

Seres Group Co., Ltd.

Articles of Association

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Articles of Association of Seres Group Co., Ltd.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish the legal status of Seres Group Co., Ltd. (hereinafter referred to as the “Company”), safeguard the legitimate rights and interests of the Company, its shareholders, employees and creditors, regulate the organization and activities of the Company and establish a good self-developing and self-disciplinary operating system, the 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”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), the Guidelines for Articles of Association of Listed Companies and relevant laws, administrative regulations, departmental rules and normative documents.

Article 2 The Company is a joint stock company with limited liability established in accordance with the Company Law and other relevant laws, regulations and normative documents. The Company is a joint stock limited liability company wholly converted from the former Chongqing Sokon Automobile Group Co., Ltd. (重慶小康汽車集團有限公司), inheriting all the assets, liabilities and business of the former Chongqing Sokon Automobile Group Co., Ltd.

The Company was registered with Shapingba District Administration for Industry and Commerce of Chongqing on May 11, 2007. The Company was registered with Shapingba District Market Regulation Bureau of Chongqing and obtained a business license with the Unified Social Credit Code 915001066608898456.

Article 3 As approved by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) on May 12, 2016, the Company made initial public offering of 142,500,000 RMB-denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on June 15, 2016.

As filed with the CSRC on September 23, 2025 and approved by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on November 4, 2025, the Company made initial public offering of 108,619,000 overseas-listed foreign invested shares (hereinafter referred to as “H Shares”) in Hong Kong, and H Shares were listed on the Main Board of the Hong Kong Stock Exchange on November 5, 2025.

Article 4 The registered name of the Company: 賽力斯集團股份有限公司

Full name in English: Seres Group Co., Ltd.

Article 5 The domicile of the Company: No. 7 Wuyunhu Road, Shapingba District, Chongqing

Postal code: 401335

Article 6 The Company is a joint stock limited liability company with perpetual existence.

Article 7 The director who represents the Company in the execution of its affairs is the legal representative of the Company and is appointed by the Board.

Where the director who is the legal representative resigns, such resignation shall be deemed as a simultaneous resignation from the position of the Company's legal representative.

If the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of the resignation of the legal representative.

Article 8 The legal representative, when engaging in civil activities in the name of the Company, shall bind the Company to the legal consequences thereof.

Any restrictions on the powers of the legal representative imposed by the Articles of Association or resolutions of the shareholders' meeting shall not be used as a defense against any bona fide counterparty.

Where the legal representative causes damage to others in the performance of their duties, the Company shall bear civil liability. After assuming such liability, the Company may, in accordance with the law or the Articles of Association, seek compensation from the legal representative who is at fault.

Article 9 Shareholders shall be liable to the Company to the extent of the shares held by them. The Company shall be liable for its debts to the extent of all of its properties.

Article 10 The Articles of Association shall, from the date on which it takes effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations between the Company and the shareholders and among the shareholders. The Articles of Association shall have legal binding effect on the Company, its shareholders, directors and senior management. Pursuant to the Articles of Association, the shareholders may pursue actions against the shareholders, the Company's directors, senior management and the Company, and the Company may pursue actions against the shareholders, directors and senior management.

Article 11 For the purpose of the Articles of Association, senior management refers to the president, vice president, chief financial officer, secretary to the Board and other senior management determined by the Board of the Company.

Article 12 The Company shall establish an organization of the Communist Party of China to carry out the activities of the Party in accordance with the Constitution of the Communist Party of China. The Company shall provide necessary conditions to facilitate the activities of the Party organization.

CHAPTER 2 BUSINESS OBJECTIVE AND SCOPE

Article 13 The business objective of the Company is to establish the Company as a healthy, sustainable, and dynamic enterprise, striving to become the industry frontrunner.

Article 14 As registered in accordance with the laws, the Company's scope of business comprises: manufacturing and sales: auto parts, motor vehicle parts, general machinery, electrical machinery, electrical appliances, electronic products (excluding electronic publications), instrumentation; sales: daily necessities, household appliances, hardware, metal materials (excluding rare and precious metals); leasing of houses, machinery and equipment; economic and technical advisory services; import and export of goods (except for the items subject to approval under the law, business activities may be carried out independently with the business license according to laws).

CHAPTER 3 SHARES

Section 1 Issue of Shares

Article 15 The shares of the Company shall be in the form of registered share.

Article 16 All shares issued by the Company are ordinary shares.

Article 17 The issuance of the shares of the Company shall follow the principles of open, fairness and justice, and each share in the same class shall have the same rights. For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price; the same consideration shall be paid for each share subscribed by any entities or individuals.

Article 18 All the par value shares issued by the Company shall be denominated in RMB.

Article 19 A shares issued by the Company are centrally deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. H Shares issued by the Company can be primarily deposited with a custodian company under Hong Kong Securities Clearing Company Limited in accordance with the laws of the place where the shares are listed and the common practices for securities registration and depository services.

Article 20 The total shares of the Company comprises 1,741,985,086 shares, all of which are ordinary shares. The shares issued by the Company shall be denominated in RMB, with a par value of RMB1 per share. If any shareholder who is registered in the register of shareholders for H Shares or any person who requests for his/her name to be recorded into the register of shareholders for H Shares loses his/her share certificate(s), he/she/it may apply to the Company for reissuance of new share certificate(s) in respect of such share(s). In the event that a shareholder of H Shares loses his/her/its share certificate(s) and applies for reissuance of share certificate(s), he/she/it shall follow relevant provisions as required by the laws, rules of the stock exchange or any other relevant provisions in the place where the original register of shareholders for such H Shares is kept.

Article 21 The registered capital of the Company is RMB1,741,985,086.

Article 22 The Company was established by way of promotion. The promoters were Chongqing Sokon Holding Company Limited (重慶小康控股有限公司), Chongqing Yu'an Automobile Industry Co., Ltd. (重慶渝安汽車工業有限公司), Yan Min (顏敏), Xie Chunzhi (謝純志), Chen Guangqun (陳光群), Zhang Xingtao (張興濤) and Zhang Rong (張容), as well as Huarong Yufu Jiye (Tianjin) Private Equity Partnership (Limited Partnership) (華融渝富基業(天津)股權投資合夥企業(有限合夥)), which was a shareholder introduced subsequently. The number of shares held by each shareholder, the form of capital contribution, and the percentage of the total share capital are as follows:

No.	Name of shareholder	Number of shares held (share)	Form of capital contribution	Number of shares held (share)	Shareholding percentage
1	Chongqing Sokon Holding Company Limited (重慶小康控股有限公司)	412,471,666	Conversion of net assets into shares	558,718,500	74.4958%
		146,246,834	Conversion of capital reserve into share capital		
2	Chongqing Yu'an Automobile Industry Co., Ltd. (重慶渝安汽車工業有限公司)	55,032,750	Conversion of net assets into shares	74,545,500	9.9394%
		19,512,750	Conversion of capital reserve into share capital		
3	Huarong Yufu Jiye (Tianjin) Private Equity Partnership (Limited Partnership) (華融渝富基業(天津)股權投資合夥企業(有限合夥))	27,684,211	Monetary funds	37,500,000	5.0000%
		9,815,789	Conversion of capital reserve into share capital		
4	Yan Min (顏敏)	20,645,500	Conversion of net assets into shares	27,965,250	3.7287%
		7,319,750	Conversion of capital reserve into share capital		
5	Xie Chunzhi (謝純志)	10,322,750	Conversion of net assets into shares	13,983,000	1.8644%
		3,660,250	Conversion of capital reserve into share capital		

No.	Name of shareholder	Number of shares held (share)	Form of capital contribution	Number of shares held (share)	Shareholding percentage
6	Chen Guangqun (陳光群)	10,322,750	Conversion of net assets into shares	13,983,000	1.8644%
		3,660,250	Conversion of capital reserve into share capital		
7	Zhang Xingtao (張興濤)	10,322,750	Conversion of net assets into shares	13,983,000	1.8644%
		3,660,250	Conversion of capital reserve into share capital		
8	Zhang Rong (張容)	6,881,834	Conversion of net assets into shares	9,321,750	1.2429%
		2,439,916	Conversion of capital reserve into share capital		
	Total	750,000,000	–	750,000,000	100.0000%

The total number of shares issued upon the establishment of the Company was 526,000,000 shares with par value of RMB1 per share.

Article 23 Neither the Company nor any of its subsidiaries (including its affiliates) shall provide any financial assistance to other persons who are acquiring shares in the Company or its parent company in the form of grants, advances, guarantees, loans or other means, except for the circumstance where the Company implements an employee stock ownership plan.

For the interests of the Company, upon a resolution of the Board, the Company may provide financial assistance to other persons who are acquiring shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed ten percent of the total issued share capital. Resolutions made by the Board shall be approved by two-thirds or more of all directors.

Section 2 Increase, Reduction and Repurchase of Shares

Article 24 The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the shareholders' meeting, by any of the following ways:

- (i) offering of shares to unspecified parties;
- (ii) offering of shares to specified parties;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) conversion of capital reserve into share capital;
- (v) other means as required by laws, administrative regulations and relevant listing rules and approved by the CSRC, other competent regulatory authorities and the securities regulatory authorities of the place where the shares of the Company are listed.

Article 25 The Company may decrease its registered capital. The reduction of registered capital shall comply with the Company Law, the Hong Kong Listing Rules and other relevant regulations, as well as the procedures stipulated in the Articles of Association.

Article 26 The Company shall not repurchase its own shares, save as under one of the following the circumstances:

- (i) reducing the registered capital of the Company;
- (ii) merging with other companies holding shares in the Company;
- (iii) using shares for employee stock ownership plans or as equity incentives;
- (iv) any requests for the Company to repurchase shares from the shareholders who voted against the resolutions adopted at a shareholders' meeting on the merger or division of the Company;

- (v) using shares for conversion of corporate bonds issued by the Company, which are convertible into shares;
- (vi) as the Company considers necessary to safeguard the Company's value and shareholders' rights and interests.

Article 27 The Company may acquire its own shares through public centralized trading or other methods recognized by the laws, administrative regulations, other competent regulatory authorities and the securities regulatory authorities of the places where the Company's shares are listed.

Where the Company repurchases its shares due to the circumstances specified in items (iii), (v) and (vi) of Article 26 of the Articles of Association, it shall do so through public centralized trading.

Article 28 The Company repurchasing its own shares under any of the circumstances set forth in items (i) and (ii) of Article 26 of the Articles of Association shall be subject to a resolution of the shareholders' meeting, and the Company repurchasing its own shares under any of the circumstances set forth in items (iii), (v) and (vi) of Article 26 of the Articles of Association may be subject to a resolution of a meeting of the Board at which two-thirds or more of directors are present, provided that it complies with the securities regulatory rules of the place where the Company's shares are listed.

Under the circumstance stipulated in item (i) of Article 26 of the Articles of Association, the shares of the Company so repurchased shall be canceled within ten days from the date of repurchase; under the circumstances specified in either item (ii) or item (iv) above, the shares of the Company so repurchased shall be transferred or canceled within six months; under the circumstances stipulated in items (iii), (v) or (vi), the total shares of the Company held by the Company shall not exceed 10% of the total shares that have been issued by the Company, and shall be transferred or canceled within three years.

Section 3 Transfer of Shares

Article 29 The shares of the Company shall be transferred legally. All transfer of H Shares shall be executed with a written instrument of transfer in a general or ordinary form or in other format acceptable to the Board (including the standard transfer format or form of transfer prescribed by the Hong Kong Stock Exchange from time to time) or other means permitted under the laws and regulations of Hong Kong; the instrument of transfer may be signed by hand only or affixed with the Company's valid seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong, or its agents, the instrument of transfer may be signed by hand or by machine imprinted signatures. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

Article 30 The Company shall not accept its shares as security under a pledge.

Article 31 Shares issued prior to the Company's initial public offering of A shares shall not be transferable within one year from the date on which the Company's shares are listed on the Shanghai Stock Exchange.

Directors and senior management of the Company shall inform the Company about their holdings of the shares in the Company and any changes in their shareholding. During their terms of office determined at the time of appointment, the shares transferred each year shall not exceed 25% of the total number of shares of the same class of the Company held by them. Such shares of the Company held shall not be transferred within one year from the date on which the Company's shares are listed. The aforementioned persons shall not transfer shares of the Company held by them within half a year after they cease to be employed.

Where the laws, administrative regulations or the CSRC provide otherwise in respect of the restrictions on the shareholders' transfer of shares in the Company, such requirements shall prevail.

Article 32 If the shareholders, directors and senior management of the Company holding 5% or more of the shares of the Company sell their shares or other equity-related securities within six months from their acquisition, or purchase such shares within six months from their disposal, the gains derived from such transactions shall be vested in the Company. The Board shall recover such gains from the abovementioned parties. However, securities companies holding 5% or more of the shares of the Company as a result of purchasing the remaining shares after underwriting and distribution, and other circumstances stipulated by other competent regulatory authorities, and the securities regulatory authorities of the place where the shares of the Company are listed, are exempt from this requirement.

