

Set out below is a summary of the Articles of Association to provide an overview of the Articles of Association to potential investors. As the information contained below is only a summary, it does not contain all the information that may be important to potential investors.

Effective Day of the Articles of Association

These Articles have been adopted by a special resolution of the general meeting of the Company and shall be effective upon the listing of the H Shares on the Hong Kong Stock Exchange. Upon the effective day of these Articles, the existing Articles of the Company and the amendments thereto shall lapse automatically.

Scope and Objectives of Business

The aim of the Company is to commit to develop the security business subject to the laws and regulations of the PRC and according to relevant state guidelines and policies as well as international practices. Holding the corporate spirit of “loyal, comprehensive, innovative and excellent” and the operation philosophy of “customer oriented, employee/staff foremost” and the mission of “value-creation and fortune-seeking”, we persist to build “the best investment bank with excellent service”, realize the shareholders’ interests in a long run and maximize the value of the Company, and also promote the development of the national economy and security market.

The scope of business of the Company: securities brokerage, securities investment advisory, financial consultations in relation to securities trading and securities investment, securities underwriting and sponsorship, proprietary securities trading, securities assets management, margin financing and securities lending, open-ended securities fund distribution, intermediary services to Galaxy Futures, agency sale of financial product and other business approved by the CSRC.

The Company may establish subsidiary companies to invest in financial products other than those listed in the List of Investment Products of Proprietary Trading by Securities Companies 《證券公司證券自營投資品種清單》. According to the laws and regulations as well as the relevant rules of the CSRC, the Company may also establish wholly-owned subsidiaries to engage in direct investment business.

Shares

Issuance of Shares

The Company shall have ordinary shares at all times. If required, upon approval by the authorities delegated by the State Council, the Company may create shares of other classes. Shareholders of different classes of the Company shall rank *pari passu* over dividends or any forms of distribution.

The Company shall issue shares under the principles of openness, fairness and equality that shares of the same class shall carry same rights. The issue conditions and price per shares of the same class in the same issue shall be the same.

All shares issued by the Company have a par value of RMB1 per share.

The Company may, with approval from the CSRC or other relevant regulatory authorities, issue shares to domestic and overseas investors. The board of the Company may arrange the issue of

domestic and overseas shares separately. Subject to the maximum number of shares proposed to be issued, the Company may issue overseas listed foreign and domestic-invested shares, which shall be fully subscribed for in their initial offerings. If the shares are not fully subscribed for in their initial offerings, the Company may re-issue the unsubscribed shares subject to approval of the CSRC.

Increment, Reduction and Repurchase of Shares

Subject to approval of the shareholders at general meeting, the Company may, based on its requirements for operation and development and in accordance with the applicable laws and regulations, increase its capital by way of:

- open offer of new shares;
- private placement of shares;
- rights issue of new shares to existing shareholders;
- bonus issue of new shares to existing shareholders;
- capitalization of surplus reserve; and
- any other way permitted by the laws, regulations and the relevant regulatory authorities.

The Company may reduce its registered capital. If the Company reduces its registered capital, it must prepare a balance sheet and an inventory of its assets. The Company shall notify its creditors within ten days and shall publish a notice in newspapers within 30 days after the passing of resolution approving the reduction of capital. Creditors shall, within 30 days after receiving the notice or 45 days after the first publication of the notice (for those who have not received the notification), have a right to require the Company to settle its debts or to provide guarantees for their settlement. The reduced registered capital of the Company shall not fall below the minimum statutory requirement.

The Company shall register the change of its registered capital with the company registry.

The Company may, according to the applicable laws, rules, regulations and these Articles, repurchase its shares under the following circumstances:

- to reduce the registered capital of the Company;
- to merge with another company holding shares of the Company;
- to grant shares to employees of the Company as incentives;
- to acquire shares held by dissident shareholders (if so requested) who vote against resolution proposed in shareholders' general meeting on the merger or division of the Company; and
- other circumstances as permitted by laws and regulations.

The Company shall not engage in the trading of its shares save for the circumstances specified above.

The Company may repurchase its shares in one of the following manners:

- to offer to repurchase shares from all shareholders in equal proportions;
- to repurchase through open transaction in stock exchanges;

- to repurchase through over-the-counter agreement; and
- other means as permitted by the laws, regulations and the relevant competent authorities.

Where the Company repurchases its shares through over-the-counter agreement, it shall seek prior approval of shareholders at general meeting in accordance with these Articles.

Shares repurchased by the Company shall be cancelled within the period prescribed by laws and regulations. The Company shall apply to the original company registration authority for registration of the change of its registered capital.

Transfer of Shares

Upon obtaining the approval from the State Council's securities regulatory authority, our Shareholders may list and trade their unlisted Shares in an overseas stock exchange. The listing and trading of such Shares shall comply with the procedures, regulations and requirements prescribed by the relevant overseas stock market. No class shareholder voting is required for such listing and trading of Shares on an overseas stock exchange.

Subject to the applicable laws, regulations and the requirements of the securities regulatory authorities in the place where the Company's shares are listed, the shares of the Company are transferrable free of lien. Transfer of overseas foreign shares listed in Hong Kong shall be registered by the share registrar in Hong Kong entrusted by the Company.

The Company shall not accept any pledge of its shares.

Promoter shares of the Company are not allowed to transfer within a year from the date of the establishment of the Company. Shares issued before the initial public offering of the Company are transferrable subject to the applicable laws, regulations and the relevant requirements of the Listing Rules. The transfer of more than 5% of the Company's shares shall be made in accordance with the applicable laws, regulations, statutory documents and the relevant requirements of the Listing Rules. Directors, supervisors and other senior management of the Company shall notify the Company of their shareholdings in the Company and changes thereof. The number of shares transferred by directors, supervisors and other senior management of the Company in a given year shall not be more than 25% of the total number of shares of the Company unless the transfer is required by law or by way of transmission, bequest and legal disposal of assets. The shares of the Company held by directors, supervisors and other senior management of the Company shall not be transferred within one year from the day on which the shares of the Company are listed. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their resignation.

Where any director, supervisor, senior management of the Company and shareholder holding 5% or above of the Company's shares in issue sell his/her shares within a period six months after their purchase, or repurchase shares in the Company within a period of six months after their disposal, the gains so earned shall belong to the Company. The board of directors of the Company shall demand such gains for the benefit of the Company. However, the six-month restriction shall not apply for a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer.

All paid-up overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with these Articles. However, the board may refuse to recognize any instrument of transfer without giving any reasons unless the following conditions are satisfied:

- instrument of transfer and any other documents related to the title of the shares or may affect the title of the shares are registered, and payment of a fee specified by the Hong Kong Listing Rules is made to the Company;
- the instrument of transfer only relates to the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- the stamp duty required by the law of Hong Kong for the instrument of transfer has been paid;
- the relevant share certificates and evidence reasonably required by the board showing that the transferor has the right to transfer such shares have been provided;
- if the shares are to be transferred to joint holders, the number of joint registered shareholders shall not exceed four; and
- the relevant shares of the Company are free from all liens.

If the board refuses to register the transfer of shares, the Company shall notify the transferor and transferee of the refusal within two months from the date of the application for registration of transfer.

Financial Assistance for Purchase of Company's Shares

The Company or its subsidiaries shall not provide financial assistance in any forms in any circumstances to a person who purchases or intends to purchase shares in the Company. The aforementioned person shall include the person who has direct or indirect obligations in the purchase of the shares of the Company. The Company or its subsidiaries shall not provide financial assistance in any forms to a person in any circumstances to reduce or release the direct or indirect obligations of the person due to the purchase or the intended purchase of the shares in the Company. The restriction shall not apply in the following circumstances:

- The financial assistance is provided by the Company for the interests of the Company in good faith, and the principal purpose of the financial assistance is not for the purchase of shares in the Company or is an incidental part of a plan of the Company;
- The lawful distribution of the Company's assets by way of dividends;
- The distribution of bonus shares as dividends;
- A reduction of registered capital, a repurchase of shares or a reorganization of the capital structure of the Company in accordance with these Articles;
- The provision of loan by the Company within its scope of business and in the ordinary course of operation (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- The provision of the fund by the Company as contribution to share option scheme of employees (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

Share Certificates and Register of Shareholders

The share certificates of the Company shall be in registered form and shall contain the following particulars:

- the name of the Company;
- the date of establishment of the Company;
- the class and par value of the shares and the number of shares represented by the certificate;
- the serial number of the share certificate; and
- any other particulars required by the Company Law and the securities regulatory authorities in the place where the Company's shares are listed.

The Company may issue overseas listed foreign shares in the form of foreign depository receipts or other derivatives in accordance with the laws and the practice of registration and depository of securities in the place of its listing.

The Company shall maintain a register of shareholders to record the names and following particulars of its shareholders:

- the name, address, occupation or status of shareholders;
- the class and number of shares held by each shareholder;
- the amount paid or payable on the shares held by each shareholder;
- serial number of share certificates held by each shareholder;
- the date of registration;
- the date of deregistration.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company unless there is evidence to the contrary.

The Company may, pursuant to the understanding or agreement with the CSRC and overseas securities regulatory authorities, maintain the register of shareholders of overseas listed foreign shares in any place outside China and entrust its administration to an overseas agency. The original register of shareholders of foreign shares listed on Hong Kong Stock Exchange shall be maintained in Hong Kong. The Company shall maintain a copy of the register of overseas shareholders at the domicile of the Company. The overseas agent entrusted by the Company shall ensure that the original and duplicate of the register of overseas shareholders are consistent at all times. Where there is discrepancy between the original and duplicate of the register of overseas shareholders, the original version shall prevail.

No transfer of share shall be registered within 30 days prior to the date of shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.

Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Any registered shareholder or any person who claims to be entitled to have his/her name entered into the register of shareholders in respect of shares in the Company may, in the event that his/her share certificate has been stolen, lost or destroyed, apply to the Company for a new share certificate for replacement.

Shareholders and General Meeting

Shareholders

A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name recorded in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. In case of more than two persons registered as joint holders of any shares, they shall be deemed as the common owners of the relevant shares, subject to the following restrictions:

- The Company shall not register more than four persons as the joint holders of any shares;
- All joint holders of any shares shall have the several and joint liability to pay all the payables related to the shares;
- In the event that one of the joint holders deceased, only the surviving joint holders shall be deemed as the holders of the relevant shares. However, the board may request the provision of death certificate, which it thinks fit, for the purpose of amending the register of shareholders; and
- In respect of the joint holders of any shares, only the joint holder whose name stands first on the register of shareholders shall be entitled to receive the certificate of relevant shares and notice of the Company, to attend the shareholders' general meeting or to exercise the voting rights of the relevant shares. Any notice so served shall be deemed as having served on all the joint holders of the relevant shares.

The holders of ordinary share of the Company shall be entitled to the following rights:

- the right to dividends and other distributions in proportion to the number of shares held;
- the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;
- the right to supervise and manage the operation of the Company and to raise proposals and inquiries;
- the right to transfer shares in accordance with the laws, regulations and these Articles;
- the right to receive the relevant information in accordance with these Articles, including:
 - (1) the right to obtain a copy of these Articles, subject to payment of the cost of such copy;
 - (2) the right to inspect and copy, subject to payment of a reasonable charge: all or any part of the register of shareholders; personal particulars of each of the Company's directors, supervisors, general manager (or chief executive officer) and other senior management; report on the capital structure of the Company; the latest audited financial statements of the Company and reports of the board, auditor and supervisory committee; special resolutions of shareholders' general meetings and/or the board of the Company; reports showing the aggregate par value, quantity, maximum and

minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares; minutes of shareholders' general meetings; duplicate of the latest Annual Inspection Form filed with Chinese AIC or other competent authority; corporate bond counterfoils; resolutions of board meetings; resolutions of supervisory committee meetings; and financial reports;

- the right to demand the Company to acquire the shares held by them if they disagree with the resolution adopted at shareholders' general meeting on the merger or division of the Company;
- the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company; and
- any other rights conferred by the laws, rules, regulations, statutory documents and these Articles.

A shareholder shall notify the Company in advance and seek prior approval from the CSRC if he/she intends to hold 5% or more of the Company's registered capital through subscription or transfer of the shares of the Company or through the equity interest in an entity holding shares of the Company or otherwise.

If a resolution passed at the Company's shareholders' general meeting or board meeting violates the laws or regulations, shareholders shall have the right to submit a petition to the people's court to invalidate the resolution. If the procedures for convening, or the voting at, a shareholders' general meeting or board meeting violate the laws, regulations or these Articles, or the resolution violates these Articles, shareholders shall have the right to submit a petition to the people's court to rescind such resolutions within 60 days from the date of adoption of such resolution. If a director or a senior management violates any laws, regulations or these Articles in performing his duties and causes losses to the Company, shareholders holding in aggregate 1% or more of the Company's shares for 180 consecutive days may propose to the supervisory committee in writing to initiate legal proceedings against such acts in the People's Court; where the Company incurs losses as a result of the members of the supervisory committee having violated any laws, regulations or these Articles in performing their duties, shareholders may propose the board in writing to initiate legal proceedings in the People's Court. If the supervisory committee or the board refuses to initiate legal proceedings after receiving the aforesaid written proposal of shareholder, or fails to initiate such legal proceedings within 30 days on which such proposal is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest, such shareholders may initiate legal proceedings in the local People's Court directly in their own names in the interest of the Company. These shareholders may also initiate legal proceedings in the People's Court under the aforesaid regulations if any third parties infringe on the lawful interests of the Company and result in damage to the Company. Shareholders may initiate legal proceedings if a director or a senior management violates any laws, regulations or these Articles and impairs the interests of the shareholders. If foreign shareholders are involved in the aforesaid disputes, the rules for resolution of disputes under these Articles shall apply.

The holders of ordinary shares of the Company shall have the following obligations:

- to abide by the laws, regulations and these Articles;

- to pay subscription monies according to the number of shares subscribed for and the method of subscription;
- not to divest the shares unless required by the laws and regulations;
- not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company; and
- to fulfill other obligations imposed by the laws, regulations and these Articles.

Where a shareholder holding more than 5% of voting shares of the Company pledges any shares in his/her possession, he shall report the same to the Company in writing on the day on which he/she pledges his/her shares.

The controlling shareholders and beneficial controller of the Company shall not exploit their relationship with the Company to harm the interests of the Company. They shall be liable for compensation if they exploit their relationship with the Company and cause damage to the company. Unless required by the laws and regulations or the relevant requirements of the local securities regulatory authorities where the shares of the Company are listed, the controlling shareholder of the Company shall not exercise his/her voting rights in a manner prejudicial to the interests of all or some of the shareholders of the Company.

General Rules of Shareholders' General Meeting

The shareholders' general meeting is the highest authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- to decide on the operating policies and investment plans of the Company;
- to elect and remove directors and supervisors (except staff representatives), and to fix the remuneration of the directors and supervisors;
- to review and approve the reports of the board;
- to review and approve the reports of the supervisory committee;
- to review and approve the proposed annual financial budgets and final accounts of the Company;
- to review and approve the profit distribution plans and plans on making up losses of the Company;
- to adopt resolutions on the increment or reduction of registered capital of the Company;
- to adopt resolutions on the issuance of bonds of the Company;
- to adopt resolutions on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- to amend these Articles;
- to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
- to consider and approve matters relating to security under Article 64;

- to consider matters relating to the major purchases and disposals of the Company's material assets of a value exceeding 30% the Company's latest audited total assets in a year;
- to consider and approve the change of the use of the proceeds from share issue;
- to consider and approve major investments, i.e., the consideration of an investment (or disposal) or aggregate consideration of investments (disposals) in four consecutive months amounting to 10% of the latest audited net assets of the Company or 5% of the latest audited assets of the Company, whichever is lower;
- to consider and approve connected transactions which required to be approved by shareholders' general meeting in accordance with the Listing rules of Shanghai Stock Exchange or the Hong Kong Listing Rules;
- to consider long-term incentive scheme;
- to consider and approve the proposal submitted by shareholder(s) holding in aggregate more than 3% of the Company's shares; and
- to deal with other matters required by the laws, regulations, requirement of securities regulatory authorities where the Company is listed or these Articles to be resolved by shareholders' general meeting.

The Company shall not directly or indirectly provide financing or security to its shareholders or their related parties. The provision of security to external parties by the Company shall be considered and approved by shareholders' general meeting:

- any guarantee provided for external parties by the Company or its subsidiaries that will, in aggregate with existing guarantees, amount to 50% or more of the latest audited net assets of the Company;
- any guarantee provided for external parties that will, in aggregate with existing guarantees, amount to 30% or more of the latest audited total assets of the Company;
- a security provided for an entity which has a gearing ratio in excess of 70%; and
- a security in excess of 10% of the latest audited net assets of the Company.

The Company shall not provide financing or guarantee for its subsidiaries for their investment in financial products other than those specified in the List of Investment Products of Proprietary Trading of Securities Companies (《證券公司證券自營投資品種清單》).

Shareholders' general meetings are annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year. The Company shall hold an extraordinary general meeting within two months after the occurrence of one of the following events:

- the number of directors is less than the number required by the Company Law or less than two-thirds of the number specified by these Articles; (i.e. the number of directors is less than eight).
- the uncovered losses are in excess of one third of the Company's total paid-up share capital;

- shareholders individually or collectively holding 10% or more of the Company's voting shares request in writing;
- the board or more than one-third of the directors considers it necessary;
- the supervisory committee proposes to convene such meeting; and
- other circumstances as specified by the laws, rules, regulations and these Articles.

The Convening of Shareholders' General Meeting

The independent director shall have the right to propose to the board to convene an extraordinary general meeting, and regarding the proposal requesting to convene an extraordinary general meeting by independent directors, the board shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after receiving the proposal in accordance with laws and regulations and these Articles. If the board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the board. If the board refuses to convene an extraordinary general meeting, an explanation and relevant announcement shall be made.

The supervisory committee shall have the right to propose to the board to convene an extraordinary general meeting, and such proposal shall be submitted in writing. The board shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after receiving the proposal in accordance with laws and regulations and these Articles. If the board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the board and any changes to the original proposal contained in the notice shall be subject to the approval of the supervisory committee. If the board does not agree to convene the extraordinary meeting or does not give any reply within ten days after receiving the proposal, the board shall be deemed as failing to perform the duty of convening a shareholders' general meeting. In such case, the supervisory committee may convene and preside over the meeting.

Shareholders who request to convene an extraordinary general meeting or a class shareholders' general meeting shall abide by the following procedures: the shareholder(s) individually or jointly holding 10% or more of the Company's shares shall have the right to propose to the board for the convening of an extraordinary general meeting, and such proposal shall be submitted in writing. The board shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after receiving the proposal in accordance with laws and regulations and these Articles. If the board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the board and any change to the original proposal contained in the notice shall be subject to the approval of the relevant shareholders. If the board does not agree to convene the extraordinary general meeting or does not give any reply within ten days after receiving the proposal, the shareholder(s) individually or jointly holding 10% or more of the shares of the Company shall have the right to propose to the supervisory committee to convene an extraordinary general meeting, and such request shall be submitted in writing. If the supervisory committee agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after receiving the proposal and any change to the original proposal contained in the notice shall be subject to the approval of the relevant shareholders. If a notice of meeting is not issued by the supervisory committee within five days after receiving the proposal, it shall be deemed that the supervisory committee will not convene

and chair the general meeting. The shareholder(s) individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days shall have the right to convene and chair an extraordinary meeting.

