

*The original version of the Articles of Association of the Company is in Chinese, and the English version of the Articles of Association is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.*



## **China Cinda Asset Management Co., Ltd.**

**中國信達資產管理股份有限公司**

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

### **Articles of Association of China Cinda Asset Management Co., Ltd.**

(Adopted at the inauguration and the first shareholders' general meeting of China Cinda Asset Management Co., Ltd. on June 28, 2010, and approved by China Banking Regulatory Commission on June 28, 2010; amended by the first extraordinary general meeting of 2012 of China Cinda Asset Management Co., Ltd. on January 16, 2012 and approved by China Banking Regulatory Commission on March 30, 2012; amended by the second extraordinary general meeting of 2013 of China Cinda Asset Management Co., Ltd. on August 5, 2013 and approved by China Banking Regulatory Commission on August 11, 2013 and March 20, 2014; amended by the annual general meeting of 2015 of China Cinda Asset Management Co., Ltd. on June 30, 2016 and approved by China Banking Regulatory Commission on July 25, 2016.)

## Table of Contents

Chapter 1	General Provisions (Articles 1–10)	3
Chapter 2	Mission and Scope of Business (Articles 11–12)	4
Chapter 3	Shares and Registered Capital (Articles 13–34)	5
Section 1	Issue of Shares (Articles 13–22)	5
Section 2	Increase or Reduction and Repurchase of Shares (Articles 23–30)	7
Section 3	Transfer and Pledge of Shares (Articles 31–34)	10
Chapter 4	Financial Assistance for Purchase of Shares of the Company (Articles 35–37)	11
Chapter 5	Share Certificates and Register of Members (Articles 38–50)	13
Chapter 6	Shareholders and Shareholders’ General Meetings (Articles 51–106)	17
Section 1	Shareholders (Articles 51–58)	17
Section 2	General Provisions on Shareholders’ General Meetings (Articles 59–63)	21
Section 3	Convening of Shareholders’ General Meeting (Articles 64–68)	23
Section 4	Proposals and Notice of Shareholders’ General Meeting (Articles 69–75)	25
Section 5	Holding of Shareholders’ General Meeting (Articles 76–89)	27
Section 6	Voting and Resolutions of Shareholders’ General Meetings (Articles 90–106)	30
Chapter 7	Special Procedures for Voting by Class Shareholders (Articles 107–114)	33
Chapter 8	The Board of Directors (Articles 115–169)	36
Section 1	Directors (Articles 115–124)	36
Section 2	Independent Directors (Articles 125–134)	38
Section 3	Board of Directors and Chairman (Articles 135–156)	41
Section 4	Board Secretary (Articles 157–162)	48
Section 5	Special Committees under the Board of Directors (Articles 163–169)	49
Chapter 9	Senior Management Members (Articles 170–175)	53
Chapter 10	Supervisors and Board of Supervisors (Articles 176–209)	54
Section 1	Supervisors (Articles 176–182)	54
Section 2	External Supervisors (Articles 183–187)	56
Section 3	Board of Supervisors (Articles 188–207)	57
Section 4	Committees under the Board of Supervisors (Articles 208–209)	62
Chapter 11	Qualifications and Obligations of Directors, Supervisors and Senior Management Members (Articles 210–229)	62
Chapter 12	Financial and Accounting System, Profit Distribution and Internal Audit (Articles 230–243)	69
Section 1	Financial and Accounting System and Profit Distribution (Articles 230–241)	69
Section 2	Internal Audit (Articles 242–243)	72
Chapter 13	Appointment of an Accounting Firm (Articles 244–251)	72
Chapter 14	Staff Management (Articles 252–256)	75
Chapter 15	Merger and Division (Articles 257–264)	76
Chapter 16	Dissolution and Liquidation (Articles 265–274)	77
Chapter 17	Notice (Articles 275–277)	79
Chapter 18	Alterations to the Articles of Association (Articles 278–281)	80
Chapter 19	Settlement of Disputes (Articles 282–283)	81
Chapter 20	Special Provisions on Preference Shares (Articles 284–293)	82
Chapter 21	Supplemental Provisions (Articles 294–297)	86

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association (hereinafter referred to as the “Articles”) is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Regulations on Financial Assets Management Companies, Special Provisions on Companies Limited by Shares Issuing Shares and Offshore Public Listing, which were promulgated by the State Council (hereinafter referred to as the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws, regulations and regulatory documents, for the purpose of protecting the legitimate rights and interests of China Cinda Asset Management Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and regulating the organization and activities of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Special Provisions and other applicable laws and regulations.