Shares or other equity-related securities held by directors, senior management and natural person shareholders as mentioned in the preceding paragraph include shares or other equity-related securities held by their spouses, parents or children, or held under other people's accounts.

In the event that the Board of the Company does not comply with the provisions of the first paragraph under this article, the shareholders shall have the right to request the Board to enforce the provisions within 30 days. In the event that the Board fails to enforce the provisions within the aforementioned period, the shareholders shall have the right to directly bring an action at the People's Court in his/her/its own name for the benefit of the Company.

In the event that the Board of the Company does not comply with the provisions of the first paragraph under this article, any director who is liable for the matter shall assume joint and several liability under the law.

CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Section 1 General Provisions of Shareholders

Article 33 The Company shall establish its register of members in accordance with the certificates issued by the securities registration and clearing agency. The register of members shall be sufficient evidence of the shareholders' shareholding in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

Copies of the register of H shareholders shall be kept at the Company's domicile. Appointed overseas agencies shall from time to time maintain the consistency of the original register of H shareholders and the copies thereof. The branch register of members in Hong Kong must be available for inspection by shareholders, but the Company may be permitted to suspend the registration of shareholders in accordance with the provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), if necessary.

Article 34 When the Company convenes a shareholders' meeting, distributes dividends, undergoes liquidation and engages in other activities requiring confirmation of shareholders' identities, the Board or the convener of the shareholders' meeting shall decide the record date and the shareholders whose names appear on the register after the close of trading on the record date shall be the shareholders enjoying relevant rights and interests.

Article 35 Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of distribution in proportion to the number of shares held by them;
- (ii) to request to hold, convene, chair, attend or appoint a proxy to attend shareholders' meetings and exercise corresponding voting rights in accordance with laws;
- (iii) to supervise the operation of the Company and to put forward proposals and raise inquiries;
- (iv) to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations, and the Articles of Association;
- (v) to inspect and copy the Articles of Association, the register of members, minutes of the shareholders' meeting, resolutions of meetings of the Board, and financial and accounting reports, and to review the Company's accounting books and accounting vouchers (for shareholders who meet the requirements);
- (vi) to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (vii) to demand the Company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the Company;
- (viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Article 36 When a shareholder makes a request to inspect and copy the materials of the Company, he/she/it shall comply with the Company Law, the Securities Law and other laws and administrative regulation. A shareholder shall present the proof of the class of the shares of the Company held by him/her and the number of shareholding in writing. Shareholders shall inspect and copy according to the Company's designated method after verifying the shareholder's identity and signing a confidentiality commitment.

Article 37 The shareholders are entitled to petition the People's Court to invalidate a resolution of a shareholders' meeting or a Board meeting, which violate laws and administrative regulations.

The shareholders are entitled to petition the People's Court to cancel the relevant resolution within 60 days after the resolution is made if the convening procedure or voting method of the shareholders' meeting or the Board meeting violates laws, administrative regulations or the Articles of Association, or the content of the resolution breaches the Articles of Association. However, the cases where there are only minor defects in the procedure for convening the meeting or the voting method used in the meeting, and such defects have no material impact on the resolution, are excluded.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgement or ruling, such as a cancellation of a resolution, the stakeholders shall execute the resolution of the shareholders' meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with the requirements of laws, administrative regulations, the regulations of the CSRC and stock exchanges, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall handle the correction in a timely manner and fulfil its obligations to disclose the information accordingly.

Article 38 A resolution of the shareholders' meeting or Board meeting of the Company shall not establish under any of the following circumstances:

- (i) no shareholders' meeting or Board meeting has been convened to pass the resolution;
- (ii) the matter of resolution is not voted on at the shareholders' meeting or Board meeting;
- (iii) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association;
- (iv) the number of persons or the number of voting rights held by them voting for the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or the Articles of Association.

Article 39 If directors and senior management (other than members of the audit committee) cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, shareholders who hold 1% or more, individually or jointly, of the Company's shares for 180 days or more continuously have the right to request the audit committee in written form to bring a suit to the People's Court; if members of the audit committee cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, the aforementioned shareholders can request the Board in written form to file a suit in the People's Court.

Where the audit committee or the Board refuses to file lawsuits after receiving the written requests from shareholders as specified in the preceding paragraph, or fails to file lawsuits within 30 days from the date of receiving the requests, or in urgent circumstances where failure to immediately file lawsuits would cause irreparable damage to the Company's interests, the shareholders specified in the preceding paragraph have the right to directly file lawsuits with the People's Court in their own name for the Company's benefit.

If any other persons infringe on the legitimate rights and interests of the Company and cause losses to it, the shareholders as set out in the first paragraph of this article may bring a suit to the People's Court in accordance with the provisions set out in the two preceding paragraphs.

In the event that the directors, supervisors or senior management of a wholly-owned subsidiary of the Company violate the requirements of laws, administrative regulations or the provisions of the Articles of Association in performing their duties, and incur a loss to the subsidiary, or any other person has caused any loss as a result of infringement upon the lawful rights and interests of a wholly-owned subsidiary of the Company, the shareholder(s) individually or collectively holding 1% or more of the Company's shares for over 180 consecutive days, may, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, request in writing that the supervisory committee or the board of directors of the wholly-owned subsidiary file an action with the People's Court, or directly file an action with the People's Court in their own names.

If a wholly-owned subsidiary of the Company does not have a supervisory committee or supervisors, but has an audit committee, it shall be executed in accordance with the provisions of paragraphs 1 and 2 of this article.

Article 40 If directors and senior management cause damage to the shareholders' interests for violation of the requirements of laws, administrative regulations or the Articles of Association, shareholders may bring a suit to the People's Court.

Article 41 Shareholders of the Company shall have the following obligations:

- (i) to abide by laws, administrative regulations and the Articles of Association;
- (ii) to pay for the shares based on the shares subscribed for and the manners in which they became shareholder;
- (iii) not to withdraw their paid share capital except in the circumstances allowed by laws and regulations;
- (iv) not to abuse shareholder's rights and harm the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to impair the interests of creditors of the Company;
- (v) other obligations imposed by laws, administrative regulations and the Articles of Association.

Article 42 Where the shareholder's abuse of its power causes damage to the Company and other shareholders, they shall be liable to compensation in accordance with the laws. Where the 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/it shall bear joint liability for the debts of the Company.

Section 2 Controlling Shareholders and *De Facto* Controllers

Article 43 The controlling shareholders and *de facto* controllers of the Company shall exercise their rights and fulfil their obligations in accordance with laws, administrative regulations, the regulations of the CSRC and stock exchanges to safeguard the interests of the Company.

Article 44 The controlling shareholders and *de facto* controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their related (connected) relationship to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (iii) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (iv) not to appropriate the Company's funds in any way;
- (v) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) not to make use of the Company's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (vii) not to prejudice the legitimate interests of the Company and other shareholders through unfair related-party (connected) transactions, profit distribution, asset restructuring, external investment or any other means;
- (viii) to ensure the integrity of the Company's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) laws, administrative regulations, regulations of the CSRC, business rules of stock exchanges and other requirements of the Articles of Association.

If a controlling shareholder or *de facto* controller of the Company does not act as a director of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association on the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or *de facto* controller of the Company instructs a director or senior management member to engage in an act that is detrimental to the interests of the Company or its shareholders, he/she shall bear joint and several liability with the director or senior management member.

Article 45 A controlling shareholder or *de facto* controller shall maintain control over the Company and the stability of its production operations if they pledge the Company's shares held or effectively controlled by them.

Article 46 In the event of any transfer of the Company's shares held by a controlling shareholder or *de facto* controller, it shall comply with the restrictive provisions regarding the transfer of shares stipulated under the laws, administrative regulations, regulations of the CSRC and stock exchanges, as well as the undertakings it has made in respect of restrictions on share transfer.

Section 3 General Provisions of Shareholders' Meetings

Article 47 The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the organ of the authority of the Company, which exercises the following functions and powers in accordance with laws:

- (i) to elect and replace directors who are not representatives of the employees, and decide on matters concerning directors' remuneration;
- (ii) to consider and approve reports of the Board;
- (iii) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (iv) to make resolutions on the increase or decrease of the registered capital of the Company;
- (v) to make resolutions on the issuance of corporate bonds by the Company;
- (vi) to make resolutions on matters such as the merger, division, dissolution, liquidation and change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to make resolutions on the appointment and dismissal of an accounting firm engaged in the audit work of the Company;
- (ix) to consider and approve the guarantees under Article 48 of the Articles of Association;
- (x) to consider and approve any transaction or matter that the Company shall submit to the shareholders' meeting for consideration under the Hong Kong Listing Rules (including but not limited to Chapter 14 and Chapter 14A);
- (xi) to consider matters relating to the purchases and disposals of material assets, which exceeds 30% of the latest audited total assets of the Company, within one year;
- (xii) to consider and approve any change of the use of proceeds raised;
- (xiii) to consider share incentive schemes and employee stock ownership plans;
- (xiv) to consider such other matters which shall be resolved at the shareholders' meeting as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorize the Board to resolve on the issue of corporate bonds.

Subject to a resolution of the shareholders' meeting or a resolution of the Board authorized by the Articles of Association or the shareholders' meeting, the Company may issue shares or convertible corporate bonds, provided that such issuance shall comply with the laws, administrative regulations, the regulations of the CSRC and stock exchanges.

Unless otherwise provided by the laws, administrative regulations and departmental rules, the aforesaid functions and powers of the shareholders' meeting shall not be exercised through authorization by the Board or any other organization or individual on behalf of the shareholders' meeting.

Article 48 The following provision of external guarantees by the Company is subject to the consideration and approval of the shareholders' meeting:

- (i) any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiary(ies) exceeds 50% of the Company's latest audited net assets;
- (ii) any guarantee provided after the total amount of external guarantees provided by the Company exceeds 30% of the Company's latest audited total assets;
- (iii) a guarantee provided by the Company to others within one year which exceeds 30% of the Company's latest audited total assets;
- (iv) a guarantee provided to a party which has an asset-liability ratio in excess of 70%;
- (v) a single guarantee of an amount in excess of 10% of the Company's latest audited net assets;
- (vi) any guarantee provided to the shareholders, the *de facto* controllers and their related (connected) parties; and
- (vii) any other guarantees required by the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If external guarantees are not provided in accordance with the approval authority and review procedures, the Company shall hold the relevant responsible persons accountable.

Article 49 Shareholders' meetings shall be either annual shareholders' meetings or extraordinary shareholders' meetings. Annual shareholders' meetings are held once every year and shall be held within 6 months from the end of the preceding accounting year.

Article 50 The Company shall convene an extraordinary shareholders' meeting within two months after the occurrence of any of the following circumstances:

- (i) where the number of directors is less than the number provided for in the Company Law or is less than two-thirds of the number required by the Articles of Association;
- (ii) where the unremitted losses of the Company amount to one-third of its total share capital;

- (iii) when shareholders who individually or jointly hold 10% or more of the Company's shares request to do so;
- (iv) where the Board considers it necessary;
- (v) where the audit committee proposes to call for such a meeting;
- (vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

In the case of item (iii) above, the number of shares held shall be calculated based on the date on which the shareholders submit the written request.

Article 51 The venue of the shareholders' meeting convened by the Company shall be the domicile of the Company or other place specified by the convener of the meeting. A meeting venue shall be established for the shareholders' meeting, and meetings will take the form of physical meeting. The Company shall facilitate shareholders by providing on-line voting. Shareholders' meeting may be convened by means of electronic communication in addition to being held on-site at a meeting place.

Article 52 The Company shall engage lawyers to issue legal opinions in respect of the following matters when convening a shareholders' meeting, and make an announcement:

- (i) whether the convening and holding procedures of the meeting comply with the relevant laws, administrative regulations and the Articles of Association;
- (ii) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (iii) whether voting procedures and results at the meeting are lawful and valid;
- (iv) any legal opinions issued on other matters as requested by the Company.

Section 4 Convening of Shareholders' Meetings

Article 53 The Board shall timely convene a shareholders' meeting within the timeframe as required.

With the approval by a majority of all independent directors, an independent director has the right to propose to the Board to convene an extraordinary shareholders' meeting. In respect to the proposal by the independent director for convening an extraordinary shareholders' meeting, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' meeting within 10 days upon receipt of such proposal. Where the Board agrees to convene an extraordinary shareholders' meeting, a notice for convening such meeting shall be given within five days after the Board resolution is passed; where the Board disagrees to convene an extraordinary shareholders' meeting, it shall give its reasons and make an announcement.

Article 54 The audit committee has the right to propose to the Board in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary shareholders' meeting within 10 days upon receipt of such proposal.