If the supervisory committee or shareholders convene(s) a shareholders' general meeting, the board shall be informed in writing and the relevant documents shall be filed with the local office of the CSRC and the stock exchange in the place where the Company locates. Shareholding proportion of the convening shareholders prior to announcement of the resolution of the shareholders' general meeting shall not be less than 10%. Convening shareholders shall submit relevant evidence to the local office of the CSRC and the stock exchange in the place where the Company locates when issuing the notice of shareholder's general meeting and announcement on the resolution of the general meeting.

Motions and Notices of Shareholders' General Meeting

The board, the supervisory committee, and shareholder(s) individually or jointly holding 3% or more of the Company's shares shall have the right to propose resolutions to the Company for consideration at shareholders' general meeting.

Shareholder(s) individually or jointly holding 3% or more of the Company's shares may propose additional resolutions in writing to the convener of shareholders' general meeting 10 days before the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting to give details of the additional resolutions within two days after the receipt thereof. Otherwise, the convener of shareholders' general meeting shall not amend the resolutions set out in the notice of the meeting or propose additional resolutions after the issue of the notice of the shareholders' general meeting.

A written notice of shareholders' general meeting shall be given to all shareholders whose names appear in the register of members 45 days before the meeting is held, specifying the matters to be considered at and the date and venue of the meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver a written reply slip to inform the Company of his/her intention to attend 20 days before the meeting is held. In the event that the number of voting shares represented by shareholders who intend to attend the meeting is more than half of the total number of the voting shares of the Company, the Company shall hold the shareholders' general meeting. Otherwise, the Company shall, within five days, notify shareholders again of the matters to be considered at, and the date and venue for, the meeting in writing. The Company shall hold the shareholders' general meeting after such announcement has been made.

The interval between the record date of a shareholders' general meeting and the date of the meeting shall not exceed seven working days. The record date shall not be changed after it is fixed. When the notice of a shareholders' general meeting is issued, the meeting shall not be postponed or cancelled and the proposal set out in the notice of the shareholders' general meeting shall not be withdrawn without reason. In case of postponement or cancellation, the convener must give notice and state the reasons at least two working days before the original date of the shareholder' general meeting.

The Holding of Shareholders' General Meetings

All shareholders in the shareholders' register on the record date or proxies thereof shall be entitled to attend the shareholders' general meetings and exercise their voting rights.

The shareholders may attend the shareholders' general meetings and exercise voting rights either in person or by proxy. Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or several persons (who need not to be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- the right of the shareholder to speak at the meeting;
- the right to demand a poll alone or jointly with others; and
- the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person or any other institution, such instrument shall be under its seal or under the hand of its legal representative duly authorized or attorney duly authorized.

All directors, supervisors and the secretary to the board shall attend the shareholders' general meetings. The general manager (or chief executive officer) and other senior management shall also be present at the meeting.

A shareholders' general meeting convened by the board shall be presided over by the chairman of the board. If the chairman of the board is unable or fails to perform his/her duties, the vice chairman of the board shall preside over the meeting. Where the vice chairman of the board is unable or fails to perform his/her duties, a director selected by more than one half of all directors shall preside over the meeting. In the event that the board is unable or fails to perform the duties of convening shareholders' general meetings, the supervisory committee shall promptly convene and preside over the meetings. If the supervisory committee fails to convene and preside over a shareholders' general meeting, shareholders severally or jointly holding 10% or more of the Company's shares for more than 90 consecutive days shall have the right to convene and preside over the meeting. Where the shareholders fail to elect a chairman of the shareholders' general meeting for any reasons, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman of the shareholders' general meeting.

A shareholders' general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duty, a supervisor shall be elected to preside over the meeting by more than half of the supervisors.

A shareholders' general meeting convened by the shareholders shall be presided over by a representative nominated by the convener.

The Company shall formulate rules of procedure of shareholders' general meetings to specify in details the convention and voting procedures of the meeting. The rules of proceedings of shareholders' general meeting shall be annexed to these Articles upon approved by shareholders' general meeting.

At the annual general meeting, the board and the supervisory committee shall report their respective work of the previous year. The supervisory committee shall make specific statements on the financial position and compliance of the Company. Each independent director shall also make his work report.

Directors, supervisors and senior management shall answer the inquiries and proposals made by shareholders provided that no trade secrets of the Company shall be discussed at the meeting.

The secretary to the board shall be responsible for preparing the minutes of the shareholders' general meeting. The directors, the supervisors, the secretary to the board, the convener or his/her representative, and the chairman of the meeting shall initial on the minutes of the meeting. The minutes of meeting together with the attendance register of attending shareholders and the power of attorney of the proxies, and the relevant information of online voting and other means of voting shall be kept for not less than 20 years.

Voting and Resolutions of Shareholders' General Meeting

Resolutions of a shareholders' general meeting include ordinary resolutions and special resolutions. An ordinary resolution of a shareholders' general meeting shall be passed by affirmative votes of more than half of the Company's total voting shares held by shareholders attending the meeting in person or by proxies. A special resolution of a shareholders' general meeting shall be passed by affirmative votes of more than two-thirds of the Company's total voting shares held by shareholders attending the meeting in person or by proxies.

The following matters shall be approved by special resolutions of a shareholders' general meeting:

- the increment or reduction of the registered capital and the issue of any class of shares, warrants and other securities of the Company;
- the issue of corporate bonds by the Company;
- the division, merger, dissolution or liquidation of the Company;
- the amendments to these Articles;
- purchase or disposal of material assets or provision of guarantee by the Company within 1 year of a value exceeding 30% of the Company's latest audited total assets;
- repurchase of the Company's shares;
- adoption of long-term incentives plan; and
- other matters specified by the laws, regulations, the relevant requirements of the regulatory authorities in the place where the Company's shares are listed or these Articles and matters specified by ordinary resolutions of shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights representing by the number of voting shares they represent. Each share shall have one vote. Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

When a connected transaction is considered at a shareholders' general meeting, the connected shareholders shall abstain from voting. The voting shares held by connected shareholders shall not be counted in the total number of shares with voting rights.

Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of the shares of the Company, the cumulative voting system shall be adopted for the election of two or more directors (including independent directors) and supervisors and independent directors and other directors shall be elected separately to ensure that the required number of independent directors are elected.

Except for special reasons, such as force majeure, causing the shareholders' general meeting to suspend or unable to reach a resolution, the shareholders' general meeting shall not set aside any motion or have any motion not voted. When a resolution is being considered at a shareholders' general meeting, no amendments shall be made thereto.

The chairman of the meeting shall announce the voting results of each resolution and whether or not the resolution has been passed according to voting results.

If votes are counted at the shareholders' general meeting, the voting results shall be recorded in the minutes of the meeting.

Special Procedures for Voting by Class Shareholders

Shareholders holding different class of shares shall be class shareholders. In addition to holders of shares of other classes, the holders of domestic shares and overseas-listed foreign shares are also different classes of shareholders.

Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution of a shareholders' general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with the relevant provisions. The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

- (1) increase or decrease in the number of shares of that class, or increase or decrease in the number of shares of another class having the same or more rights in voting, distribution or other privileges;
- (2) conversion of all or part of the shares of that class into shares of other classes, or conversion of all or part of the shares of other classes into shares of that class or granting rights of such conversion;
- (3) removal or reduction of the entitlement and rights to receive and retain dividends attributable to shares of that class;
- (4) reduction or removal of the priority of the shares of that class to receive dividends or distribution of in the event of liquidation;
- (5) increase, removal or reduction of the right of conversion, options, voting rights, the right to transfer, priority in placement of shares and the right to acquire securities of the Company attached to shares of that class;
- (6) removal or reduction of the right to receive sums payable by the Company in particular currencies attached to shares of that class;

- (7) creation of a new class of shares having the same or more rights in voting, distribution or other privileges;
- (8) imposing or strengthening the restriction on the transfer of or the ownership of the shares of that class;
- (9) issue of rights to subscribe for or convert into shares of that class or other classes;
- (10) increase in the rights and privileges of shares of other classes;
- (11) proposed restructure of the Company which shall result in different classes of shareholders having to assume disproportionate liabilities; and
- (12) alteration or cancellation of the provision of this Article.

Shareholders of the affected class, whether or not having the right to vote at shareholders' general meetings, shall have the right to vote at the relevant class meeting in relation to any of the matters under circumstances (2) to (8) and (11) to (12) mentioned above, but interested shareholders shall not be entitled to vote at the relevant class meeting. A resolution of a class meeting shall be passed by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting.

The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- pursuant to a special resolution of shareholders' general meeting, the Company issues domestic shares and overseas-listed foreign shares in a period of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas-listed foreign shares;
- issue of domestic shares upon establishment of the Company and issue of overseas-listed foreign shares pursuant to a plan approved by the CSRC within 15 months from the date of approval; and
- conversion of unlisted shares into foreign shares for listing and trading in an overseas stock exchange pursuant to approval from the CSRC.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company shall have the qualification recognized by the CSRC. The general manager (chief executive officer) or other senior management may concurrently serve as a director (other than independent directors), provided that the aggregate number of the directors who concurrently serve as general manager (chief executive officer) or other senior management shall not be more than half of the directors of the Company. The directors are not required to hold shares of the Company.

The directors of the Company shall:

- be faithful and honest;
- be familiar with the laws, rules, regulations and other statutory documents, and have the necessary operation and management capacity to perform their duties;
- have sufficient experience in the fields of securities, finance, economics, laws and accounting as required by the CSRC;
- have the academic qualification as required by the CSRC; and
- fulfill other conditions required by the laws, rules, regulations and these Articles.