Under the consent of the State Council of the People’s Republic of China (hereinafter referred to as the “State Council”) and upon approval by China Banking Regulatory Commission, China Cinda Asset Management Corporation has been reorganized and reformed as a joint stock company named China Cinda Asset Management Co., Ltd. The sole promoter of the Company is the Ministry of Finance of the People’s Republic of China (hereinafter referred to as the “MOF”). The Company inherited all the assets, liabilities, institutions, business, personnel and relevant policies of China Cinda Asset Management Corporation, and has undertaken registration with the State Administration for Industry and Commerce and obtained a business license on June 29, 2010. The code of the business license of the Company is 100000000031562.

**Article 3** Registered name of the Company: 中國信達資產管理股份有限公司 ; or 中國信達 for short; full English name: China Cinda Asset Management Co., Ltd.; or China Cinda for short.

**Article 4** Domicile of the Company: No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing 100031, PRC

Telephone: 86-10-63080000

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**Article 5** The Company is a joint stock limited company in perpetual existence.

**Article 6** The legal representative of the Company shall be the chairman of the board of directors.

**Article 7** The Articles shall be passed at the shareholders' general meeting by resolution and approved by the banking regulatory authority of the State Council before becoming effective upon the initial public offering and listing date of the shares of the Company. The original articles of association shall automatically expire upon the effective date of the Articles. The Articles shall become a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date on which it becomes effective.

**Article 8** The respective liability of the shareholders shall be limited to the shares held by them. The Company shall be held liable for its debts with all of its assets.

**Article 9** The Company may, in line with its business development needs, and upon the decision of its internal department and the approval of the relevant authorities of the State, establish, change or revoke domestic or overseas entities including but not limited to branches and subsidiaries in accordance with the laws, regulations, regulatory documents and requirements of the Articles. The Company may invest in other limited liability enterprises and joint stock enterprises in accordance with the relevant laws and shall be held responsible for the enterprises in which the Company has invested within the limitation of the amount of the Company's capital contribution.

**Article 10** The senior management members referred to in the Articles shall mean the president, vice president, board secretary, assistant president, chief risk officer, chief financial officer, chief audit officer and other management officers appointed by the board of directors. The qualifications of senior management members shall be in compliance with the applicable laws, regulations, regulatory documents and the Articles.

## **CHAPTER 2 MISSION AND SCOPE OF BUSINESS**

**Article 11** The mission of the Company is to provide excellent services to customers, maximize returns to shareholders, promote career development of employees, solve the financial risk for the PRC and fulfill social responsibility.

**Article 12** The business scope of the Company includes: management, investment and disposal of distressed assets of financial and non-financial institutions through acquisition and entrusting; management, investment and disposal of asset of debt-equity swap; receivership services; external investments; securities dealing; issue of financial debentures, inter-bank lending and borrowing, and providing commercial financing to other financial institutions; approved asset securitization and custody and liquidation of financial institutions; insurance agency; financial, investment, legal and risk management consultation and advisory; asset and project assessment; and other businesses approved by the banking regulatory authority of the State Council.

# CHAPTER 3 SHARES AND REGISTERED CAPITAL

## Section 1 Issue of Shares

**Article 13** The Company shall have ordinary shares at all times. The Company may create preference shares and other classes of shares if necessary, upon approval by the examining and approving departments authorized by the State Council.