In the event that the Board agrees to convene an extraordinary shareholders' meeting, a notice for convening such meeting shall be given within five days after the relevant Board resolution is passed and consent of the audit committee shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Board disagrees to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after having received such proposal, the Board is deemed to be unable or to have failed to perform the duty of convening a shareholders' meeting, in which case the audit committee may convene and preside over such meeting by itself.

Article 55 Any shareholder(s) individually or jointly holding 10% or more of the shares of the Company has the right to request in writing the Board to convene an extraordinary shareholders' meeting. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply to such shareholder(s) stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting within 10 days after having received such requisition.

In the event that the Board agrees to convene an extraordinary shareholders' meeting, a notice for convening such a meeting shall be given within 5 days after the relevant Board resolution is passed and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Board disagrees to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after having received such requisition, shareholder(s) individually or jointly holding 10% or more of the shares of the Company shall make a request in writing when proposing to the audit committee to convene the extraordinary shareholders' meeting.

In the event that the audit committee agrees to convene an extraordinary shareholders' meeting, a notice for convening such a meeting shall be given within 5 days after having received such requisition and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the audit committee fails to serve any notice of an extraordinary shareholders' meeting within the prescribed period, the audit committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or jointly holding 10% or more of the shares of the Company for over 90 consecutive days may convene and preside over such a meeting by himself/themselves.

Article 56 If the audit committee or shareholders decide to convene the shareholders' meeting by themselves, the Board shall be informed in writing, and at the same time, it shall be filed with the Shanghai Stock Exchange.

The audit committee or the convening shareholders shall submit relevant supporting materials to the Shanghai Stock Exchange upon the issuance of the notice of the shareholders' meeting and the announcement of the resolutions of the shareholders' meeting.

Before the resolution of the shareholders' meeting is announced, the shareholders convening the meeting shall hold no less than 10% of the Company's shares.

Article 57 The Board and the secretary of the Board shall cooperate with the shareholders' meetings convened by the audit committee or the shareholders on their own. The Board shall provide the register of members as at the record date.

Article 58 The Company shall bear the expenses necessary for the shareholders' meetings convened by the audit committee or the shareholders on their own.

Section 5 Proposals and Notices of Shareholders' Meetings

Article 59 The content of the proposals shall be within the scope of the terms of reference of the shareholders' meeting, have clear subjects and specific resolution matters, and shall comply with the relevant requirements of the laws, administrative regulations and the Articles of Association.

Article 60 When the Company convenes a shareholders' meeting, the Board and the audit committee, shareholders individually or jointly holding 1% or more of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholder(s) individually or jointly holding 1% or more of the shares of the Company may submit written provisional proposals to the convener 10 days before the shareholders' meeting is convened. The convener shall serve a supplemental notice of the shareholders' meeting within two days after receipt of the proposals and announce the contents of the said provisional proposals, and submit the provisional proposals to the shareholders' meeting for consideration. However, provisional proposals that violate laws, administrative regulations, or the Articles of Association, or that do not fall within the scope of authority of the shareholders' meeting, shall be excluded.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of the shareholders' meeting or add any new proposal after the shareholders' meeting notice is served.

The shareholders' meeting shall not vote or make resolutions on proposals not listed in the shareholders' meeting notice or proposals that do not satisfy the criteria prescribed in the Articles of Association.

Article 61 The convener shall inform all shareholders in the form of an announcement within 20 days before the annual shareholders' meeting is convened. The convener shall inform all shareholders in the form of an announcement within 15 days before the extraordinary shareholders' meeting is convened.

Article 62 A notice of the shareholders' meeting shall include:

- (i) the time, venue, and duration of the meeting;
- (ii) the matters and proposals to be put forward for consideration at the meeting;
- (iii) a conspicuous statement that all shareholders are entitled to attend the shareholders' meeting, and the shareholder may appoint proxy(ies) in writing to attend and vote at the shareholders' meeting, and that such proxy(ies) need not be a shareholder(s) of the Company;

- (iv) the record date for determining the shareholders who are entitled to attend the shareholders' meeting;
- (v) names and telephone numbers of the standing contact persons who handle the meeting affairs;
- (vi) online or other voting time and voting procedure.

Any notice and supplementary notice of shareholders' meetings shall sufficiently and completely disclose specific contents of all proposals and all such information or explanation as are necessary for the shareholders to make an informed judgment on the matters to be discussed in full.

Online voting or voting by other means shall commence no earlier than 3:00 p.m. on the date preceding the convening of a physical shareholders' meeting and shall not be later than 9:30 a.m. on the date of convening the physical shareholders' meeting. Its conclusion time shall not be earlier than 3:00 p.m. on the date of the conclusion of the physical shareholders' meeting.

The interval between the record date and the date of the meeting shall not be more than seven working days. The record date shall not be changed once confirmed.

Article 63 If a shareholders' meeting intends to discuss the election of directors, the notice of the shareholders' meeting should disclose full information of the candidates for directors. The notice should at least include the following:

- (i) personal particulars such as education background, work experience, other part-time jobs;
- (ii) whether there is related (connected) relationship with the Company, its controlling shareholders and *de facto* controllers;
- (iii) the number of the shares of the Company held;
- (iv) whether he or she has been punished by the CSRC and other relevant authorities and sanctioned by the stock exchange;
- (v) other disclosures required by relevant laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Each candidate for director shall be separately proposed, except for directors elected by way of cumulative voting system.

Article 64 After the notice of the shareholders' meeting is issued, the shareholders' meeting shall not be adjourned or cancelled without a proper reason, and the proposals stated in the notice of the shareholders' meeting shall not be cancelled. In the case of any adjournment or cancellation of the meeting, the convener shall make a public announcement stating the reasons therefor at least 2 business days prior to the date originally scheduled for convening the meeting. Where the securities regulatory rules of the place where the shares of the Company are listed provide otherwise in respect of the procedures for adjournment or cancellation of a shareholders' meeting, such provisions shall apply to the extent that they do not contravene the regulatory requirements of mainland China.

Section 6 Holding of Shareholders' Meetings

Article 65 The Board and other conveners shall take all necessary measures to ensure that the shareholders' meeting is conducted in an orderly manner and shall take steps to prevent any act interfering with the shareholders' meeting, provoking troubles and infringing on the legal rights and interests of the shareholders and report such acts to the relevant authorities for investigation.

Article 66 All shareholders registered on the record date or their proxies shall be entitled to attend the shareholders' meetings and exercise voting rights in accordance with relevant laws, regulations and the Articles of Association.

Shareholders may attend the shareholders' meeting in person, or appoint a proxy to attend and vote on behalf of such shareholders. A proxy is not required to be a shareholder of the Company. Shareholders are entitled to speak and vote at shareholders' meetings unless the shareholders are required by laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed to abstain from voting on individual matters.

Article 67 Individual shareholders attending the meeting in person shall present his/her identity document or other valid license or certificate that can prove his/her identity. Proxies appointed to attend the meeting shall present his/her valid identity document and power of attorney of shareholders.

A corporate shareholder shall attend the meeting by its legal representative or by proxies appointed by it. If a legal representative attends the meeting, he or she shall present his/her identity document and a valid certificate proving his/her qualification as a legal representative. Where the meeting is attended by proxy, he or she shall present his/her identity document and written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

Where such shareholder is a recognized clearing house (or its nominees) as defined by the relevant laws and ordinances enacted in Hong Kong, such shareholder may authorize one or more persons as it thinks fit to act as its nominee(s) or representative(s) at any meeting; however, if one or more persons are so authorized, the power of attorney or authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized will be entitled to speak at the meeting and exercise the same rights on behalf of the recognized clearing house (or its nominee(s)) without the need to produce evidence of shareholding, notarized authorization and/or further evidence of due authorization as if such person were an individual member of the Company. The rights and powers include the right to vote on a show of hands in one's personal capacity when a show of hands is permitted.

Article 68 Any shareholder who is entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his/her/its proxy(ies) to attend and vote on his/her/its behalf in accordance with the applicable securities regulatory rules of the place where the Company's shares are listed. The proxy form for voting shall be kept at the domicile of the Company or other location designated in the notice convening the meeting before the meeting at which the proxy form is put to vote is convened or before the designated voting time. Where the shareholder is a legal person, its legal representative or a person authorized by a resolution of its board of directors or other decision-making body shall attend the shareholders' meeting of the Company on its behalf. The power of attorney issued by a shareholder to authorize another person to attend the shareholders' meeting shall specify the following particulars:

- (i) name of the principal, as well as the class and number of shares of the Company held by him/her/it;
- (ii) name of the proxy;
- (iii) specific instructions from shareholders, including instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of the shareholders' meeting;
- (iv) the date of issuance and term of validity of the power of attorney;
- (v) the signature of the principal (or seal). The official seal of the corporate shareholder shall be affixed if the principal is a corporate shareholder.

Article 69 In the event that the power of attorney is signed by other person authorized by the principal, the letter of authority authorizing the signature or other authority shall be notarized. Notarized letter of authority or other authority together with the power of attorney shall be made available at the Company's domicile or elsewhere specified in the notice convening the meeting.

Article 70 A meeting attendance register of attendants at a meeting shall be compiled by the Company. The meeting attendance register shall state the name (or company name) and identity card numbers of attendants, number of shares held or representing voting shares, the name (or company name) of principals and so on.

Article 71 The convener and the lawyers engaged by the Company shall jointly verify the legitimacy of the qualifications of shareholders based on the register of members provided by securities registration and clearing institution, and record the names of shareholders and the number of voting shares held by them. Meeting registration shall be terminated before the presider of the meeting announces the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held.

Article 72 If a shareholders' meeting requires the attendance of directors or senior management, the directors or senior management shall do so and answer shareholders' inquiries. Under the premise of complying with the securities regulatory rules of the place where the Company's shares are listed, the above-mentioned persons may be present at the meeting through the Internet, video, telephone or other means with the same effect.

Article 73 A shareholders' meeting shall be presided over by the chairman of the Board. In the event the chairman of the Board is unable to perform his/her duties or he/she does not perform his/her duties, the shareholders' meeting shall be presided over by the vice chairman (or where the Company has two or more vice chairmen, the vice chairman elected by more than half of the directors shall perform his/her duties) shall preside over the meeting. Where the vice chairman is unable to perform his/her duties or he/she does not perform his/her duties, the shareholders' meeting shall be presided over by a director nominated by more than half of the directors.

A shareholders' meeting convened by the audit committee shall be presided over by the convener of the audit committee. In the event that the convener of the audit committee is unable to or fails to perform his/her duties, a member of the audit committee jointly elected by more than half of the members of the audit committee shall preside over the meeting.

A shareholders' meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener(s).

When a shareholders' meeting is convened, where the presider of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the shareholders present at the meeting with voting rights, the shareholders' meeting may elect a person to serve as the presider of the meeting and continue the meeting.

Article 74 The Company shall formulate rules of procedure for the shareholders' meeting, and specify the convening, holding and voting procedures of the shareholders' meeting, including notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and its signing and announcement thereof, as well as the principle of authorization of the shareholders' meeting to the Board. The content of the authorization shall be clear and specific. The rules of procedure for the shareholders' meeting shall be annexed to the Articles of Association and shall be prepared by the Board and approved by the shareholders' meeting.

Article 75 At an annual shareholders' meeting, the Board shall report its work over the past one year to the shareholders' meeting. Each independent directors shall also make their respective work reports.

Article 76 Directors and senior management shall respond to questions and suggestions from shareholders at a shareholders' meeting by providing explanations and statements.

Article 77 The presider of a meeting shall announce, before voting, the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held. The number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held shall be based on the registration at the meeting.

Article 78 Minutes shall be prepared for a shareholders' meeting by the secretary to the Board.

The minutes of a meeting shall record the following particulars:

- (i) the time, place, agenda and name of the convener of the meeting;
- (ii) the names of the presider of the meeting and the directors and senior management present in the meeting;
- (iii) the number of shareholders and proxies thereof attending the meetings, the total number of voting shares held by them and its proportion to the total number of shares of the Company;
- (iv) the process of considering each proposal, main points of remarks and voting results;
- (v) questions, comments or suggestions by shareholders, and the replies thereto or explanations thereof;
- (vi) the names of lawyers, counters and scrutineers of votes;
- (vii) other particulars that shall be recorded into the meeting minutes as prescribed in the Articles of Association.

Article 79 The convener shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, the secretary to the Board, the convener or his/her representative who attend and are present in the meeting and the presider of the meeting shall affix their signatures on the meeting minutes. The meeting minutes shall be kept, together with the signature book of shareholders physically present at the meeting, the powers of attorney for proxies present, and the valid documentation on online or other voting, for a period of at least ten years.

Article 80 The convener shall ensure that a shareholders' meeting is held without interruption until a final resolution is formed. In the event that a shareholders' meeting is suspended or no resolution can be passed thereat due to force majeure or any other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be directly terminated, and an announcement shall be published in a timely manner. Meanwhile, the convener shall report to the local office of the CSRC where the Company is domiciled and the Shanghai Stock Exchange.