At least a independent director shall be a professional accountant.

Non-employee representative directors shall be elected and replaced by shareholders general meetings. Employee representative directors shall be elected and replaced by the employee representatives committee, general meeting of employees or by other democratic means.

A director shall have a term of office of three years and is eligible for re-election. If the number of directors falls below the statutory requirement due to expiry of the term of office or resignation of a director, the leaving director shall continue to perform their duties in accordance with the laws, rules, regulations, statutory documents and these Articles until a new director is appointed in his place.

A director shall not be removed without reason from his/her office by the shareholders' general meeting or the employee representatives committee (or general meeting of employees or other entity) before the expiry of his/her term of office. If a director is removed by the shareholders' general meetings or the employee representatives committee (or general meeting of employees' or other entity) of the Company, reason for the removal shall be provided. The director being removed shall have the right to give his/her view at the shareholders' general meeting or employee representatives committee (or general meeting of employees or other entity), the CSRC or the local office of the CSRC.

Subject to the relevant laws and regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiry of his/her term of office.

The directors shall comply with the laws, regulations and these Articles and shall faithfully perform their following obligations to the Company:

- not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- not to misappropriate the money of the Company;
- not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- not to violate these Articles and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the shareholders' general meetings or the board;
- not to enter into contracts or transactions with the Company in violation of these Articles or without approval of the shareholders' general meeting;

- not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the shareholders' general meeting;
- not to accept commissions in relation to transactions between any third party and the Company;
- not to disclose the secrets of the Company without consent;
- not to use their connections to harm the interests of the Company; and
- to be bound by other obligations stipulated by the laws, rules, regulations and these Articles.

The directors shall diligently perform their following obligations to the Company:

- to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business licence;
- to treat all shareholders equally and fairly;
- to understand the operation and management of the Company in a timely manner;
- to initial and approve regular reports of the Company and to ensure the integrity, accuracy, completeness, timely and fair of the information disclosed by the Company;
- to provide all relevant information required by the supervisory committee and shall not intervene the performance of the supervisory committee or supervisors of their duties;
- to perform other obligations of diligence stipulated by the laws, rules, regulations, and these Articles.

A director may resign before the expiry of his/her tenure. Unless the resignation will result in the members of the board to be less than a quorum, the resignation of a director shall become effective when the written resignation is served to the board.

A director who fails to attend two consecutive board meetings in person or by proxy shall be deemed as unable to perform his/her duties. The board shall propose to the shareholders' general meeting for removal of such director.

Unless authorized by these Articles or the board, no director shall act on behalf of the Company or the board. A director who violates the laws, rules, regulations or these Articles in performing his/her duties and causes loss to the Company shall be liable for compensation.

Independent Directors

Independent directors of the Company shall be no less than one third of the total number of directors.

Subject to these Articles, an independent director shall have the following qualification:

- He/she shall have not less than five years of experience in the areas of securities, financial, legal or accounting;

- He/she shall have the basic knowledge of the operation of a financial institution and be well-acquainted with the relevant laws, rules and regulations;
- He/she shall have the necessary time and effort to perform his/her duties as an independent director;
- He/she shall be at least a university graduate and possess at least a bachelor degree; and
- He/she shall have the independence required by the CSRC.

The following persons shall not act as independent directors:

- Persons who are specified in Article 131 of the Securities Law;
- Persons who are employed by the Company or its subsidiaries and their lineal relatives and affiliates with close social relationship (lineal relatives refer to, among others, spouses, parents and children, while affiliates with close social relationship refer to, among others, brothers and sisters, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, brothers-in-law and sisters-in-law);
- Persons who are employed by corporate shareholder(s) holding or controlling not less than 5% of the Company's shares or other companies which have business relationship with the Company or the top five corporate shareholders of the Company and their lineal relatives and affiliates with close social relationship;
- Natural person shareholders who directly or indirectly hold or control 1% or more of the Company's shares and the top 10 natural person shareholders of the Company and their lineal relatives;
- Persons who provide financial, legal or consultation services to the Company or any of its subsidiaries and their lineal relatives;
- Persons who had been the persons under categories 2 to 5 in the past one year;
- Persons who are employed by securities companies in a capacity other than independent directors;
- Other persons specified by the laws, regulations, listing rules in the place the Company's shares are listed and these Articles; and
- Persons considered unfit by the relevant regulatory bodies in the place the Company's shares are listed or by resolution of the shareholders' general meeting of the Company.

The tenure of the independent directors is the same as those of other directors of the Company but shall not serve for more than six years.

The board shall promptly propose to the shareholders' general meeting for the termination or removal of an independent director if the independent director:

- become incapable of being an independent director in one of the aforementioned circumstances; and
- fails to attend in person for three consecutive board meetings.

Otherwise, an independent director shall not be dismissed or removed without reason before the expiry of his/her tenure.

An independent director may resign before the expiry of their tenure. If the resignation of an independent director result in the number of independent directors of the board to fall below the number required by these Articles, the leaving independent director shall continue to perform his/her duties in accordance with the laws, rules, regulations and these Articles until a new independent director is appointed in his/her place.

In addition to the powers conferred by the relevant laws and regulations, the independent directors shall have the following powers:

- to give their independent opinions on the major connected transactions of the Company; to review major connected transaction before recommending for discussion by the board; to retain intermediaries to prepare an independent financial advisor's report before making judgment;
- to propose the appointment and termination of accounting firms to the board;
- to propose the convening of extraordinary shareholders' general meetings to the board;
- to propose the convening of board meetings;
- to engage external auditing firms or consultancy firms independently;
- to publicly solicit proxies from shareholders before shareholders' general meetings; and
- to perform other duties as stipulated by the applicable laws, rules, regulations and listing rules in the place where the Company's shares are listed and these Articles.

The consent of more than half of the independent directors shall be obtained for the exercise of any of the above powers by an independent director.

The majority of members of the audit committee, nomination committee and remuneration committee of the board shall be independent directors and the conveners of the committees shall be independent directors.

The independent director shall submit his work report at the annual general meeting of shareholders.

The Company shall grant allowances to independent directors. The allowances shall be proposed by the board for review and approval by the shareholders' general meeting. The independent directors shall not receive other undisclosed benefits from the Company and its major shareholders or other related entities or persons.

The Board of Directors

The Company shall have a board of directors accountable to the shareholders' general meeting. The board consists of 11 directors, including four independent directors. At least one independent director shall be a senior accountant or certified public accountant and at least one independent director shall be a representative of the employees.

The board shall perform the following duties:

- to convene Shareholders' general meetings and to report to Shareholders' general meetings;

- to implement the resolutions of Shareholders' general meetings;
- to determine business operation plans and investment plans of the Company;
- to formulate annual preliminary and final financial budgets of the Company;
- to formulate the profit distribution plans and plans for recovery of losses of the Company;
- to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- to formulate plans for any substantial acquisition by the Company, repurchase of the Shares or merger, division, dissolution and change of the form of the Company;
- to decide on matters relating to the Company's external investments, acquisitions or disposal of assets, mortgage of assets, external guarantees, entrusted wealth management and connected transactions as authorized by Shareholders' general meetings;
- to formulate the implementation plans on the long-term incentive schemes for the Company's management and employees;
- to decide on the establishment of the Company's internal management structure;
- to appoint or dismiss the Company's General Manager (President), secretary to the Board and Chief Compliance Officer and, based on the nominations of General Manager (President), to appoint or dismiss Deputy General Manager (Vice President), Chief Finance Officer and other senior management and to determine their remuneration and penalties;
- to formulate the basic management policies of the Company;
- to formulate proposals for any amendments to the Articles of Association;
- to manage the disclosure of information of the Company;
- to propose to Shareholders' general meetings the appointment or change of the accounting firm acting as the auditors of our Company;
- to submit report disclosing the duty performance of directors, including their attendance and voting at board meetings during the reporting period, to the annual general meetings;
- to hear the work report of the Company's General Manager (President) and to review the work of the Company's General Manager (President);
- to monitor, review and evaluate the establishment and implementation of the Company's internal control system and to be ultimately responsible for the effectiveness of the internal control system;
- to review and approve the Company's fundamental compliance policies and the compliance reports, to hear the report of Chief Compliance Officer and to monitor the implementation of compliance policies; to prepare proposals the amount and distribution method of the enrollments of directors for approval of the general meeting; and
- any other powers as conferred by the laws and regulations and the Articles of Association.

The board resolutions regarding the above items 4, 5, 6, 7, 8, 11, 13 and 15 shall be passed by more than two-thirds of the directors.

The board shall explain to the shareholders' general meeting regarding the non-standard auditors' advice given by chartered accountant in relation to the financial report of the Company.

The board shall formulate the Rules of Procedure of board Meetings to ensure the implementation by the board of the resolutions of shareholders' general meeting, to improve efficiency and to make decision in a scientific manner. The Rules of Procedure of board Meetings shall be attached to these Articles after approval by the shareholders' general meeting.

The board shall have a risk management committee, an audit committee, a development strategy committee, and a nomination and remuneration committee. Each of the committees shall be composed of directors and shall be accountable and report to the board.

The board shall have a board office to handle the daily routines of the board. The office shall be accountable to the board and handle work assigned by the board and assist the secretary to the board.