In the Articles, “preference shares” refer to another class of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Holders of preference shares shall participate in the distribution of profits and residual assets of the Company in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Company (such as voting rights) are restricted.

Unless otherwise specified, references in Chapters 3 to 19 and 21 of the Articles to “share(s)” and “share certificate(s)” shall refer to ordinary share(s) and ordinary share certificate(s) and references to “shareholder(s)” in Chapters 3 to 19 and 21 of the Articles shall refer to ordinary shareholder(s).

**Article 14** All shares issued by the Company shall take the form of stocks with par value, which shall be RMB1 for each share.

**Article 15** The shares of the Company shall be issued based on the principles of openness, fairness and justice, and each share in the same class shall rank *pari passu*.

**Article 16** The Company may issue shares to investors within the People’s Republic of China and to investors outside the People’s Republic of China upon approval by the relevant authorities of the State.

For the purposes of the preceding paragraph, “investors outside the People’s Republic of China” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and “investors within the People’s Republic of China” shall refer to investors within the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 17** The shares issued by the Company for the subscription of investors within the People’s Republic of China in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company for the subscription of investors outside the People’s Republic of China in a foreign currency shall be referred to as “foreign shares”. Shares issued with the approval of issuance by departments authorized by the State Council and listed and traded on an overseas stock exchange with the approval of the overseas securities regulatory authorities shall be referred to as overseas listed shares.

Foreign currencies referred to in the preceding paragraph represent the legal currencies of other countries or regions other than Renminbi that are recognized by competent authorities of the State Administration of Foreign Exchange for the payment of share subscription to the Company.

**Article 18** Upon approval by the examining and approving authorities authorized by the State Council, the total number of ordinary shares that may be issued by the Company shall be 36,256,690,035. The number of shares issued to the MOF, the promoter, when the Company was reorganized and reformed as a joint stock company was 25,155,096,932, representing 69.38% of the total number of ordinary shares that may be issued by the Company. The capital contribution of the MOF, the promoter, was made by way of the assessed net asset value of China Cinda Asset Management Corporation as at 30 June 2009, in the amount of RMB25,155,096,932 and amounted to 25,155,096,932 shares.

**Article 19** The Company issued 6,116,666,000 overseas listed shares in the course of its initial public offering and listing of shares, representing 16.87% of the total ordinary shares that may be issued by the Company.

After its initial public offering and listing of shares, the ordinary share capital of the Company comprises: 36,256,690,035 ordinary shares in total, including 24,596,932,316 shares held by the MOF, the promoter, representing 67.84% of the total ordinary shares that may be issued by the Company, and 11,659,757,719 overseas listed shares, representing 32.16% of the total ordinary shares that may be issued by the Company.

Domestic shares issued by the Company are under centralized depository of China Securities Depository and Clearing Corporation Limited, whereas overseas listed shares issued by the Company are mainly under the depository of the custodian company of Hong Kong Securities Clearing Company Limited or held in the name of individual shareholders.

**Article 20** After the plan for issuing overseas listed shares and domestic shares has been approved by the securities regulatory authorities of the State Council, the board of directors of the Company may arrange for implementation of such plan by means of separate issue.

The Company's plan for separate issues of overseas listed shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months upon the date of approval from the securities regulatory authorities of the State Council.

Subject to approval by the securities regulatory authorities of the State Council, the MOF may arrange for the listing and trading of its shares as a promoter on stock exchange outside PRC. Such shares listed and traded on overseas stock exchanges shall be subject to the regulatory procedures, rules and requirements of the foreign securities market. No approval of meeting of class shareholders is required for the listing and trading of such shares on stock exchange outside the PRC.

**Article 21** If the Company issues overseas listed shares and domestic shares separately within the total number of shares specified in the issue plan, such issues shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for once due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued in several stages.

