishing the announcement regarding the shareholders' general meeting resolutions.

Rule 23 Where the proposing shareholders determine to convene an extraordinary general meeting on their own, a written notice shall be

issued to the board of directors and filed with the branch organ of China Securities Regulatory Commission and the stock exchange where the Company is located. The contents of the notice of extraordinary general meeting shall comply with, in addition to the requirements of the Articles of Association, the following:

(1) No new contents shall be added to the motion. Otherwise, the proposing shareholders shall, in accordance with the abovementioned procedures, make a new request to the board of directors with respect to convening a shareholders' general meeting;

(2) The venue for holding the meeting shall be the place where the Company is located.

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.

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.

Chapter 5 Registration for the meeting

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, shall be entitled to attend the shareholders' general meeting. The Company and the convener cannot reject such shareholders from attending the shareholders' general meeting for any reason.

The convener and lawyers should rely on the register of shareholders provided by the securities registration and clearing authority to jointly verify the legality of the qualification of the shareholders and register the names of the shareholders and the number of shares with voting rights held by them. The registration for the meeting should end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares carrying voting right held by them.

Rule 26 Company should hold shareholders' general meeting in the Company's domicile or the place specified in the Articles of Association.

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.

Shareholders can attend the shareholders' general meeting in person or appoint proxies to attend and vote on their behalf.

Rule 27 Shareholders attending the shareholders' general meeting shall register at the time specified in the meeting notice.

Registration for the meeting can be done by way of letter or fax.

Rule 28 Shareholders shall provide the following documents for registration for the meeting:

(1) Legal person shareholders: copy of business license (under seal), identification documents of the legal representatives, evidence of shareholding, powers of attorney of the legal representatives, identification documents of the attendees;

(2) Natural person shareholders: his/her identification document, evidence of shareholding; if a proxy is appointed to attend the meeting, the identification document of the proxy and instrument appointing the proxy shall also be provided; each shareholder can only appoint one person as its proxy.

Rule 29 The instrument appointing a proxy to attend a shareholders' general meeting issued by the shareholder should state the following:

(1) the name of the proxy;

(2) whether or not there is any voting right;

(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 ;

(4) whether the proxy is entitled to vote on additional motions which may be included in the agenda of the shareholders' general meeting; and if so, specific instruction as to how the right to vote shall be exercised;

(5) the date of issue and the validity period of the instrument;

(6) the signature (or seal) of the appointer; if the appointer is a legal person, it shall be given under seal of that legal person unit. The instrument shall state whether the proxy is entitled to vote at his discretion in the absence of specific instruction from the shareholder.

Rule 30 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 hold or represent and the name of the person (or unit) being

represented.

- Rule 31 The board of directors of the Company and other conveners shall take necessary measures to ensure the seriousness and normal order of the shareholders' general meeting. Except the attending shareholders, directors, supervisors, secretaries to the board of directors, senior management, appointed lawyers and persons invited by the board of directors, the Company is entitled to refuse other persons to enter into the venue of the shareholders' general meeting in accordance with the law. The Company should take measures to prohibit behaviors interfering the order of the shareholders' general meeting, picking quarrels, stirring up trouble and intruding the legal rights of the other shareholders, and report such behaviors to the relevant departments timely.

Chapter 6 Discussion and voting

- Rule 32 When considering each item on the agenda at the shareholders' general meeting, the chairman of the meeting should ensure that attending shareholders have the right to speak. However, if there are a lot of shareholders requesting to speak at the shareholders' general meeting, shareholders requesting to speak shall make a registration for speaking at the secretariat of the meeting and the shareholders shall speak in accordance with the sequence of registration.
- If there are a lot of shareholders requesting to speak, the chairman of the meeting is entitled to limit the speaking time for each shareholder.
- When a shareholder speaks, he/she should first report his/her name (or the company name) and the number of shares he/she holds.
- Rule 33 The chairman of the meeting should announce the number of shareholders and proxies attending the shareholders' general meeting and the total number of shares they hold with voting rights before

voting. To determine the number of attending shareholders and proxies and the total number of shares they hold with voting rights, those numbers as registered at the shareholders' general meeting shall prevail.