The board shall formulate stringent examination and approval system for external investment, acquisition and disposal of assets, assets pledge, provision of guarantees to third parties, entrusted wealth management and connected transactions of the Company. Specialists or professionals shall be retained to evaluate major investment projects and report to shareholders' general meeting for approval. The board of the Company shall have the right to make decision on the following matters:

- the disposal of assets not require to be approved by shareholders' general meeting in accordance with these Articles;
- the provision of guarantee not require to be approved by shareholders' general meeting in accordance with these Articles;
- the investment or de-investment of a value not more than 10% of the latest audited net assets or 5% of the latest audited assets of the Company, whichever is the lower in a single transaction or in transactions in four consecutive months; and
- the connected transactions which shall be determined by the board according to the disclosure requirement of the listing rules in the place where the Company is listed.

The board shall have a chairman and may appoint vice chairman. The chairman and the vice chairman shall be elected and removed by more than half of all members of the board. The chairman and vice chairman shall be entitled to be re-elected upon expiry of their terms of office.

The chairman shall also have the following qualification:

- He/she shall have not less than three years of experience in securities, or not less than five years of experience in areas of financial, legal or accounting activities, or not less than ten years of experience in economic activities;
- He/she shall be at least a university graduate or possess at least a bachelor's degree; and
- He/she shall have passed the qualification verification by the CSRC.

The chairman of the board shall perform the following duties:

- to preside over shareholders' general meetings and to convene and preside over board meetings;
- to supervise and examine the implementation of resolutions passed by the board;

- to execute share certificates, bonds and other marketable securities of the Company;
- to execute important documents of the board and other documents that shall be executed by the legal representative of the Company;
- to perform the duties of legal representatives;
- to exercise discretion in dealing with matters of the Company in compliance with legal requirements and in the interests of the Company in case of force majeure events such as extraordinary natural disasters and report to the board and the shareholders' general meeting thereafter; and
- to perform other duties entrusted by the laws, regulations, statutory documents and listing rules of the place where the Company's share are listed and the board.

The vice chairman of the Company shall assist the chairman in performing his/her duties and shall perform the duties of the chairman when the chairman is unable or fails to perform his/her duties. If the vice chairman is unable or fails to perform his/her duties, a director shall be elected by more than half of the directors to take up his/her duties.

Board meetings shall be held at least four times a year at approximately quarterly intervals. A fourteen days' prior written notice of meeting shall be given to all directors and supervisors. The chairman of the board shall convene an extraordinary board meeting within ten working days in one of the following circumstances:

- considered necessary by the chairman;
- jointly proposed by not less than one-third of the directors;
- proposed by the supervisory committee;
- proposed by shareholders holding not less than one-tenth of the voting rights;
- proposed by more than half of the independent directors;
- proposed by the general manager (or chief executive officer);
- proposed by special committees; and
- when a board meeting is required by the applicable laws, regulations and relevant requirements of the Listing Rules in the place where the Company's shares are listed or required by the securities regulatory authorities.

A meeting of the board shall be held only when over half of the directors attend the meeting. Unless otherwise provided by these Articles, resolutions of the board shall be passed by more than half of all directors. Any resolution made by the board on the provision of guarantee within its scope of authority shall be approved by more than half of all the directors and more than two-thirds of the attending directors.

A director shall have one vote when voting on the resolution of the board.

If any director has connection with the entity involved in the resolution of a board meeting, the director shall abstain from voting on the resolution and shall not vote on behalf of other director. The board meeting may be held when more than half of the attending directors have no connection with the

entity. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the shareholders' general meeting for approval.

Directors shall attend board meetings in person. Where a director is unable to attend board meeting, he or she may authorize in writing another director to attend on his behalf. The instrument of proxy shall specify the name of the proxy, the matters to be authorized, scope of authorization and the validity period. The appointor shall sign on or affix a chop to such instrument. Any director who is unable to attend a board meeting and does not appoint a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

The board shall keep minutes of the matters discussed. The attending directors, the secretary to the board and secretary of the meeting shall initial on the minutes of the meeting. Directors shall be responsible for the resolutions of the board. Where a resolution of the board violates the laws, regulations, the resolution of the shareholders' general meetings or these Articles and causes losses to the Company, the directors who take part in the resolution shall be liable to compensation. However, if a director can prove that he has expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability. The minutes of board meeting shall be kept by the secretary of the board as records of the Company. The minutes of board meeting shall be filed by the Company after one year and shall be kept for 20 years.

Secretary to the Board of Directors

The Company shall have a secretary to the board. The secretary is a senior management of the Company and shall report to the Company and the board. The secretary to the board shall have the requisite professional knowledge and experience and shall be appointed by the board. The circumstances specified in these Articles to prohibit a person from being a director of the Company shall also apply to the secretary to the board.

The secretary to the board shall perform the following duties:

- to maintain communication and liaison between the Company and investors, securities trading departments, securities registration departments, securities services entities, the media and securities regulatory authorities and coordination between the Company and investors;
- to prepare and submit reports and documents required by the relevant authorities of China to be given by the board and shareholders' general meeting;
- to organize and prepare shareholders' general meetings, board meetings and committee meetings in accordance with the legal procedures, and take minutes of the meetings and maintain the documents and records of the meetings;
- to be responsible for the information disclosure and publications of the Company and to procure the Company to establish and implement information disclosure system and internal report system for significant information and enable the Company and the related persons to discharge the obligation of information disclosure in accordance with laws;
- to ensure that the Company has maintained complete constitution documents and records;
- to ensure that reports and documents of the Company required by competent authorities are prepared and delivered in accordance with the laws;

- to ensure that the Company's registers of shareholders are properly maintained, and to be responsible for the management of shareholders information;
- to provide relevant information as required by regulations or relevant entities or individuals, such as the CSRC and its local branches and shareholders in accordance with laws, and to ensure that persons entitled to access the Company's records and documents are furnished with such records and documents promptly;
- to ensure the effective information exchange between the members of the board and the compliance of the policies and procedures of the board;
- to provide opinion regarding corporate governance to the board through the chairman and/or general manager (or chief executive officer);
- to arrange orientation and professional trainings for directors; and
- to perform other duties entrusted by the board.

A director or senior management of the Company may concurrently act as the secretary to the board. The accountant of the certified public accounting firm and the lawyer of the law firm retained by the Company shall not act as secretary to the board.

The secretary to the board shall be nominated by the chairman and appointed and dismissed by the board. Where a director concurrently acts as the secretary to the board and an act is required to be done by a director and the secretary separately, such person shall not act in both capacities of a director and a secretary.

General Manager (or Chief Executive Officer) and Other Senior management

The Company shall have one general manager (or chief executive officer), who shall be appointed and dismissed by the board.

The Company shall have certain deputy general managers (or deputy chief executive officers) to assist the general manager. The appointment and dismissal of deputy general managers shall be recommended by the general manager for approval by the board.

The members of executive committee, general manager (or chief executive officer), deputy general managers (or deputy chief executive officers), secretary to the board, chief financial officer, chief compliance officer of the Company and other person who plays a significant role in the Company and are identified by the regulatory authorities or the board of the Company are the senior management of the Company.

The general manager (or chief executive officer) and other senior management shall have the following qualifications:

- They shall not be prohibited by the laws and regulations to act as the senior management of securities companies;
- They shall have passed the qualification verification by the CSRC for the positions of senior management of securities companies;
- They shall be at least university graduates or possess at least bachelor degrees;
- They shall be faithful and honest;

- They shall be familiar with the laws, rules, regulations and other statutory documents related to the operation and management of a securities company, and have the operation and management capacity necessary to perform their duties;
- They shall be licensed to practice in the securities business;
- They shall have not less than three years of experience in securities business or not less than five years of experience in the areas of financial, legal or accounting activities; and
- They shall have at least two years of experience in charge of a department in a securities company or not less than four years in charge of a department in financial institutions such as funds, futures, banking, insurance or of comparable management experience.

A person who holds an office other than that of a director of the Company's controlling shareholder or beneficial controller shall not act as a senior management of the Company. A senior management of the Company may at most hold the office of director or supervisor concurrently in two companies where the Company has shareholding, but not an office other than those aforesaid. They shall not engage themselves concurrently in any other profit-making organizations or other operation activities, except for senior management members who hold part-time positions in subsidiaries wholly or partially owned by the Company.

The general manager (or chief executive officer) and his deputy general managers (or deputy chief executive officers) are appointed for tenure of three years and they may be re-appointed upon expiry of the tenure.

The general manager (or chief executive officer) shall be accountable to the board and exercise the following powers:

- to be in charge of the Company's operation and management, to organize and implement the resolutions of the board and to report his work to the board;
- to organize and implement the Company's annual operation plan and investment scheme;
- to implement the financial budget of the Company;
- to establish the Company's basic management system;
- to formulate basic rules and regulations for the Company;
- to recommend the appointment or dismissal of senior management to the board except that required to be recommended by the chairman;
- to appoint or dismiss management members other than those required to be appointed or dismissed by the board;
- to decide on the appointment and dismissal of the Company's staff members;
- to make proposals for convening extraordinary board meetings;
- to implement the risk control system of the Company and to ensure the effectiveness of risk control system meets the requirement of the CSRC; and
- shall have other powers granted by the Articles or the board.

The general manager (or chief executive officer) may present at the board meetings, but shall have no voting right if he/she is not a director.

The general manager (or chief executive officer) shall report to the board or the supervisory committee on the execution of material contracts, application of funds, profit and loss of the Company.

The general manager (or chief executive officer) shall prepare detailed rules of the duties and responsibilities of general manager (or chief executive officer) for approval by the board.

The Company shall establish an executive committee which shall be accountable to the board. The members of the executive committee shall be the senior management of the Company and to be recommended and nominated by the chairman or the general manager (or chief executive officer) for appointment and dismissal by the board. The executive committee shall have a chairman.