Section 7 Voting and Resolutions of Shareholders' Meetings

Article 81 Shareholders shall exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote. Where permitted by the applicable securities regulatory rules of the place where the Company's shares are listed, on a poll taken at a meeting, shareholders (including proxies thereof) who have two or more votes are not required to cast all votes in favor of or against a resolution, or abstain from voting.

When considering the material matters affecting the interests of minority investors at the shareholders' meeting, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be publicly disclosed in a timely manner.

Shares held by the Company do not carry voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of the first paragraph and the second paragraph of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares represented by shareholders attending a shareholders' meeting.

Where any shareholder is required to abstain from voting on any particular resolution or is restricted to voting only for (or only against) any resolution in accordance with applicable laws and regulations and the Hong Kong Listing Rules, any vote cast by a shareholder (or his/her proxy) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.

The Board, independent directors and shareholders holding 1% or more of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the regulations of the CSRC may solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information, such as specific voting intentions, to the shareholders from whom voting rights are being solicited. Consideration or *de facto* consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

Article 82 Resolutions of shareholders' meetings are in the form of ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' meeting shall be passed with the approval of over half of the voting rights held by all the shareholders (including their proxies) attending the meeting.

A special resolution of a shareholders' meeting shall be passed with the approval of two-thirds or more of the voting rights held by all the shareholders (including their proxies) attending the meeting.

Article 83 The following matters shall be adopted by way of ordinary resolutions at shareholders' meetings:

- (i) work reports of the Board;
- (ii) profit distribution plans and loss recovery plans prepared by the Board;
- (iii) appointment and dismissal of the member of the Board, and their remuneration and the payment thereof;
- (iv) other matters other than those required by laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed or the Articles of Association to be adopted by special resolutions.

Article 84 The following matters shall be adopted by way of special resolutions at shareholders' meetings:

- (i) increase or reduction in the registered capital of the Company;
- (ii) the division, spin-off, merger, dissolution and liquidation of the Company;
- (iii) amendments to the Articles of Association;
- (iv) purchase or disposal of material assets or any provision of guarantee to others by the Company within one year of a value exceeding 30% of the Company's latest audited total assets;
- (v) the share incentive schemes;
- (vi) any other matters required by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed or the Articles of Association, and matters determined by an ordinary resolution at a shareholders' meeting that have a material impact on the Company, and thus are in need of approval by a special resolution.

If the issued share capital of the Company contains different classes of shares, any alteration made to the rights attached to any shares of such class shall be approved by a resolution passed by two-thirds or more of the voting rights held by shareholders attending the shareholders' meeting of such class of shares with voting rights.

Article 85 When related-party (connected) transactions are being considered at a shareholders' meeting, the related (connected) shareholders shall abstain from voting, and the number of shares carrying voting rights represented by them shall not be counted in the total number of valid votes. The announcement of the resolutions of a shareholders' meeting shall fully disclose the voting results of non-related (connected) shareholders.

The related (connected) shareholder shall take the initiative to abstain from voting, and if he/she/it fails to do so, other informed shareholders may request him/her to abstain from voting.

When a related-party (connected) transaction is considered at a shareholders' meeting, the presider of the meeting shall announce the name list of the related (connected) shareholders, stating whether they will participate in the voting. The voting shall be carried out after announcing the total number of shares of the non-related (connected) parties attending the meeting with voting rights and the proportion of the total shares of the Company.

Article 86 Unless the Company is in a crisis or under any other exceptional circumstances, without the approval of a shareholders' meeting by way of a special resolution, the Company shall not enter into any contracts with any person other than a director and senior management under which the person takes charge of all or any major business of the Company.

Article 87 A list of nominations for the candidates for directors shall be submitted by way of proposal at the shareholders' meeting for voting.

During voting at the shareholders' meeting on the election of directors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions at the shareholders' meeting.

When voting is being carried out on the election of two or more independent directors at a shareholders' meeting, or a sole shareholder and its concert party are interested in 30% or more of the shares of the Company, the cumulative voting system shall be adopted.

The cumulative voting system mentioned in the preceding paragraph means that when directors are being elected at a shareholders' meeting, each share has the same voting right as the number of directors to be elected, and the shareholders' voting rights may be used in a concentrated manner. The Board shall inform the shareholders of the brief biographies and basic information of the candidates for directors.

Article 88 Directors may be nominated by the Board of the Company or by shareholders individually or jointly holding 1% or more of the Company's issued shares, and shall be elected at a shareholders' meeting.

Under the accumulative voting system, independent directors shall be elected separately from other members of the Board.

When the shareholders' meeting adopts the accumulative voting system to elect directors, the following provisions shall apply:

- (i) each voting share shall have the same number of voting rights as the number of directors to be elected, and shareholders may freely allocate their voting rights among the candidates for directors, either to allocate to multiple persons or to concentrate on one person;

- (ii) the total number of votes cast by shareholders on the candidates for directors shall not exceed the total number of votes they have for the election of the candidates for directors, otherwise their votes shall be invalid;
- (iii) based on the number of votes received by the candidates for directors, the number of directors to be elected shall be elected by the candidates with more votes, and the number of votes received by each candidate for directors shall exceed half of the total number of voting shares held by the shareholders (including their proxies) attending the shareholders' meeting;
- (iv) where two or more candidates for directors have the same number of votes and their votes are at least among the candidates for directors, the Company shall submit the candidates for directors on the next shareholders' meeting for election if all of them are elected and the number of directors to be elected exceeds the number of directors to be elected at the shareholders' meeting;
- (v) if the number of directors elected is less than the number of directors to be elected at the shareholders' meeting, the Company shall, in accordance with the provisions of the Articles of Association, elect the vacant directors at the subsequent shareholders' meetings.

Article 89 Save for the cumulative voting system, all proposals shall be voted item by item at a shareholders' meeting. In the case where different proposals are made on the same matter, votes shall be cast in the time sequence of the proposals presented. Unless the shareholders' meeting is suspended or no resolution can be passed due to force majeure or any other special reasons, the shareholders' meeting shall not postpone any proposal or refuse to vote on any proposal.

Article 90 When a proposal is being considered at a shareholders' meeting, no modification may be made to the proposal, otherwise the modification shall be deemed as a new proposal, which may not be voted at that shareholders' meeting.

Article 91 The same voting right may be exercised only in one manner of voting: on-site meeting, online voting, or by another manner of voting. In the event that the same voting right is repeatedly exercised, the result of the first voting shall prevail.

Article 92 Voting by registered ballots shall be adopted at a shareholders' meeting.

Article 93 Before proposals are voted at a shareholders' meeting, two shareholders' representatives shall be elected to count and scrutinize the votes. In the event that a shareholder is connected (related) with any matter to be considered, the shareholder and his/her proxy shall not participate in counting and scrutinizing of the votes.

When proposals are voted at a shareholders' meeting, lawyers and representatives of shareholders shall be jointly responsible for counting and scrutinizing the votes, and shall announce the voting results on the spot, and record them in the meeting minutes.

Shareholders of the Company or their proxies voting online or in any other manner shall have the right to check their own voting results through the corresponding voting system.

Article 94 The shareholders' meeting shall end on-site no earlier than online or otherwise. The presider of the meeting shall announce the voting and its results of each proposal, and announce whether a proposal is passed based on the voting results.

Before the voting results are officially announced, the Company, vote counters, vote scrutineers, shareholders, network services providers and other related parties involved in the on-site, online and other manner of voting of the shareholders' meeting shall all be obligated to keep the voting confidential.

Article 95 Shareholders present at a shareholders' meeting shall express one of the following opinions on a proposal submitted for voting: for, against or abstention, save for the circumstance under which the securities registration and clearing institution, acting as the nominal holder of shares under the Mainland-Hong Kong Stock Connect, makes a declaration according to the intentions of the actual holders.

The voters of blank ballots, incorrectly completed ballots, illegible ballots and uncast ballots shall be deemed to have waived their voting rights. The voting results of the shares they hold shall be counted as "abstention".

Article 96 In the event that the presider of the meeting has any doubt about the voting results of a resolution, he/she may arrange for a recount of the votes; where the presider fails to recount the votes, and any shareholder or their proxies attending the meeting raises any objection to the result announced by the presider, he/she shall have the right to request a recount immediately after the voting result is announced, and the presider shall immediately arrange for a recount.

Article 97 The resolutions of a shareholders' meeting shall be announced in a timely manner in accordance with the provisions of laws and administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed, and the announcement shall state the number of shareholders (and proxies thereof) attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Company, the voting method, the voting result of each proposal and the details of each proposal passed.

Article 98 Where a proposal is not passed, or a resolution passed at a previous shareholders' meeting is modified at the current shareholders' meeting, a special reminder shall be made in the announcement of the resolutions made at the current shareholders' meeting.

Article 99 Where a proposal on the election of directors is passed at a shareholders' meeting, the newly appointed directors shall assume office from the date on which the resolution of the shareholders' meeting is passed.

Article 100 If the shareholders' meeting passes proposals in connection with the distribution of cash dividends, allotment of bonus shares, or conversion of capital reserve into share capital, the Company shall implement detailed plans thereof within two months after the conclusion of such shareholders' meeting.

CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS

Section 1 General Provisions of Directors

Article 101 The director of the Company shall be a natural person. A person may not serve as a director of the Company if any of the following circumstances apply:

- (i) persons who have no or restricted capacity for civil conduct;
- (ii) persons who were sentenced to criminal punishment due to corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or who have been deprived of political rights due to any criminal offences, where less than five years have lapsed since the expiration of the execution period, or two years have not elapsed since the expiration of the probation period for suspended sentence;
- (iii) persons who served as a director, factory manager or manager of a company or an enterprise that was declared insolvent and liquidated and were personally liable for the insolvency of such company or enterprise, and less than three years have lapsed since the date of completion of the insolvency and liquidation of that company or enterprise;
- (iv) persons who served as the legal representative of a company or an enterprise of which the business license was revoked and was ordered to close down due to violation of laws and who was personally liable for such revocation and order, where less than three years have lapsed since the date of the revocation of the business license of that company or enterprise or being ordered to close down;
- (v) persons who are listed as dishonest persons subject to enforcement by the People's Court for being liable for a substantial amount of personal debts due and unsettled;
- (vi) persons who are penalized by the CSRC, other competent regulatory agencies and stock exchanges to be prohibited from participating in the securities markets with a period yet to expire;
- (vii) persons who have been publicly declared by the stock exchanges to be unsuitable for serving as the directors and senior management of any listed company with a period yet to be expired;
- (viii) other circumstances stipulated in laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or departmental rules.

If the election or appointment of a director has violated this article, such election, appointment, or employment shall be invalid. If any of the circumstances under this article occurs during the period of employment of a director, the Company shall dismiss the director from his/her office and cease his/her duties.

Article 102 Directors shall be elected or replaced by the shareholders' meeting, and each office term of directors shall be three years. The office term of directors shall be renewable by re-election and re-appointment upon expiration of their terms, and directors may be removed from office prior to the expiry of his/her term of office by a shareholders' meeting on the premise of not violating laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

A director's term of service commences from the date he/she takes office until the current term of service of the Board ends. If a director's term of service expires but a new director is not elected in a timely manner, the original director shall continue to carry out the director's duties according to laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the newly elected director takes office.

A director's post may be assumed by a senior management member, but the total number of directors who also assume the duties of a senior management member or are employee representatives shall not exceed one-half of the total number of directors of the Company.

The Board shall include an employee representative. Employee representatives on the Board shall be elected by the Company's employees through an employee representative assembly, an employee assembly, or other democratic means, which needs not to be submitted to the shareholders' meeting for consideration.

Article 103 The directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and shall faithfully perform their obligations to the Company. The directors shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not abuse their authority to seek improper benefits.

The directors shall fulfill the following fiduciary obligations towards the Company:

- (i) not to misappropriate the properties of the Company and embezzle funds of the Company;
- (ii) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (iii) not to abuse their rights to accept bribes or other illegal income;
- (iv) not to enter into any contract or perform any transaction, directly and indirectly, with the Company without reporting to the Board or the shareholders' meeting and obtaining approval through resolutions by the Board or the shareholders' meeting as stipulated in the Articles of Association;
- (v) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, unless having reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or except that the Company is unable to utilize such business opportunity according to the provisions of laws, administrative regulations, or the Articles of Association;

- (vi) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the Board or the shareholders' meeting and obtaining approval through resolutions by the shareholders' meeting;
- (vii) not to accept commissions from transactions between any third party and the Company for their own benefit;
- (viii) not to use their related (connected) relationship to harm the interests of the Company;
- (ix) not to disclose the secrets of the Company without consent;
- (x) to be bound by other obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall be entitled to the income gained by the directors in violation of the above article; the director shall be liable for compensation if any loss is caused to the Company.