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.

Rule 35 All motions listed on the agenda should be voted separately at the shareholders' general meeting and should not be set aside or not being voted. If there are different motions in respect of the same matter at the shareholders' general meeting, the motions should be voted chronologically according to the time when the motions are proposed .

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.

Rule 37 Connected transactions between the Company and its connected persons 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.

The approval power regarding other connected transactions shall be decided by the board of directors. Where a resolution is required to be passed by the board of directors, the board meeting can be convened with a majority of unconnected directors present at the meeting, and the resolutions proposed by the board of directors 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Rule 42 Shareholders shall duly complete the ballot paper as required and put the same into the voting box, 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 such shareholders. The votes represented by such shares they hold shall be counted as "abstention".

Rule 43 Where online voting system is provided for a shareholders' general meeting, the voting results shall be announced by the vote-counters at the meeting only after the vote-counters have 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.

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.

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.

- 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.
- Rule 45 If the chairman of the meeting has any doubt on the voting results, he may arrange for vote counting. If the chairman of the meeting does not arrange for vote counting and the shareholders attending the meeting object to the results announced by the chairman, they shall have the right to demand vote counting immediately after announcement of the voting results, and the chairman of the meeting shall arrange for vote counting immediately.
- 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.
- 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.
- 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.
- 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.

Chapter 7 Minutes of the meeting

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:

(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;

(2) the date and venue which the meeting is held;

(3) the name of the chairman of the meeting and the meeting agenda;

(4) the key points of the speech made by each speaker in respect of each matter considered;

(5) the voting result of each resolution;

(6) the inquiries and the suggestions made by the shareholders and the replies or explanations provided by the board of directors or the supervisory committee;

(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.

The directors who have attended such meeting, 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.

Rule 50 Textual information such as the log book of the meeting, instrument

appointing the proxy, copy of identification documents, voting statistics, records, minutes, resolutions, etc. shall be kept by the board secretary.

Rule 51 Shareholders, directors, members of the supervisory committee and independent directors may inspect, copy, obtain minutes of the meetings and other relevant materials in accordance with the Articles of Association.

Chapter 8 Announcement

Rule 52 The board secretary or securities affairs representative is responsible for information disclosure after the meeting in accordance with the relevant laws and regulations, including the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange.

Rule 53 The announcement on the resolutions of a shareholders' general meeting shall include the following contents:

- (1) 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 the Articles of Association;
- (2) the number of attending shareholders (their proxies), the number of shares held by such shareholders (their proxies) and the proportion to the number of voting shares and to the total number of shares, and the attendance details of domestic shareholders, foreign shareholders, floating shareholders and non-floating shareholders (if applicable) at the meeting;
- (3) the manner as to how each motion has been voted upon;
- (4) the voting results of each motion; and the number of shares representing the votes that are casted to agree or object or are abstained on each resolution by domestic shareholders, foreign shareholders, floating shareholders and non-floating

shareholders (if applicable), respectively. Regarding the voting on 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. Specific explanation shall be given if there are motions required to be voted separately by floating shareholders;

- (5) summarized legal opinion, or in the event that any motion is added, vetoed or amended at the shareholders' general meeting, the whole text of such legal opinion shall be disclosed.

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.

Chapter 9 Supplemental provisions

Rule 55 Any amendments to these Rules shall be proposed by the board of directors in the form of an amendment proposal and submitted to the shareholders' general meeting for approval.

Rule 56 For provisions not stipulated in these Rules or in the event of discrepancy with the provisions of the Company Law, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules of General Meetings of Listed Companies and other laws and regulations and the Articles of Association, the requirements of the abovementioned laws, regulations and the Articles of Association shall prevail.

Rule 57 These Rules shall become effective upon consideration and approval at

the shareholders' general meeting.

Rule 58 The right to interpret these Rules shall belong to the board of directors of the Company.

English version of these Rules are for reference only. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.