The executive committee shall perform the following duties:

- to implement the Company's operational policies formulated by the Board and to decide on the major issues relating to the Company's operation and management;
- to formulate the Company's financial budgets;
- to formulate the Company's plans of final financial accounts, profit distribution plans and recovery of losses;
- to formulate the Company's plans for any change of its registered capital and issuance of bonds;
- to formulate the Company's plans for merger, division, modification and dissolution;
- to formulate the Company's operational plans and plans of investment, financing and assets disposal and to report to the Board pursuant to its authority;
- to formulate the Company's internal management organizational structure plan;
- to formulate and approve the employees remuneration plans and reward and penalty plans; and
- other power authorized by the Board.

The executive committee shall formulate the rules of procedure of the meetings of the committee and submit to the board for approval.

The Company shall enter into service contracts with the general manager (or chief executive officer) and other senior management to specify the term of office, performance appraisal, remuneration packages, dismissal, rights and obligations of both parties and liability for breach of contract.

The Company shall have a chief compliance officer. The chief compliance officer shall be in charge of the compliance of the Company and shall examine, supervise and inspect the compliance of the operation, management and practice of the Company and its staff. The chief compliance officer shall not act concurrently other position the duties of which are in conflict with that of the compliance management and shall not concurrently take charge of the department the duties of which are in conflict with that of the compliance management. The chief compliance officer shall be able to access operation information of the Company for the performance of his compliance management duties.

The chief compliance officer shall be appointed and removed by the board. The chief compliance officer shall have a term of office of three years and may be re-appointed upon expiry of

his term of office. The chief compliance officer shall be accountable to the board and shall report his work to the board and to the regulatory authorities.

In performing their duties to the Company, the senior management shall abide by the laws, rules, regulations, statutory documents and these Articles, and perform the obligations faithfully and diligently. If a senior management violates any laws, administrative rules, departmental rules and regulations and these Articles in the course of performing his duties of the Company and causes losses to the Company, he shall be liable for compensation.

Supervisors and the Supervisory Committee

Supervisors

Prior to their appointment, supervisors of the Company shall have their qualification be approved by CSRC. Directors, general manager (or chief executive officer), deputy general manager (or deputy chief executive officers), chief financial controller and other senior management and their respective family members and affiliates with close social relationship shall not hold the position of supervisors.

The chairman of the supervisory committee shall also have the following qualification:

- He/she shall have not less than three years of experience in securities, or not less than five years of experience in areas of financial, legal, or accounting activities, or not less than ten years of experience in economic activities;
- He/she shall be at least a university graduate or possess at least a bachelor's degree; and
- He/she shall have passes the qualification verification by the CSRC.

The supervisors shall abide by the laws, administrative rules and these Articles and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

Each supervisor shall serve for a term of three years. Non-employees' representative supervisors shall be elected and removed by shareholders' general meeting and employees' representative supervisors shall be democratically elected and removed by the Company's employees' representatives committee. The term of office of supervisor is renewable upon re-election and re-appointment.

A supervisor shall not be removed by shareholders' general meeting or the employee representatives committee (including employee general meeting or other means) before the end of his/her term without reason. If a supervisor is removed by the general meetings of the Company before the expiry of his/her term, explanation shall be given. The supervisor being removed shall be entitled to speak to the general meeting, the CSRC or the local office of the CSRC.

If no supervisor is elected in place of a retiring supervisor or a supervisor resigns before the expiry of his/her term resulting in the number of supervisors to be less than the required number, the leaving supervisor shall continue to perform his/her duties as a supervisor in accordance with the law, rules and these Articles until a supervisor is elected in his place.

The supervisors shall ensure that all information disclosed are true, accurate, complete, latest and fair.

The supervisors is entitled to attend board meetings, and make enquiry or suggestion regarding resolutions at board meetings. Supervisors have the right to access operation information of the Company and shall have the obligation to keep the information confidential.

Any supervisor who fails to attend supervisory committee meetings in person three times consecutively shall be deemed non-performance of duties and shall be removed and replaced by the shareholders' general meeting or the general meeting of employees' representatives (including employee general meeting or other means).

Supervisory Committee

The Company shall have a supervisory committee. The supervisory committee shall compose of 5 supervisors, including representatives of shareholders, representatives of employees and external supervisors. Not less than one-third of the members of the supervisory committee shall be employees' representatives. The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over supervisory committee meetings.

The supervisory committee shall be accountable to the shareholders' general meeting and shall perform the following duties:

- to review the Company's periodical reports prepared by the Board and to provide comments in writing;
- to review the Company's financials and to request Chief Finance Officer of the Company to periodically and truthfully report the analysis on the financial statements to the Supervisory Committee;
- to monitor the establishment and implementation of internal control system by the Board;
- to supervise the conducts of the Directors and senior management in discharge of their duties and to advise on the dismissal of any Director and senior management who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' General Meetings;
- to make enquiries on the conduct of Directors and senior management;
- to demand rectification from the Directors and senior management within a prescribed period where their conducts are in violation of laws, administrative regulations or these Articles and detrimental to the interests of the Company, shareholders and customers. In the case of material detriment or absence of rectification within the prescribed period, an extraordinary general meeting shall be proposed and the issue shall be considered by way of a special proposal at the meeting;
- to report to the CSRC or its branches directly on any significant breach of laws and irregularity of the Board or senior management of the Company;
- to propose to convene an extraordinary Shareholders' general meeting, and where the Board fails to perform its duties to convene or preside over a Shareholders' general

meeting as required under the Company Law, to convene and preside over the Shareholders' general meeting;

- to engage an accounting firm with relevant securities business qualifications to conduct the audits on retiring or resigning senior management;
- to propose motions of a Shareholders' general meeting;
- to submit annual reports disclosing the duty performance of supervisors, including their attendance and voting at supervisory committee meetings during the reporting period to the annual general meetings;
- to take legal actions against Directors and senior management in accordance with Article 152 of the Company Law;
- to examine the financial information such as the financial reports and plans for distribution of profits to be submitted by the Board to the Shareholders' general meetings, to conduct investigations whenever queries or unusual conditions in the operation of the Company arise and, if necessary, to engage professional institutions such as accounting firms or law firms to assist in their work with reasonable expenses to be borne by the Company;
- to conduct investigations whenever unusual situations of operation, financial conditions and compliance of the Company arise and, if necessary, to engage professional institutions such as accounting firms or law firms to assist in their work with reasonable expenses to be borne by the Company;
- to prepare proposals regarding the amount and distribution method of the emoluments of supervisors for approval of the general meeting; and
- to exercise other powers as authorized by the Articles of Association or the Shareholders' general meetings.

The supervisory committee may require the directors, senior management and other persons of the Company to attend meetings of the supervisory committee to answer questions. When the supervisory committee investigates the performance of the directors and senior management of the Company, it may make enquiry to the directors, senior management and other persons of the Company, who shall provide assistance.

The supervisory committee shall meet at least once in every six months. The chairman of supervisory committee shall convene the meeting and notify all supervisors in writing ten days before the meeting. The supervisory committee shall convene a meeting regularly within 120 days after the expiration of the last fiscal year to review and approve the annual report, annual financial report and annual compliance report of the Company. Extraordinary meeting of the supervisory committee may be convened if so proposed by the supervisors.

The supervisory committee shall formulate the rules of procedure of the supervisory committee which specify the by laws and voting procedure so as to ensure the work efficiency and to make decision in a scientific manner. The rules of procedure of the supervisory committee made by the supervisory committee shall be attached to these Articles after approved by the shareholders' general meeting.

A supervisory committee meeting shall not be conducted unless it is attended by two-thirds or more of the supervisors. The chairman shall preside over the meeting of supervisory committee. Each

supervisor has one vote. The resolution made by the supervisory committee shall be approved by more than two thirds of the members of the supervisory committee.

The resolution proposed by each supervisor shall be considered by the supervisory committee. Supervisors shall initial the resolutions of the supervisory committee and shall be responsible for the adoption of the resolutions.

The supervisory committee shall keep minutes of the matters discussed. The attending supervisors and secretary of the meeting shall initial on the minutes of the meeting. A supervisor is entitled to request that a note of his views made at the meetings be recorded in the minutes. The minutes of supervisory committee meetings shall be kept as records of the Company and shall be maintained by a special department designated by the chairman of the supervisory committee for a period of 20 years.

The Qualifications and Obligations of the Company Directors, Supervisors, General Manager (or Chief Executive Officer) and Other Senior management

Other than the conditions for the appointment of directors (including independent directors), supervisors, senior management mentioned above, the following persons shall not serve as directors, supervisors, general manager (or chief executive officer) or other senior management position of the Company:

- persons without civil capacity or with limited civil capacity;
- persons who have committed offences relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- persons who were former directors, factory managers or general managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- persons who were legal representatives of a company or enterprise which had its business licence revoked and was ordered to close down due to violation of the law and who were personally liable, where less than three years have elapsed since the date of the revocation;
- persons who have a substantial amount of debts due and outstanding;
- persons who are subject to CSRC's punishment which prohibit them from entering into the securities market for a period which has not yet expired;
- persons in charge of stock exchange, securities registration and clearing institutions or directors, supervisors, senior management of securities companies, whose were dismissed due to illegal or improper behavior where less than five years have elapsed since the date of the removal;
- persons who has been convicted by the competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;

- persons who are lawyers, certified public accountants or professionals of investment advisory institutions, financial consultancy institutions, credit rating institutions, assets evaluation or certification institutions, whose qualification was revoked due to illegal or improper behavior, where less than five years have elapsed since the date of the revocation;
- government officers and other persons who are forbidden by law and regulations to concurrently take up posts in a company;
- persons who were subject to administrative penalties by the financial regulatory department due to material illegal or improper behavior where less than three years have elapsed since the date of completion of the penalties;
- persons who are disqualified by the CSRC where less than three years have elapsed since the date of disqualification;
- persons who are declared to be unfit by the CSRC where less than two years have elapsed since the date of the declaration;
- persons who are prohibited from acting as a manager of a company by laws or regulations;
- persons other than a natural person;
- persons who are under investigation of the legal authority due to suspected improper or illegal behaviors; and
- other circumstances specified by the laws, rules or listing rules of the place where the shares of the Company are listed.