The provisions of the item (iv) of the second paragraph of this article shall apply to the conclusion of contracts or engagement in transactions with the Company by close relatives of the directors and senior management or enterprises directly or indirectly controlled by the directors and senior management or their close relatives, as well as persons who are otherwise related (connected) to the directors and senior management.

Article 104 The directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association to perform their obligations of diligence to the Company. They shall fulfill their obligations with reasonable care generally expected of managers in the best interests of the Company.

Directors shall diligently perform their following obligations to the Company:

- (i) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (ii) to treat all shareholders equally and fairly;
- (iii) to understand the operation and management of the Company in a timely manner;
- (iv) to approve the regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (v) to provide all relevant information and materials required by the audit committee truthfully, accept the lawful supervision and rational suggestions of the audit committee on their performance of duties and shall not intervene in the performance of the audit committee of its duties;
- (vi) to perform other obligations of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 105 A director who fails to attend two consecutive meetings of the Board in person nor by proxy shall be deemed unable to perform his/her duties. The Board shall propose to the shareholders' meeting for removal of such director.

Article 106 A director may resign before the expiry of his/her term of service. When a director resigns, he/she shall submit a written resignation notice to the Company. The resignation will take effect on the day the Company receives the resignation report and the Company shall make disclosure of relevant information within two trading days. In the event that the resignation of any director during his/her term of office results in the number of members of the Board being less than the statutory minimum requirement, the composition of the Board or its special committees fail to comply with laws and regulations, the securities regulatory rules of the place where the Company's shares are listed or the provisions of the Articles of Association as a result of the resignation of independent directors, or the remaining independent directors cannot continue to comply with the relevant provisions of the securities regulatory rules of the place where the Company's shares are listed, before the newly elected director takes office, the former director shall still perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Article 107 The Company has a system in place to manage the departure of directors, which specifies safeguards for pursuing and recovering liability for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of office expires, he/she shall duly complete all handover procedures with the Board. His/her duties of loyalty towards the Company and shareholders shall not necessarily cease after the termination of tenure and remain valid for the reasonable period under the Articles of Association. His/her obligation to keep trade secrets of the Company confidential shall remain effective after the expiry of his/her term of office until such secrets become public information. The period that other duties shall continue shall be determined according to the principle of fairness, and depending on the length of time lapsed between the event occurred and the termination as well as the circumstances and terms under which his/her relationships with the Company have been terminated. The responsibilities that directors shall bear during their tenure due to the performance of their duties shall not be waived or terminated upon resignation.

Article 108 The shareholders' meeting may remove any director by a resolution, which shall come into effect from the date on which such resolution is made.

Where a director is removed from office prior to expiration of his/her term of office without justifiable cause, the director may demand compensation from the Company.

Article 109 Unless provided for under the Articles of Association or legally authorized by the Board, no director shall act in his/her name on behalf of the Company or the Board. When a director acts in his/her own name and the third party would reasonably believe that such director is acting on behalf of the Company or the Board, such director shall declare his/her position and capacity in advance.

Article 110 The Company shall be liable for any damages to others caused by a director while performing his/her duties. The director shall be liable for such damages caused by his/her intentional or gross negligence.

Any director who violates laws, administrative regulations, departmental rules or the Articles of Association in the performance of his/her duties and causes losses to the Company shall be liable for compensation.

Section 2 Board of Directors

Article 111 The Company shall have a Board. The Board shall consist of 13 directors, five of whom are independent directors. The Board shall have at least three independent directors, accounting for at least one-third of the Board. The Board shall have a chairman and may appoint a vice-chairman. The chairman and vice chairman of the Board shall be elected by a simple majority of votes of all directors.

Article 112 The Board shall perform the following duties:

- (i) to convene shareholders' meetings and to report to shareholders' meetings;
- (ii) to implement the resolutions of shareholders' meetings;
- (iii) to determine business operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (v) to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) to formulate plans for any substantial acquisition or purchase of the shares of the Company or plans for merger, division, dissolutions and change of its corporate form;
- (vii) to decide on matters relating to the Company's external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, related-party (connected) transactions and external donations as authorized by shareholders' meetings;
- (viii) to decide on the establishment of the Company's internal management structure;
- (ix) to appoint or dismiss the Company's president, secretary to the Board and to determine their remuneration and rewards and penalties; based on the nominations of the president, to appoint or dismiss the vice president, chief financial officer of the Company and other senior management of the Company and to determine their remuneration and rewards and penalties;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendments to the Articles of Association;
- (xii) to manage the disclosure of information of the Company;
- (xiii) to propose to shareholders' meetings the appointment or change of the accounting firm acting as the auditor of the Company;
- (xiv) to hear the work report of the Company's president and to review the work thereof;

- (xv) any other powers as conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or shareholders' meetings.

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

Article 113 The Board of the Company shall explain to the shareholders' meeting regarding the non-standard audit opinion given by a certified public accountant in relation to the financial report of the Company.

Article 114 The Board shall formulate the rules of procedures for the Board to ensure the implementation of resolutions of shareholders' meeting, increased working efficiency and scientific decision-making.

The Rules of Procedure for the Board are prepared by the Board and adopted by shareholders' meetings as an annex to the Articles of Association.

Article 115 The Board shall determine the scope of authority of external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related-party (connected) transactions, external donations, etc., and establish strict review and decision-making procedures; arrange relevant experts and professionals to review major investment projects and submit them to the shareholders' meeting for approval. When the Company's external investment meets the shareholders' meeting review standards as stipulated by laws, regulations, normative documents, rules of securities regulatory authorities and stock exchange of the place where the Company's shares are listed, it shall be submitted to the shareholders' meeting for approval. When the Company's external investment funds do not meet the shareholders' meeting review standards stipulated by rules of securities regulatory authorities and stock exchange of the place where the Company's shares are listed, the decision-making power belongs to the Board of the Company.

Article 116 The transactions that should be approved by the Board are as follows:

- (i) The total assets involved in the transaction account for 10% or more of the Company's latest audited total assets; however, if the total assets involved in the transaction account for 50% or more of the Company's latest audited total assets or the Company purchases or sells major assets exceeding 30% of the Company's latest audited total assets within one year, it should also be submitted to the shareholders' meeting for deliberation; if the total assets involved in the transaction have both book value and appraised value, the higher one shall be used as the calculation data.
- (ii) The net assets involved in the transaction subject (such as equity) (if both book value and appraisal value exist, the higher one shall prevail) account for 10% or more of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million; however, if the net assets involved in the transaction subject (such as equity) (if both book value and appraisal value exist, the higher one shall prevail) account for 50% or more of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, it shall also be submitted to the shareholders' meeting for deliberation.

- (iii) The operating income of the transaction subject (such as equity) in the most recent fiscal year accounts for 10% or more of the audited operating income of the Company in the most recent fiscal year, and the absolute amount exceeds RMB10 million; however, if the operating income of the transaction subject (such as equity) in the most recent fiscal year accounts for 50% or more of the audited operating income of the Company in the most recent fiscal year, and the absolute amount exceeds RMB50 million, it should also be submitted to the shareholders' meeting for deliberation;
- (iv) The net profit related to the transaction subject (such as equity) in the most recent fiscal year accounts for 10% or more of the audited net profit of the Company in the most recent fiscal year, and the absolute amount exceeds RMB1 million; however, if the net profit related to the transaction subject (such as equity) in the most recent fiscal year accounts for 50% or more of the audited net profit of the Company in the most recent fiscal year, and the absolute amount exceeds RMB5 million, it should also be submitted to the shareholders' meeting for deliberation;
- (v) The transaction amount (including debts and expenses) accounts for 10% or more of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million; however, if the transaction amount (including debts and expenses) accounts for 50% or more of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, it should also be submitted to the shareholders' meeting for deliberation;
- (vi) The profit generated by the transaction accounts for 10% or more of the Company's audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB1 million; however, if the profit generated by the transaction accounts for 50% or more of the Company's audited net profit in the most recent fiscal year, and the absolute amount exceeds RMB5 million, it should also be submitted to the shareholders' meeting for deliberation;
- (vii) Major transactions that should be reviewed by the Board in accordance with the securities regulatory rules of the place where the Company's shares are listed.

If the data involved in the calculation of the above indicators is negative, its absolute value shall be taken for calculation.

The transaction items in this article refer to: purchase or sale of assets; external investment (including entrusted financial management, investment in subsidiaries, etc.); provision of financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.); provision of guarantee (including guarantee to controlled subsidiaries); leasing in or out of assets; entrusting or being entrusted with the management of assets and businesses; donating or receiving assets; claim or debt restructuring; transfer or acceptance of research projects; signing of licensing agreements; waiver of rights (including waiver of pre-emptive purchase rights, pre-emptive subscription rights, etc.). The above-mentioned purchased and sold assets do not include the sale of products, commodities and other assets related to daily operations, but the purchase and sale of such assets involved in asset replacement are still included.

Article 117 The related-party (connected) transactions that should be approved by the Board are as follows:

- (i) Related-party (connected) transactions involving a transaction amount of RMB3 million or more between the Company and its related (connected) parties, which accounts for 0.5% or more of the absolute value of the Company's latest audited net assets; however, related-party (connected) transactions involving a transaction amount of RMB30 million or more between the Company and its related (connected) parties, which accounts for 5% or more of the absolute value of the Company's latest audited net assets, shall be submitted to the shareholders' meeting for approval before implementation;
- (ii) Related-party (connected) transactions that should be reviewed by the Board according to the securities regulatory rules of the place where the Company's shares are listed;
- (iii) If the Company provides a guarantee for a related (connected) party, regardless of the amount, it shall be submitted to the shareholders' meeting for deliberation after being approved by the Board.

Article 118 The Board has the authority to approve other external guarantees except those that must be approved by the shareholders' meeting as stipulated in Article 48 of the Articles of Association. When the Board decides on external guarantees, in addition to the approval by a majority of all directors, it must also obtain the consent of two-thirds or more of the directors attending the Board meeting. The Company shall not provide external guarantees without the approval of the Board or the shareholders' meeting.

Article 119 No individual in the Company may sign a guarantee contract without the Company's legal authorization. If a guarantee contract is signed without authorization or by an act that exceeds the Company's authority, the Company shall bear the corresponding responsibility in accordance with laws and regulations, and the Company shall have the right to seek compensation from the person without authorization or the person who exceeds the authority.

Article 120 The chairman shall exercise the following functions and powers:

- (i) to preside over the shareholders' meetings and to convene and preside over the Board meetings;
- (ii) to supervise and examine the implementation of the resolutions of the Board;
- (iii) to sign the share certificates, corporate bonds and other marketable securities of the Company;
- (iv) to sign the important documents of the Board;
- (v) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to laws and the Company's interest, and to report to the Board of the Company and the shareholders' meetings afterwards;
- (vi) other powers and duties authorized by the Board.

Article 121 The Company's vice chairman assists the chairman in his/her work. If the chairman is unable to perform his/her duties or fails to perform his/her duties, the vice chairman shall perform his/her duties (if the Company has two or more vice chairmen, the vice chairman elected by more than half of the directors shall perform his/her duties); if the vice chairman is unable to perform his/her duties or fails to perform his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Article 122 The Board shall hold at least four meetings each year, approximately once a quarter, which shall be convened by the chairman and all directors shall be notified in writing fourteen days before the meeting.

Article 123 Any shareholder holding at least one tenth voting rights, at least one third of the directors, the audit committee, or the chairman of the Board may propose the holding of an interim meeting of the Board as it deems necessary. The chairman shall convene and preside over the interim meeting of the Board within 10 days upon receipt of the proposal.

Article 124 The Board may notify the convening of an extraordinary meeting of the Board by personal delivery, express mail, email, fax, telephone or other methods approved by the Board. The notice of an extraordinary meeting of the Board shall be issued five days before the meeting.

Article 125 If it is necessary to convene an extraordinary meeting of the Board as soon as possible, a meeting notice may be issued at any time by telephone or other oral means. With the unanimous consent of all directors, the convening of an extraordinary meeting of the Board may also be exempted from the notice period, but the convener shall make an explanation at the meeting and record it in the minutes. If a director has attended the meeting and has not raised any objection to not receiving the meeting notice before or at the meeting, the meeting notice shall be deemed to have been issued to him/her.

Article 126 The notice of the Board meeting shall include the following:

- (i) date and location of the meeting;
- (ii) duration of the meeting;
- (iii) reasons and agenda for the meeting;

(iv) the date on which the notice was given.

Unless otherwise required by the Articles of Association, notices of the Board meetings shall be delivered by a special person or by express mail, or sent by fax or e-mail.

The notice of an oral meeting should at least include the contents of item (i) above, as well as an explanation of the urgency of convening an extraordinary meeting of the Board as soon as possible.

Article 127 Unless otherwise required by the Articles of Association, a Board meeting can only be held if more than half of the directors are present (if a director authorizes other directors to attend, they shall be deemed to be present at the meeting). A resolution of the Board must be passed by more than half of all directors, unless otherwise provided in the Articles of Association.