The validity of the conduct of directors, general manager (or chief executive officer) or other senior management who act in good faith on behalf of the Company with respect to third parties shall not be affected by any irregularity in the appointment, election or qualification of the directors, general manager (or chief executive officer) or other senior management.

Borrowing power

Other than the followings, the Articles do not contain any provision regarding the borrowing power of the Directors or authorization of borrowing power to the Directors:

1. proposals which authorize the Board to formulate plans for the issuance of bonds or other securities;
2. resolutions of the shareholders' general meeting in connection with the issuance of bonds of the Company according to laws.

In addition to the obligations imposed by the laws, regulations, rules, statutory documents and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, the directors, supervisors, general manager (or chief executive officer) and other senior management of the Company shall have the obligations to shareholders in performing the duties entrusted by the Company:

- not to cause the Company to exceed the scope of business stipulated in its business license;
- to act honestly in the best interests of the Company;

- not to expropriate in any guise the Company's property, including but not limited to opportunities advantageous to the Company; and
- not to expropriate the rights of shareholders, including but not limited to rights to distribution and voting, except the restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles.

The directors, supervisors, general manager (or chief executive officer) and other senior management of the Company shall perform their duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where their duty and their interest may conflict. These principles include (but not limited to) the following:

- to act honestly in the best interests of the Company;
- to exercise powers within the scope of his powers;
- to exercise the discretion vested in him personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by the laws, regulations or with the informed consent of shareholders at shareholders' general meeting, not to delegate to others for the exercise of his/her discretion;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- unless otherwise provided by these Articles or with the informed consent of shareholders at shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- without the informed consent of shareholders at shareholders' general meeting, not to use the Company's property for his/her own benefit;
- not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;
- without the informed consent of shareholders at shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- to abide by these Articles, perform his/her official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company for his own interests;
- not to compete with the Company in any way unless with the informed consent of shareholders at shareholders' general meeting;
- not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and
- unless otherwise permitted by informed shareholders at shareholders' general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save

that disclosure of such information to the court or other government authorities is permitted if: disclosure is by order of the law; in the interests of the public; and in the interest of the relevant director, supervisor, general manager (or chief executive officer) or other senior management.

The fiduciary duties of the directors, supervisors, general manager (or chief executive officer) and other senior management of the Company do not cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairly required depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

Where a director, supervisor, general manager (or chief executive officer) and any other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he/she shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the board of directors.

The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, general manager (or chief executive officer) and any other senior management.

The Company shall not directly or indirectly extend a loan to or provide any guarantee in connect with the extension of a loan to a director, supervisor, general manager and other senior management of the Company or of the Company's parent company or any of their respective associates. However, the following transactions are not subject to such prohibition:

- The provision by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company; and
- The provision by the Company of a loan or a guarantee of a loan or any other funds to any of its directors, supervisors, general manager (or chief executive officer) and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in shareholders' general meeting.

In addition to any rights and remedies provided by the laws, rules, regulations and statutory documents, where a director, supervisor, general manager (or chief executive officer) or other senior management of the Company is in breach of his duties to the Company, the Company has a right to:

- claim damages from the director, supervisor, general manager (or chief executive officer) and other senior management in compensation for losses sustained by the Company as a result of such breach;
- rescind any contract or transaction entered into by the Company with the director, supervisor, general manager (or chief executive officer) and other senior management, and with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, general manager (or chief executive officer) and other senior management);

- demand an account of the profits made by the director, supervisor, general manager (or chief executive officer) and other senior management in breach of his duties;
- recover any monies received by the director, supervisor, general manager (or chief executive officer) and other senior management which should otherwise have been received by the Company, including but not limited to commissions; and
- request the director, supervisor, general manager (or chief executive officer) and other senior management to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

The Company is required to enter into a contract in writing with each director, supervisor and senior management containing at least the following provisions:

- an undertaking by the director, supervisor and senior management to the Company to comply with the Company Law, the Special Regulations, these Articles, the Code on Takeovers and Mergers, the Code on Share Repurchases and other requirement of the Hong Kong Stock Exchange and an agreement that the Company shall have the remedies provided in these Articles and that neither the contract nor his office is capable of assignment;
- an undertaking by the director, supervisor and senior management to the Company to comply with and perform his obligations to shareholders as stipulated in these Articles; and
- an arbitration clause as stipulated in Hong Kong Listing Rules.

The Company shall enter into a contract in writing with a director or supervisor to determine his/her emoluments subject to prior approval of shareholders' general meeting. The contract between the Company and its directors or supervisors in relation to emoluments should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to approval of shareholders in shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

The Articles do not contain any provision relating to the retirement age of Directors.

Financial and Accounting System, Profit Distribution and Auditing

Financial and Accounting System

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the requirement of relevant state regulatory department.

The Company shall prepare its annual financial reports and submit to the CSRC and the stock exchange(s) within four months from the ending date of each fiscal year, the half-year financial reports it prepare and submit to the local office of the CSRC and the stock exchange(s) within two months from the ending date of the first six months of each fiscal year, and the quarterly reports it prepare and submit to the local office of the CSRC and the stock exchange(s) within one month from the ending dates of the first three and first nine months of each fiscal year respectively.

The board of directors of the Company shall place before the shareholders at every annual general meeting the financial reports required by the laws, regulations, rules and statutory documents

to be prepared by the Company. The Company's financial reports shall be made available for shareholders' inspection at the office of the Company 20 days before the date of every annual general meeting.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after tax-profits as shown in the two financial statements shall be adopted.

Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place where the Company's shares are listed.

The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

A Company can offset loss for the current year out of the profit before tax for next year. If the profit before tax for the next year is insufficient to offset the loss, the retained loss can be carried forward to next subsequent year. Loss carryforwards that exceeds statutory pre-tax offset period can be offset out of the profit after tax. For any year that the Company has realized profit after tax (after offset of loss, the same thereafter), the Company shall appropriate the profit after tax in the following order: statutory reserve, reserve for general risk, transaction risk reserve and distribution to shareholders. 10% of the realized profit after tax of that year shall be contributed to the statutory surplus reserve. When the aggregate statutory surplus reserve has reached 50% or more of the Company's registered capital, the Company may cease to make further contribution to the statutory surplus reserve. 10% of the realized profit after tax of that year shall be contributed to the reserve for general risk. Not less than 10% of the realized profit after tax of that year shall be contributed to the transaction risk reserve.

The Company may also contribute fund to the discretionary reserve from profit after tax if so resolved by shareholders' general meeting. After making up of losses and contribution to reserves, the remaining profit after taxation shall be distributed to shareholders in proportion to their shareholdings. If a general meeting violates the provisions in the preceding paragraph of this Article to distribute profits to shareholders before making up losses and contribution to the reserves, the profits distributed must be returned to the Company. No profit shall be distributed in respect of shares held by the Company. Gain from the change of fair value of distributable profit of the Company shall not be distributed to shareholders in cash. If financial indicators of the Company (e.g., net gearing ratio) fall below the standards required by the laws and regulations, no profit shall be distributed to shareholders. If the retained profit is negative, no profit shall be distributed to shareholders. If the capital reserve is negative, no cash distribution shall be made to shareholders.

Reserves of the Company are used for offsetting losses of the Company, expanding the Company's production and operation or increasing the capital of the Company. However, capital reserve shall not be used to offset losses of the Company. If the statutory reserve is converted into capital, the balance of the statutory reserve shall not fall below 25% of the Company's registered capital before the increase of the capital.

The profit distribution policy of the Company is as follows:

- The Company may distribute dividends in cash, in specie or both and may distribute interim dividend if available;
- Unless funds are required for major investment, the Company shall distribute its profits of the year and retained profits of previous years in cash in an amount not less than 10% of the distributable profits of the year;
- When determining a profit distribution plan, the Company shall consider if its net capital after distribution will meet the requirement of the Administrative Measures on Risk Control Indicator of Securities Company. If the proposed distribution will trigger a risk warning, the Company shall adjust the distribution proportion; and
- Where the Company maintains sound operation and the board of directors considers that the stock price of the Company does not reflect its share capital size and the distribution of dividend in shares will be in the interests of the shareholders of the Company as a whole, the Company may propose the distribution of dividend in shares subject to the above conditions for cash dividends.

Where the Company does not distribute cash dividends or reduce its dividend payout ratio due to the second or third situation mentioned above, the Company shall obtain the approval of the shareholders' general meeting of the Company by way of a special resolution.

The profit distribution plan of the Company shall be proposed by the general manager (or chief executive officer) to the board of directors and the supervisory committee of the Company for consideration. The board of directors shall discuss the profit distribution plan to seek independent directors' opinion and pass a special resolution on the plan for approval of the shareholders' general meeting.

After the profit distribution plan has been adopted at shareholders' general meeting, the board of directors shall complete the dividend (or share) distribution within two months after the general meeting.

In case of force majeure, such as wars and natural disasters, changes in the business environment resulting in material impact on the production and operation, or significant changes of the operation of the Company, the Company may change its profit distribution policy. The board of directors shall explain the change of profit distribution policy and give the reasons thereof by a written report for consideration by independent directors before submitting to the shareholders' general meeting for approval by way of a special resolution.

The Company may forfeit unclaimed dividends after the lapse of a given period since the announcement of the distribution subject to the relevant PRC laws, rules, regulations and statutory documents.