Each director shall have one vote for a resolution to be approved by the Board.

Article 128 A director with a related (connected) relationship with the companies or individuals involved in any matters being resolved by the Board shall promptly inform the Board in writing. A director with a related (connected) relationship shall neither exercise the right to vote on the resolution, nor exercise the right to vote on behalf of other directors. The Board meeting can be held with the attendance of more than half of the unrelated (connected) directors, and the resolution made at the Board meeting must be passed by more than half of the unrelated (connected) directors. If the number of unrelated (connected) directors attending the Board meeting is less than 3, the matter shall be submitted to the shareholders' meeting for deliberation. If there are any additional restrictions on directors' participation in Board meetings and voting by laws, regulations and securities regulatory rules of the place where the Company's shares are listed, they shall also comply with their relevant provisions.

Article 129 Regular and extraordinary meetings of the Board shall be held on the principle of on-site voting by raising hands or voting. They may be held in writing, by video conference, telephone conference, fax or other electronic communication.

Article 130 The Board meeting shall be attended by the directors themselves. If a director cannot attend for some reason, he shall authorize other directors to attend in writing. Independent directors shall not authorize non-independent directors to attend the meeting on their behalf. The power of attorney shall state the name of the proxy, the matters, authority scope and validity period of the proxy, and shall be signed or sealed by the principal. The director attending the meeting on behalf of others shall exercise the rights of the director within the scope of authorization. If voting matters are involved, the principal shall clearly express his opinion of consent, opposition or abstention on each matter in the power of attorney. Directors shall not make or accept a power of attorney without voting intention, a full power of attorney or a power of attorney with unclear scope of authorization. If a director fails to attend the Board meeting and fails to authorize a representative to attend, he shall be deemed to have waived his voting rights at the meeting.

A director may not accept the authorization of two directors to attend a meeting of the Board on their behalf. When deliberating related-party (connected) transactions, non-related (connected) directors may not authorize related (connected) directors to attend the meeting on their behalf.

Article 131 The Board shall make written minutes of the decisions on the matters discussed at the meeting. The directors, the secretary to the Board and the person taking the minutes who attended the meeting shall sign the meeting minutes. The directors who attended the meeting have the right to request that an explanatory record of their speeches at the meeting be made in the minutes.

The minutes of the Board meeting shall be kept as company archives by the secretary to the Board for a period of 10 years.

Article 132 The minutes of the Board meeting shall include the following:

- (i) the date, location and name of the convener of the meeting;
- (ii) the names of the directors present at the meeting and the names of the directors (proxies) present at the meeting on behalf of others;
- (iii) meeting agenda;
- (iv) directors' key points of speeches;
- (v) the voting method and results for each resolution item (the voting results should indicate the number of votes in favor, against or abstention).

Article 133 Directors shall sign the resolutions of the Board and bear responsibility for the resolutions of the Board. If the resolutions of the Board violate laws, regulations or the Articles of Association and cause losses to the Company, the directors who participated in the resolutions shall be liable to the Company for compensation. However, if it is proved that the director expressed his/her objection during the voting and it was recorded in the meeting minutes, the director may be exempted from liability.

Section 3 Independent Directors

Article 134 An independent director shall comply with the provisions of laws, administrative regulations, the CSRC, the stock exchange, and the Articles of Association, conscientiously perform their duties, play a role in decision-making, overseeing for balance and providing professional advice as a member of the Board, thus safeguarding the overall interests of the Company and protecting the legitimate interests of minority shareholders.

Article 135 Independent directors shall maintain independence. None of the following persons may serve as independent directors:

- (i) persons working in the Company or its subsidiary and their spouses, parents, children and major social relations;
- (ii) natural person shareholders who directly or indirectly hold 1% or more of the Company's issued shares or who are among the Company's top ten shareholders, and their spouses, parents and children;

- (iii) persons who work for shareholders who directly or indirectly hold 5% or more of the Company's issued shares or who work for entities of the Company's top five shareholders, and their spouses, parents, and children;
- (iv) persons serving in the subsidiaries of the Company's controlling shareholders and *de facto* controllers and their spouses, parents and children;
- (v) persons who have significant business dealings with the Company, its controlling shareholders, *de facto* controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or *de facto* controllers;
- (vi) persons providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, *de facto* controllers or their respective subsidiaries, including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, directors, senior management and principals;
- (vii) persons who have been in the situations listed in Items (i) to (vi) within the last twelve months;
- (viii) other persons who do not possess independence as stipulated by laws, administrative regulations, the regulations of the CSRC, the business rules of the stock exchange and the Articles of Association.

The subsidiaries of the Company's controlling shareholder or *de facto* controller referred to in Items (iv) to (vi) of the preceding paragraph do not include enterprises that are controlled by the same state-owned asset management institution as the Company and have not formed a related (connected) relationship with the Company in accordance with the relevant provisions.

The independent directors shall conduct an annual self-examination of their independence and submit such examination results to the Board. The Board shall evaluate the independence of the existing independent directors annually and issue a special opinion, and disclose the same in the annual report.

Article 136 An independent director of the Company shall fulfill the following conditions:

- (i) be qualified to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (ii) comply with the independence requirements stipulated in the Articles of Association;
- (iii) possess basic knowledge of the operation of a listed company and be familiar with relevant laws, administrative regulations and rules;
- (iv) have at least five years of working experience in law, accounting or economics necessary for the fulfillment of his/her duty as an independent director;

- (v) possess good personal integrity and no major breach of trust or other adverse records;
- (vi) other conditions as stipulated by laws, administrative regulations, the regulations of the CSRC, the business rules of the stock exchange and the Articles of Association.

Article 137 The independent directors, as members of the Board, shall owe a duty of loyalty and diligence to the Company and all shareholders, and shall prudently fulfill the following duties:

- (i) participating in the decision-making of the Board and express their definite opinions on the matters discussed;
- (ii) supervising matters relating to potential material conflicts of interest between the Company and its controlling shareholders, *de facto* controller, directors and senior management and protecting the legitimate rights and interests of minority shareholders;
- (iii) providing professional and objective advice on the Company's operation and development, and promoting the improvement of the decision-making level of the Board;
- (iv) other duties as stipulated by laws, administrative regulations, the regulations of the CSRC, the rules of the stock exchange and the Articles of Association.

Article 138 The independent directors shall exercise the following special powers and duties:

- (i) independently engaging intermediary organizations to conduct audits, consultations or verifications on specific matters of the Company;
- (ii) proposing to the Board to convene an extraordinary shareholders' meeting;
- (iii) proposing the convening of a meeting of the Board;
- (iv) openly soliciting shareholders' rights from shareholders in accordance with the law;
- (v) expressing independent opinions on matters that may jeopardize the interests of the Company or the minority shareholders;
- (vi) other powers and duties as stipulated by laws, administrative regulations, the regulations of the CSRC, the rules of the stock exchange and the Articles of Association.

The exercise by an independent director of the powers and duties set out in preceding paragraphs (i) to (iii) shall be approved by a majority of all independent directors.

The Company shall disclose in a timely manner any exercise of the powers and duties listed in the first paragraph by an independent director. In the event that the aforesaid powers and duties cannot be properly exercised, the Company shall disclose the specific circumstances and reasons thereof.

Article 139 The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent directors of the Company:

- (i) related-party (connected) transactions that should be disclosed;
- (ii) the proposal of the Company and related parties to change or waive their commitments;
- (iii) in the event of a takeover of the Company, the decisions made and measures taken by the Board in relation to the takeover;
- (iv) other matters as stipulated by laws, administrative regulations, the regulations of the CSRC, and the Articles of Association.

Article 140 The Company shall establish a specialized meeting mechanism attended by all independent directors. Where the Board deliberates related-party (connected) transactions and other matters, prior approval shall be obtained from the special meeting of independent directors.

The Company shall convene specialized meetings of independent directors on a regular or irregular basis. Matters listed in items (i) to (iii) in the first paragraph in Article 138 and Article 139 of the Articles of Association shall be considered by the specialized meeting of independent directors.

The specialized meeting of independent directors may study and discuss other matters of the Company as necessary.

The specialized meeting of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener is not performing his/her duties or is unable to perform his/her duties, two or more independent directors may convene the specialized meeting on their own and elect a representative to preside over the meeting.

Minutes of specialized meetings of independent directors shall be prepared in accordance with the regulations, and the opinions of the independent directors shall be set out in the minutes. The independent directors shall sign to confirm the minutes.

The Company facilitates and supports the convening of specialized meetings of independent directors.

Section 4 Special Committees under the Board

Article 141 The Board of the Company has established an audit committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

Article 142 The audit committee shall consist of five members, all of whom must be non-executive directors, in which case, there shall be a majority of the independent directors, and the convener shall be an accounting professional among the independent directors.

Article 143 The audit committee is responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration after the approval by a majority of all members of the audit committee:

- (i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (ii) appointment or dismissal of the accounting firm that undertakes the Company's auditing business;
- (iii) appointment or dismissal of the chief financial officer;
- (iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (v) other matters as provided by laws, administrative regulations, the regulations of the CSRC, the rules of the stock exchange and the Articles of Association.

Article 144 The audit committee shall hold at least one meeting every quarter, and may hold an extraordinary meeting when two or more members propose, or when the convener deems it necessary. The meeting of the audit committee shall not be held unless two-thirds or more of the members are present.

Decisions made by the audit committee shall be approved by more than half of the members of the audit committee.

The voting on the resolution of the audit committee shall be one person, one vote.

The audit committee shall prepare meeting minutes for its resolutions in accordance with the regulations, and the members of the audit committee attending the meeting shall sign on the meeting minutes.

The Board is responsible for formulating the working procedures of the audit committee.

Article 145 The Board of the Company has established other special committees, including the strategy committee, the nomination committee, the remuneration and appraisal committee, and the environmental, social and governance (ESG) committee to perform their duties in accordance with the Articles of Association and the authorization of the Board, and the proposals of the special committees shall be submitted to the Board for consideration and decision. The working procedures of the special committees are formulated by the Board.

Article 146 The nomination committee is responsible for formulating the standards and procedures for the selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for office, and making recommendations to the Board on the following matters:

- (i) nominating, appointing or removing directors;
- (ii) appointing or dismissing senior management;
- (iii) other matters as provided by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinion of the nomination committee and the specific reasons for not adopting in the resolution of the Board and disclose the same.

Article 147 The remuneration and appraisal committee is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, preparing and reviewing the remuneration policies and programs for directors and senior management such as the mechanism for determining the remuneration of directors and senior management, the decision making process, and the arrangements for the payment and stoppage of recourse, and making recommendations to the Board on the following matters:

- (i) the remuneration of directors and senior management;
- (ii) formulating or changing the share incentive plan and employee share ownership plan, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits;
- (iii) arranging share ownership plan for directors and senior management in the subsidiaries proposed to be spun off;
- (iv) other matters as provided by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinion of the remuneration and appraisal committee and the specific reasons for not adopting in the resolution of the Board and disclose the same.

Section 5 Secretary to the Board

Article 148 The Company shall have a secretary to the Board. The secretary to the Board is a senior management member of the Company, who is responsible to the Board.

Article 149 The secretary to the Board shall have the necessary professional knowledge and experience and shall be appointed by the Board. The secretary to the Board shall have professional knowledge in finance, taxation, law, finance, etc., have good personal qualities, consciously abide by relevant laws, regulations and professional ethics, be able to faithfully perform his duties, and have good communication skills and flexible handling ability.

The circumstances specified in Article 101 of the Articles of Association that prohibit one from serving as a director of the Company apply to the secretary to the Board.

Article 150 The secretary to the Board is responsible for the preparation of shareholders' meetings and Board meetings of the Company, retention of documentation as well as the management of shareholders' information, handling matters relating to information disclosure and other matters.

The secretary to the Board shall comply with laws, administrative regulations, departmental rules and the Articles of Association.

Article 151 The secretary to the Board shall be nominated by the Chairman of the Board and shall be appointed or dismissed by the Board.

CHAPTER 6 SENIOR MANAGEMENT

Article 152 The Company shall have one president and several senior management members, whose appointment or dismissal shall be decided by the Board.

Article 153 The Articles of Association regarding circumstances where a person may not serve as a director and the provisions of the policy for managing the termination of employment shall also apply to a senior management member.

The provisions concerning the fiduciary obligation and duty of diligence of directors in the Articles of Association shall also apply to senior management.

Article 154 A person working in an administrative position other than as a director or supervisor in an entity of the controlling shareholders or the *de facto* controllers of the Company shall not serve as a senior management member of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

Article 155 The term of office of the president shall be 3 years, renewable upon re-appointment.

Article 156 The president, who shall be accountable to the Board, shall exercise the following functions and powers:

- (i) to manage the operation and administration of the Company, arrange for the implementation of the resolutions of the Board, and report to the Board;
- (ii) to arrange for the implementation of the Company's annual operation plans and investment proposals;
- (iii) to formulate proposals for the establishment of the Company's internal management organs;
- (iv) to formulate the fundamental management system of the Company;
- (v) to formulate the specific rules and regulations of the Company;
- (vi) to recommend the Board to appoint or dismiss senior management of the Company other than the secretary to the Board;
- (vii) to appoint or dismiss management personnel (other than those who shall be appointed or dismissed by the Board);
- (viii) to formulate the salary, benefits, rewards and penalties, and to decide on the appointment and dismissal of employees of the Company;

- (ix) to exercise any other functions and powers conferred by the Articles of Association or the Board.

The president shall be present at meetings of the Board.

Article 157 The President shall consider the opinions of the labor union and employee representative committees before making decisions relating to benefits of the employees, such as wages, benefits, occupational safety as well as labor protection, labor insurance and dismissal of employees.

Article 158 The working rules of the President shall be prepared by the President for approval by the Board.

Article 159 The working rules of the President shall include the following:

- (i) the conditions, procedures and attendees for convening a meeting by the President;
- (ii) the respective duties and division of responsibilities of the President and other senior management;
- (iii) the authority in respect of the application of the Company's funds and assets, execution of material contracts and the requirement for reporting to the Board;
- (iv) other matters as the Board may think necessary.

Article 160 The President may resign before the end of his term. The specific procedures and methods for the President's resignation shall be stipulated in the labor contract between the President and the Company.

Article 161 The Company's Vice President, and Chief Financial Officer are nominated by the President and appointed by the Board. The Vice President, and Chief Financial Officer are responsible to the President, report to him/her, and perform relevant duties according to the assigned business scope.

Article 162 The Company shall be liable for any damages to others caused by a senior management member while performing his/her duties. The senior management member shall be liable for such damages caused by his/her intentional or gross negligence.

If senior management violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association when performing their duties in the Company and cause losses to the Company, they shall bear liability for compensation.

Article 163 Senior management should faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

If the Company's senior management fail to faithfully perform their duties or violate their obligations of good faith, causing damage to the interests of the Company and public shareholders, they shall bear liability for compensation in accordance with the law.

CHAPTER 7 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Section 1 Financial and Accounting System

Article 164 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations, the requirements of the relevant departments of the State and the securities regulatory rules of the place where the Company's shares are listed.

Article 165 The disclosure of periodic reports of A shares: The Company shall submit and disclose its annual reports to the local offices of the CSRC and the Shanghai Stock Exchange within four months from the ending date of each fiscal year, and its interim reports to the local office of the CSRC and the Shanghai Stock Exchange within two months from the ending date of the first half of each fiscal year.

The disclosure of periodic reports of H Shares: The periodic reports of H Shares of the Company include annual reports and interim reports. The Company shall disclose its preliminary announcement on annual results within three months from the ending date of each fiscal year, and complete its annual report for disclosure within four months from the ending date of each fiscal year and at least 21 days prior to the date of the annual shareholders' meeting. The Company shall disclose its preliminary announcement on interim results within two months from the ending date of the first six months of each fiscal year, and complete its interim report for disclosure within three months from the ending date of the first six months of each fiscal year. The above financial and accounting reports, annual reports, annual results, interim reports and interim results shall be prepared in accordance with the relevant laws, administrative regulations, departmental rules, and the requirements of the securities regulatory authorities of the place where the Company's shares are listed and the stock exchange(s).

Article 166 The Company shall not establish account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account.

Article 167 When the Company allocates the after-tax profits for the current year, it shall extract 10% of the profits into the Company's statutory reserve fund. Should the accumulated amount of the Company's statutory reserve fund be 50% or more of the Company's registered capital, such fund may cease to be allocated.

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 allocation to the statutory reserve fund pursuant to the foregoing provisions.

After the Company has made an allocation to the statutory reserve fund from the after-tax profits, an optional reserve fund may also be extracted from the after-tax profits upon resolution at the shareholders' meeting.

After making up any losses and contributions to reserves, the remaining after-tax profit may be distributed to shareholders in proportion to their respective shareholdings, unless otherwise stipulated in the Articles of Association.

In case the shareholders' meeting approves to distribute any profit to any shareholder in violation of the Company Law, the shareholder shall return profits so distributed to the Company; if losses are caused thereby to the Company, the shareholders, as well as any directors and senior management responsible for the violation, shall be liable for compensation.

The Company shall not be entitled to any distribution of profits in respect of shares held by it.

Article 168 The Company implements a proactive profit distribution policy that emphasizes reasonable investment returns to shareholders and takes into account the sustainable development of the Company, and the profit distribution policy shall maintain continuity and stability. The Company shall comply with the following provisions when implementing profit distribution:

- (i) The Company may distribute profits in the form of cash or a combination of cash and shares, the cash dividend method of profit distribution shall be prioritized. The Company shall conduct profit distribution at least once a year. The Board may propose the Company to conduct interim cash or shares dividend distribution depending on the Company's profit and capital requirement.
- (ii) When the Company formulates a specific cash dividend plan, the Board shall carefully study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the decision-making procedures. If an independent director believes that a specific cash dividend plan may prejudice the interests of the Company or its minority shareholders, such independent director shall be entitled to express independent opinions. If the Board does not adopt or fully adopt the independent director's opinions, the Board shall record and disclose the independent director's opinions and the specific reasons for not adopting such opinions in the announcement of the resolution of the Board. Before the shareholders' meeting considers the specific cash dividend plan, it shall actively communicate and interact through various channels with shareholders, especially small and medium shareholders, adequately listen to opinions and demands of small and medium shareholders, and promptly answer the questions which concern small and medium shareholders.

The Company's profit distribution plan shall be approved by more than half of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting. The Company shall provide shareholders with online voting at the shareholders' meeting to review the dividend distribution.

(iii) The Company's profit distribution conditions and distribution ratio are as follows:

1. If the Company's audited net profit for the year is positive and meets the dividend conditions stipulated in the Company Law, after fully reserving statutory reserves and surplus reserves, if there are no major investment plans or major cash expenditures, the Company shall distribute dividends in cash. The annual cash dividends distributed to shareholders shall not be less than 20% of the Company's distributable profits for the year, and shall comply with the relevant requirements of the CSRC on cash dividends of listed companies.

Major investment plans or major cash expenditures refer to the Company's planned cumulative expenditures on external investments, asset purchases, and other transactions in the next twelve months reaching or exceeding 10% of the Company's latest audited net assets, or exceeding RMB100 million.

2. If the Company distributes profits in the form of stock dividends, it must meet the following conditions at the same time:
 - (1) The Company is doing well;
 - (2) The Company's stock price does not match the size of the Company's capital and the issuance of stock dividends is in the overall interests of all shareholders of the Company;
 - (3) The ratio of cash dividends to stock dividends paid is in accordance with the provisions of the Articles of Association;
 - (4) Other conditions stipulated by laws, regulations and normative documents.

When determining the specific amount of profit to be distributed in the form of shares, the Company should fully consider whether the total share capital after the distribution of profits in the form of shares is consistent with the Company's current operating scale and profit growth rate, and consider the impact on future debt financing costs to ensure that the distribution plan is in line with the overall interests of all shareholders.

3. The Company may make interim dividends. When the Company convenes the annual shareholders' meeting to review the annual profit distribution plan, it may consider and approve the conditions, proportion limits and amount limits of interim cash dividends for the next year. The upper limits of interim cash dividends for the next year considered by the annual shareholders' meeting shall not exceed the net profit attributable to the Company's shareholders during the corresponding period. The Board shall formulate a specific interim dividend plan based on the resolution of the shareholders' meeting, subject to the conditions for profit distribution.

- (iv) The Company's profit distribution policy shall not be changed at will. If the current policy does conflict with the Company's production and operation, investment planning and long-term development needs, the profit distribution policy may be adjusted. The adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the Shanghai Stock Exchange.

The Board of the Company needs to have full discussions with independent directors during the process of revising the profit distribution policy. At the meetings of the Board to review and revise the Company's profit distribution policy, it must be approved by more than half of all directors before it can be submitted to the Company's shareholders' meeting for review. The Company should take the protection of shareholders' rights and interests as its starting point and explain in detail the reasons for the revision in the proposal submitted to the shareholders' meeting.

The modification of the Company's profit distribution policy shall be submitted to the shareholders' meeting of the Company for deliberation and shall be approved by two-thirds or more of the voting rights held by shareholders attending the shareholders' meeting. When voting at the shareholders' meeting, online voting shall be arranged. The Company's independent directors may solicit the voting rights of the Company's social public shareholders at the shareholders' meeting before the shareholders' meeting is held.

- (v) The Board of the Company shall take into account, among other things, features of the industry where the Company operates, its development stage, business model, profit level and whether it has any significant capital expenditure plans in distinguishing the following situations, and formulate differentiated profits distribution proposals:
- (1) Where the Company is in a mature stage of development and has no major capital expenditure arrangement, cash dividends shall account for at least 80% of all profits to be distributed by the Company in this round of profit distribution;
 - (2) Where the Company is in a mature stage of development but has major capital expenditure arrangements, cash dividends shall account for at least 40% of all profits to be distributed by the Company in this round of profit distribution;
 - (3) Where the Company is in the growing stage of development and has major capital expenditure arrangements, cash dividends shall account for at least 20% of all profits to be distributed by the Company in this round of profit distribution;

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous provisions.

Article 169 The objective of the cash dividend policy of the Company is residual dividends.

The Company may not make profit distribution under any of the following circumstances: the audit report for the most recent year was either qualified or qualified with a material uncertainty paragraph relating to going concern; no profit is recorded in the consolidated financial statements or the financial statements of the parent company for the year; operational net cash flow in the consolidated financial statements or the financial statements of the parent company for the year is negative.

Article 170 Upon passing of a resolution on profit distribution plan by a shareholders' meeting of the Company, or working out of a specific plan by the Board of the Company in accordance with the criteria and ceiling for the following year's interim dividend distribution adopted by an annual shareholders' meeting, the distribution of dividends (or shares) shall be completed within two months.

Article 171 Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its registered capital.

Where the reserve of the Company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions.

When the statutory reserve funds are converted into registered capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

Section 2 Internal Audit

Article 172 The Company shall implement an internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

The internal audit system of the Company shall be implemented after being approved by the Board and disclosed to the public.

Article 173 The internal audit institution of the Company shall conduct supervision and inspection on matters such as the Company's business activities, risk management, internal control, and financial information.

The Company shall assign full-time auditors to conduct internal audits on and supervise the financial revenues and expenditures and economic activities of the Company.

Article 174 The internal audit institution is accountable to the Board.

The internal audit institution shall be subject to the supervision and guidance of the audit committee during the process of monitoring and inspecting the Company's business activities, risk management, internal controls and financial information. If the internal audit institution discovers any related significant issues or clues, it shall immediately report directly to the audit committee.

Article 175 The specific organization and implementation of the internal control evaluation of the Company shall be the responsibility of the internal audit institution. The Company issues an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit institution and reviewed by the audit committee.

Article 176 When the audit committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution should actively cooperate and provide necessary support and collaboration.

Article 177 The audit committee participates in the appraisal of the head of internal audit.

Section 3 Appointment of Accounting Firm

Article 178 The Company shall appoint an accounting firm under the Securities Law to audit its accounting statements, verify its net assets, and provide other relevant consulting services. The term of appointment shall be one year, and may be renewed.

Article 179 The Company's appointment and dismissal of an accounting firm shall be decided at the shareholders' meeting. The Board shall not appoint any accounting firm prior to a decision made by the shareholders' meeting.

Article 180 The Company shall ensure its provision to an accounting firm engaged thereby with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials and may not refuse, conceal and make false reports.

Article 181 The audit fees of an accounting firm shall be determined at the shareholders' meeting.

Article 182 Where the Company intends to remove or discontinue the engagement of an accounting firm, it shall send a twenty-day notice in advance to such accounting firm. Where the dismissal of an accounting firm is put to the vote in a shareholders' meeting, such accounting firm shall be allowed to state its opinions.

Where an accounting firm offers to resign, it shall explain to the shareholders' meeting whether the Company is involved in any anomaly.

CHAPTER 8 NOTICE AND ANNOUNCEMENT

Section 1 Notices

Article 183 In accordance with laws, administrative regulations and the relevant rules of the stock exchanges in the place where the Company's shares are listed, notices of the Company shall be made by the following means:

- (i) by hand;
- (ii) by express delivery service;
- (iii) by mail;
- (iv) by facsimile;
- (v) by making announcements on the website of the Company, and the designated websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange;
- (vi) by announcement;
- (vii) by other means as required by laws, administrative regulations or other normative documents, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

In respect of the way in which the Company provides or sends corporate communications to shareholders in accordance with the Hong Kong Listing Rules, subject to securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, the Company may send corporate communications to relevant shareholders through the websites designated by the Company, and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange or by any electronic means. Corporate communications mentioned above shall refer to any documents issued or to be issued by the Company for the information or action of the shareholders or such other persons as may be required under the Hong Kong Listing Rules, including but not limited to the annual reports (including the report of the Board, the annual accounts of the Company, the auditor's report and the summary financial reports, if applicable), the Company's interim reports and summary interim reports (if applicable), quarterly reports of the Company, the notice of meetings, listing documents, circulars, proxy form. Holders of H Shares of the Company may also choose in writing to receive printed copies of the aforementioned corporate communications.