The Company shall have the power to sell, in such manner as the board thinks fit, any shares of a shareholder of overseas-listed foreign-invested shares who is untraceable subject to the following conditions:

- the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed; and

- the Company, after the expiration of a period of 12 years, made an advertisement on one or more newspapers in the place which the Company is listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the Company is listed of such intention.

The Company shall appoint receiving agents in Hong Kong on behalf of the holders of overseas-listed foreign-invested shares to receive and keep on behalf of the shareholders dividends declared and all other monies owing by the Company in respect of such shares. The receiving agents appointed on behalf of holders of overseas-listed foreign-invested shares listed in the Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company shall formulate relevant compensation and benefits systems in accordance with the relevant requirements of China and shall determine and pay employee compensation in accordance with labor contracts. The Company shall include a certain amount of incentives in the total employee compensation. Long-term incentive plan shall be established for operators, key staff and employees who have significant contributions to the Company in accordance with relevant requirements of China and resolutions of the board of directors.

Internal Audit

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

The internal audit system and the duties of the auditing staff shall be approved by the board of directors. The officer-in-charge of the audit team shall be responsible to the board of directors and report the work of the audit team.

Appointment of Accounting Firm

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of China to audit the financial statements, conduct verification of net assets, audit risk control indicators and other relevant consultation services.

The accounting firm appointed by the Company shall hold office for a period of one year, commencing from the conclusion of the annual general meeting until the conclusion of the next annual general meeting. The appointment may be renewed.

The accounting firm appointed by the Company shall have the following rights:

- to inspect the financial statements, records and vouchers of the Company; to require the directors, general manager (or chief executive officer) or other senior management of the Company to provide relevant information and explanation;
- to require the Company to take all reasonable steps to obtain from the Company's subsidiaries such information and explanation as are necessary for the purpose of discharging its duties; and
- to attend shareholders' general meetings and to receive all notices of, and other information relating to, any shareholders' general meeting, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's appointed accounting firm.

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

The appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders in shareholders' general meeting. The resolution of the shareholders' general meeting shall be filed with the CSRC.

Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations at shareholders' general meeting.

Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company. An accounting firm may resign by depositing at the Company's registered address a resignation notice. The notice shall include:

- a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
- a statement of other circumstances considered necessary.

Where the accounting firm's notice of resignation contains a statement regarding any accountable affair, it may require the board of directors to convene an extraordinary general meeting for the explanation of the circumstances.

Labor and Personnel Management System and Labor Union

Matters such as recruitment, dismissal, resignation, compensation, leaves, social security, benefits, incentives, company labor safety, labor disciplines and labor contract of the Company employees shall be in compliance with the relevant provisions of the Labor Law of the People's Republic of China and other relevant laws or regulations of China.

The Company may enter a labor contract with each employee of the Company, and may also enter a collective labor contract with the labor union of the Company. The draft of the collective labor contract shall be submitted to the workers' committee or all employees for approval.

The labor union and its activities shall abide by the Trade Union Law of the People's Republic of China and other relevant laws and regulations of China.

Notice and Announcement

Notice

A notice of the Company shall be sent by:

- hand;
- mail;
- fax or email;

- making announcement in the Company's website or the websites designated by Hong Kong Stock Exchange in accordance with the laws, regulations and listing rules of the place where the Company's shares are listed;
- announcement;
- other means recognized by the Company, or agreed by the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice; and
- other means recognized by regulatory authorities of the place where the Company's shares are listed or stated in these Articles.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice unless it is otherwise required by the regulatory authorities of the place where the Company's shares are listed.

For notice issued by the Company to holders of overseas-listed foreign-invested shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange EPS for immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website. In addition, subject to the local listing rules, the notice shall be delivered to the registered addresses as recorded in the register of members of overseas-listed foreign-invested shares by personal delivery or paid mail so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the Company's overseas-listed foreign-invested shares may choose in writing to receive the corporate communication that the Company must send to shareholders either by post or using electronic means, and may also choose to receive the English version only or the Chinese version only or both the English and Chinese versions. They shall have the right to change their choices at any time by giving reasonable prior written notice to the Company in accordance with applicable procedures.

Notwithstanding the aforementioned requirement on the provision of corporate communication in writing to its shareholders, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Hong Kong Stock Exchange Listing Rules (as amended from time to time), the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website.

If a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or if such person has not received the notice of meeting shall not render the meeting and any resolutions made therein invalid.

Announcement

The Company shall issue notice and disclose information to domestic shareholders through newspapers and websites for information disclosure specified in the laws, rules and regulations or the securities regulatory authority. For notice issued by the Company to the holders of overseas-listed foreign-invested shares in accordance with the Articles of Association, the relevant notice shall be at the same time published by means specified in the Hong Kong Listing Rules.

Merger, Division, Dissolution and Liquidation***Merger and Division***

The merger or division of the Company shall be proposed by the board for approval by shareholders' general meeting and shall be processed according to the laws. A dissident shareholder may require the Company or the shareholders who are in favor of such proposal to acquire his/her shares at a fair price.

The merger of the Company may take the form of absorption or the establishment of a new company. In the event of a merger, 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 ten days from the date of the Company's merger resolution and shall publish a notice through other means such as a newspaper within 30 days from the date of the Company's merger resolution. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt. After the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

When the Company is divided, its assets shall be split up accordingly. The parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution to divide and shall publish a notice through other ways such as a newspaper within 30 days from the date of the Company's resolution to divide. Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

Changes in particulars of the companies after merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

Dissolution and Liquidation

The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- a resolution on dissolution is passed by shareholders at a general meeting;
- dissolution is necessary due to the merger or division of the Company;
- the Company's business license is revoked;
- the Company is ordered to close down or de-registered;
- 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 more than 10% of the voting rights of all shareholders of the Company may request the people's court to dissolve the Company;
- the Company is legally declared bankrupt due to its failure to repay debts due; and
- other reasons for dissolution as specified in these Articles.

Upon the occurrence of the seventh situation mentioned above, the Company may continue to exist by amending these Articles subject to the approval of more than two-thirds of the voting rights held by the shareholders present at shareholders' general meetings.

Where the Company is dissolved under the first, third, fifth or seventh situation mentioned above, a liquidation committee shall be set up in accordance with the laws within 15 days after the liquidation is approved by the CSRC. Members of the liquidation committee shall be determined by shareholders' general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee to proceed with the liquidation.

Where the Company is dissolved due to the occurrence of the third event mentioned above, the Company shall apply to the CSRC with its dissolution reasons and debt settlement plan. The Company shall be dissolved after obtaining the approval from the CSRC.

Where the Company is revoked and dissolved due to the occurrence of the fourth event mentioned above in accordance with laws, the CSRC shall resolve to de-register the Company and form an administrative liquidation committee comprising selective professional agencies, such as law and accounting firms, to process the administrative liquidation in accordance with the required procedures.

Where the Company is ordered to close down and dissolved due to the occurrence of the fourth event mentioned above, administrative liquidation, if necessary, shall be implemented in the same manner as for those being de-registered.

Where the Company is dissolved due to the occurrence of the sixth event mentioned above, the people's court shall, according to the relevant laws, order the formation of a liquidation committee comprising members from the CSRC, shareholders, relevant authorities and professionals to process the liquidation in accordance with the relevant bankruptcy law.

The liquidation committee shall perform the following duties:

- to thoroughly examine the Company's assets and prepare a balance sheet and an inventory of assets;
- to notify creditors by notice or announcement;
- to deal with the outstanding affairs of the Company in relation to the liquidation;
- to settle outstanding taxes as well as taxes arising in the course of liquidation;
- to settle credits and debts;
- to dispose of the remaining assets of the Company after the settlement of debts; and
- to represent the Company in any civil proceedings.

The liquidation committee shall notify creditors within ten days from the date of its establishment and make public announcement on newspaper or other channels within 60 days of 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. The liquidation committee shall not settle the debts to creditors until the end of the creditor registration period.

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for approval of the shareholders' general meetings or the people's court. The remaining property of the Company after the payment of liquidation expenses, the wages, social insurance contribution and statutory compensation of staff, taxes and payment of debts of the Company shall be distributed in proportion to the shareholdings of 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 preceding article.

If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to settle its debts, it shall immediately apply to the people's court for a declaration of bankruptcy according to the laws. After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for approval. The liquidation committee shall submit the aforesaid documents to the company registration authority, apply for cancellation of company registration, and announce the termination of the Company within 30 days after approval is obtained from the relevant competent authorities.

Amendments to the Articles

The Company may amend the Articles of Association in accordance with the laws, regulations and the Articles of Association. The Company shall amend these Articles under any of the following situations:

- there is a conflict between these Articles and the laws and regulations after the amendment to the Company Law or relevant laws and regulations;
- there are changes in the Company render these Articles incorrect; and
- the shareholders' general meeting resolves to amend these Articles.

Where the amendments to these Articles passed by the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval.

Any amendment to these Articles involving the mandatory provisions shall become effective upon approval by the department in charge of company approval under the State Council and the CSRC. If the amendment involves any registered particulars, application shall be made for change of registration in accordance with the laws.

Settlement of Disputes

All disputes and claims between shareholders of overseas-listed foreign-invested shares and the Company, between shareholders of overseas-listed foreign-invested shares and the Company's directors, supervisors and other senior management, or between shareholders of overseas-listed

foreign-invested shares and other shareholders arising from these Articles or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration. The dispute or claim shall be referred to arbitration as a whole. All parties involved in the same dispute or claim shall abide by the arbitration if such parties is the Company or the shareholder, director, supervisor, general manager (or chief executive officer) or other senior management of the Company.

Disputes in relation to the definition of shareholders and register of shareholders need not be resolved by arbitration.

A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If a claimant elects arbitration at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

The award of an arbitration body shall be final and conclusive and binding on all parties.