Article 184 Where notices are given by way of announcements under authorization conferred by the Articles of Association, such announcements shall be published by means specified in the securities regulatory rules of the place where the Company's shares are listed. Where a notice is made by the Company by way of announcement, it shall be deemed to have been received by all relevant persons upon the publication of such announcement.

Article 185 Notices of shareholders' meetings of the Company shall be given to the shareholders by means of an announcement.

Article 186 Any notice convening a meeting of the Board shall be given by hand, by express service, by fax or by e-mail or other means.

Article 187 If the notice is served by hand, the date of service is the date of acknowledgement of receipt by the recipient via signature or affixed seal on the service return slip. If the notice is served by express mail, the date of service is the fourth working day from the date the delivery is made to the recipient. If the notice is served via email, the date of service is the next working day of the date when the email reaches the recipient's information system. If the notice is served via facsimile, the date of service is the next working day of the date when the facsimile reaches the recipient's information system. If the notice is made by announcement, the date of service is the date of the first publication of the announcement.

Article 188 The meeting and the resolutions made at the meeting shall not be null and void if the notice of the meeting fails to be delivered to any person entitled to the notice due to accidental omission or fails to be received by such person.

Section 2 Announcements

Article 189 Shanghai Securities News, China Securities Journal and other media, and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, are designated by the Company to publish company announcements and other information that needs to be disclosed.

The term "announcement" mentioned in the Articles of Association, unless the context otherwise requires, in relation to an announcement made to holders of H Shares or made within Hong Kong as required by relevant regulations and the Articles of Association, such announcement must be published on the website of the Company and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and such other websites as may be prescribed in the Hong Kong Listing Rules from time to time in accordance with the requirements of the Hong Kong Listing Rules.

CHAPTER 9 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 190 Merger of the Company may take the form of absorption or establishment of a new company.

In the case of merger by absorption, a company absorbs any other company and the absorbed company shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

Article 191 Where the price paid for a merger does not exceed ten percent of the Company's net assets, the merger may be resolved without a shareholders' meeting, unless otherwise provided for in the Articles of Association.

Where a merger of the Company is not resolved by the shareholders' meeting in accordance with the preceding paragraph, it shall be resolved by the Board.

Article 192 Where there is a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution and shall publish an announcement in newspapers as required by the Articles of Association or on the National Enterprise Credit Information Publicity System and on the website of the Hong Kong Stock Exchange within 30 days from the date of the merger resolution.

The creditors may, within 30 days after receipt of notice or, if the creditors do not receive such notice, within 45 days of the announcement, demand the Company to repay in full or to provide a guarantee.

Article 193 At the time of merger, the claims and debts of the merger parties shall be succeeded by the company which subsists after the merger or the newly-established company.

Article 194 Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution and shall publish an announcement in newspapers as required by the Articles of Association or on the National Enterprise Credit Information Publicity System and on the website of the Hong Kong Stock Exchange within 30 days from the date of the division resolution. Where securities regulatory rules of the place where the Company's shares are listed provide otherwise, such rules shall also be satisfied with.

Article 195 Debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before the division.

Article 196 When the Company reduces its registered capital, it shall prepare a balance sheet and inventory of assets.

The Company shall inform its creditors within 10 days and publish an announcement in the newspaper as required by the Articles of Association or on the National Enterprise Credit Information Publicity System and on the website of the Hong Kong Stock Exchange within 30 days after the resolution approving the reduction of registered capital has been passed at the shareholders' meeting. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the Company to pay its debts or provide guarantees covering the debts.

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by laws or the Articles of Association.

Article 197 If the Company still incurs losses after making up for the losses in accordance with the provisions of second paragraph of Article 171 of the Articles of Association, it may reduce its registered capital to make up for the losses. When reducing registered capital to make up for losses, the Company shall not distribute to shareholders, nor shall it exempt shareholders from their obligations to contribute capital or pay for shares.

The provisions of second paragraph of Article 196 of the Articles of Association shall not apply to the reduction of registered capital in accordance with the preceding paragraph. However, the Company shall, within 30 days from the date of the resolution of the shareholders' meeting to reduce the registered capital, announce the reduction in newspapers as required by the Articles of Association or on the National Enterprise Credit Information Publicity System.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve fund and the discretionary reserve fund reaches 50% of the Company's registered capital.

Article 198 In case of reduction of registered capital in violation of the requirements of the Company Law and other requirements, the shareholders shall return the funds so received, and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the responsible directors and senior management shall be held liable for compensation.

Article 199 Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless the Articles of Association provides otherwise or the shareholders' meeting resolves that the shareholders shall have pre-emptive right.

Article 200 The Company shall, in accordance with laws, apply for a change in its registration with the company registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with laws.

If the Company increases or reduces its registered capital, the Company shall, in accordance with laws, apply for a change in registration with the company registration authority.

Section 2 Dissolution and Liquidation

Article 201 The Company may be dissolved for the following reasons:

- (i) the term of operation stipulated in the Articles of Association has expired or circumstances for dissolution specified in the Articles of Association arise;
- (ii) a resolution on dissolution is passed by shareholders at a shareholders' meeting;
- (iii) dissolution is required due to the merger or division of the Company;
- (iv) the business license is revoked or the Company is ordered to close down or be deregistered according to the law;

- (v) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the voting rights of the Company may request the People's Court to dissolve the Company.

The Company shall, within ten days of the occurrence of the reason(s) for dissolution stipulated in the preceding paragraph, publicize the reason(s) for dissolution through the National Enterprise Credit Information Publicity System.

Article 202 Under the circumstances of items (i) and (ii) under first paragraph of Article 201 in the Articles of Association and where it has not yet distributed its property to its shareholders, the Company may continue to exist by amending the Articles of Association or by a resolution of the shareholders' meeting.

Amendments to the Articles of Association pursuant to the preceding paragraph or by resolution of the shareholders' meeting shall be subject to the approval of shareholders representing two-thirds or more of the voting rights attending the shareholders' meeting.

Article 203 If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) under first paragraph of Article 201 in the Articles of Association, it shall be liquidated. The directors shall be the obligors of liquidation of the Company and a liquidation committee shall be set up for liquidation within 15 days after the circumstances for dissolution arise.

The liquidation committee shall consist of the directors, unless otherwise provided in the Articles of Association or the shareholders' meeting resolves to elect another person.

A liquidation obligor who fails to fulfill its liquidation obligations in a timely manner and causes losses to the Company or creditors shall be liable for compensation.

Article 204 The liquidation committee shall exercise the following powers during the liquidation period:

- (i) to notify creditors by notice and announcement;
- (ii) to check the Company's assets and prepare a balance sheet and an inventory of assets;
- (iii) to deal with the outstanding affairs of the Company in relation to liquidation;
- (iv) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (v) to settle claims and debts;
- (vi) to allocate the remaining assets of the Company after repayment of debts;
- (vii) to represent the Company in civil proceedings.

Article 205 The liquidation committee shall notify the creditors within 10 days from the date of its establishment and make a public announcement on newspaper(s) as required by the Articles of Association or on the National Enterprise Credit Information Publicity System or on the website of the Hong Kong Stock Exchange within 60 days from its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide an explanation for the relevant particulars and evidence of the claims upon declaration of such claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not settle the debts to creditors until the expiry of the period for declaration of claims.

Article 206 After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the People's Court for confirmation.

The remaining properties of the Company, after payment of liquidation expenses, wages, social insurance premiums and statutory compensation of employees, outstanding taxes and debts of the Company, shall be distributed according to the shareholding proportion held by shareholders.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Company shall not be distributed to shareholders before the settlement of debts in accordance with the aforesaid provisions.

Article 207 If, after liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the assets of the Company are insufficient to repay the debts of the Company in full, it shall apply to the People's Court for a bankruptcy liquidation.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator appointed by the People's Court.

Article 208 Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the same to the shareholders' meeting or the People's Court for confirmation, and submit the aforesaid documents to the company registration authority, and apply to cancel the registration of the Company.

Article 209 The members of the liquidation committee shall perform their liquidation duties and shall assume the obligations of loyalty and diligence.

Where the member of the liquidation committee neglects to perform the liquidation duties and causes any loss to the Company, he/she shall be liable to make compensation. If losses are caused to any creditor due to intentional misconduct or gross negligence of a member of the liquidation committee, such member shall be liable for compensation.

Article 210 If the Company is declared bankrupt according to laws, the Company shall perform bankruptcy liquidation procedures according to the laws relating to bankruptcy of companies.

CHAPTER 10 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 211 The Company shall amend the Articles of Association in any of the following circumstances:

- (i) after amendments are made to the Company Law, relevant laws and administrative regulations, the matters in the Articles of Association run counter to the provisions of the amended laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed;
- (ii) the Company's conditions have changed, and such changes are not consistent with the matters recorded in the Articles of Association;
- (iii) the shareholders' meeting has resolved to amend the Articles of Association.

Article 212 Where approval from the competent authority is required for the amendments to the Articles of Association resolved by the shareholders' meeting, such amendments shall be submitted to the competent authority for approval. If amendments to the Articles of Association involve particulars of the Company's registration, changes shall be made to the registration in accordance with the laws.

Article 213 The Board shall amend the Articles of Association in accordance with the resolutions of the shareholders' meeting and the opinion of the relevant competent authorities on any amendment hereto.

Article 214 If any amendment to the Articles of Association involves matters required to be disclosed by laws and regulations, an announcement shall be made pursuant to the regulations.

CHAPTER 11 SUPPLEMENTARY PROVISIONS

Article 215 Definitions:

- (i) For the purpose of the Articles of Association, "controlling shareholder" refers to a shareholder whose shareholding of shares accounts for more than 50% of the entire share capital of the joint stock limited company, or a shareholder whose shareholding accounts for less than 50% but the voting rights entitled by the shares held are sufficient to exert a major impact on resolutions at the shareholders' meeting. If the Hong Kong Listing Rules have a separate definition of "controlling shareholder", such provisions shall prevail when relevant matters are involved.
- (ii) "*De facto* controller" refers to a natural person, legal person or other organization who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.
- (iii) "Related (connected) relationships" refers to the relationship of the entity or individual as controlling shareholders, *de facto* controllers, directors, supervisors and senior management of the Company with any other enterprise and individual under their direct or indirect control and any other relationship that may lead to the transfer of the Company's interest. However, the enterprises controlled by the State do not have related (connected) relationships with each other solely based on the fact that their shares are in each case controlled by the State. The terms "related-party (connected) transaction(s)", "related (connected) party(ies)", etc., in the Articles of Association includes the definitions specified by the Hong Kong Listing Rules.

- (iv) The meaning of the “accounting firm(s)” mentioned in the Articles of Association is the same as that of “auditor(s)” under the Hong Kong Listing Rules. The meaning of the “independent directors” is the same as that of “independent non-executive directors” under the Hong Kong Listing Rules. The meaning of “President” is the same as that of “manager” under the Company Law.

Article 216 The Board may formulate by-laws in accordance with the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

Article 217 The Articles of Association is written in Chinese. In case of any inconsistency between the Chinese version and other translations or versions of the Articles of Association, the latest Chinese version approved and registered with the Shapingba District Market Regulation Bureau of Chongqing shall prevail.

Article 218 The term “or more” and “within”, as stated in the Articles of Association shall include the number or amount itself; the term “other than”, “less than”, “more than” and “exceeding” shall exclude the number or amount itself.

Article 219 Matters not provided for in the Articles of Association shall be implemented in accordance with the laws, administrative regulations, departmental rules, normative documents and the provisions of the securities regulatory rules of the place where the Company’s shares are listed that is effective at that time. If the Articles of Association is inconsistent with the relevant laws, administrative regulations, departmental rules, normative documents and the relevant provisions of the securities regulatory rules of the place where the Company’s shares are listed that is effective at that time, the relevant laws, administrative regulations, departmental rules, normative documents and the relevant provisions of the securities regulatory rules of the place where the Company’s shares are listed shall prevail.

Article 220 The Board shall be responsible for the interpretation of the Articles of Association.

Article 221 Appendixes to the Articles of Association include the rules of procedure for the shareholders’ meeting and the rules of procedure for the Board.

Article 222 The Articles of Association shall be considered and approved at the shareholders’ meeting, and become effective on the date on which H Shares issued by the Company are listed and traded on the Hong Kong Stock Exchange. The original Articles of Association of Seres Group Co., Ltd. shall lapse automatically.