**Article 22** The registered capital of the Company is RMB36,256,690,035.

## **Section 2 Increase or Reduction and Repurchase of Shares**

**Article 23** Upon the demands of operation and business development and in accordance with relevant laws and regulations and the Articles, the Company may, subject to resolutions of the shareholders' general meeting and approval from the relevant authorities of the State, increase its registered capital in the following ways:

- (1) open offer of new shares;
- (2) private placing of new shares;
- (3) bonus issue to existing shareholders;
- (4) capitalization of capital reserve; and
- (5) other methods permitted by laws, administrative regulations and the relevant authorities of the State.

The increase in the share capital of the Company by issuing new shares shall be approved in accordance with the Articles and shall be conducted in accordance with the procedures specified under relevant laws, administrative regulations and regulatory documents.

If the issue of convertible bonds by the Company may result in the increase in its registered capital, the convertible bonds shall be issued in accordance with the relevant laws, administrative regulations, regulatory documents and the offering document in relation to the issue.

**Article 24** The Company may reduce its registered capital in accordance with the PRC Company Law and other applicable laws, administrative regulations, regulatory documents and the Articles pursuant to the approval at the shareholders' general meeting.

The registered capital of the Company after the reduction shall not be less than the statutory minimum.

**Article 25** The Company must prepare a balance sheet and an inventory of assets when it is to reduce its registered capital.

The Company shall notify its creditors within 10 days from the date of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in a newspaper at least three times within 30 days from the said date. Creditors shall, within 30 days of receiving the written notice or within 90 days since the date of the first announcement for those who have not received the written notice, be entitled to demand the Company to pay its debts in full or to provide a guarantee for repayment.

**Article 26** The Company may repurchase its shares in the following circumstances in accordance with the laws, regulations and provisions of the Articles and subject to the approval of the relevant authorities of the State:

- (1) cancelling the shares for the purposes of reducing its registered capital of the Company;
- (2) merging with any other companies holding the shares in the Company;
- (3) giving the shares to employees of the Company as a reward;
- (4) being requested to repurchase the shares of the Company by the shareholders who object to the resolutions adopted at the shareholders' general meeting concerning merger or division of the Company; or
- (5) other circumstances permitted by the laws and regulations.

Other than the abovementioned circumstances, the Company may not purchase or sell its own shares.

Where the Company repurchases its shares under circumstances (1) to (3) above, it shall obtain approval from shareholders' general meeting. Where the Company repurchases its shares under circumstance (1), it shall cancel the shares within 10 days from the date of repurchase. Where the Company repurchases its shares under circumstances (2) and (4), the Company shall transfer or cancel the shares within six months.

The shares repurchased by the Company pursuant to item (3) of the first paragraph shall not exceed 5% of the total issued shares of the Company. The funds for repurchase shall be paid from the after-tax profits of the Company. The shares redeemed shall be transferred to the employees within one year.

**Article 27** The Company may repurchase its shares in accordance with the laws in any of the following ways after being approved by the relevant authorities of the State:

- (1) making a repurchase offer to all shareholders on a pro rata basis;
- (2) repurchasing by means of public dealing on a stock exchange;
- (3) repurchasing by an off-market agreement; or
- (4) other methods permitted by laws and regulations or by the relevant authorities of the State.

**Article 28** Where the Company repurchases its shares by an off-market agreement, the prior approval of shareholders' general meeting shall be obtained in accordance with the Articles. The Company may terminate or amend the contracts entered into in the aforementioned ways or waive its rights under a contract entered into in the aforementioned ways.



A contract to repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.

The Company shall not assign a contract to repurchase its shares or the rights under a contract to repurchase its shares.

For the redeemable shares which can be purchased by the Company, other than such purchases made through the stock exchange or by tender, the purchase price shall be limited to a certain single maximum price. If such purchases are made by tender, tenders shall be available to all shareholders alike.

**Article 29** Upon repurchase of shares according to the laws, such portion of shares shall be cancelled within the prescribed period according to the laws and regulations, and the Company shall file an application for the registration of a change of its registered capital with the original company registration authority.

The aggregate par value of the shares being cancelled shall be deducted from the Company's registered capital.

**Article 30** Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued shares:

- (1) Where the Company repurchases its own shares at par value, payment shall be deducted from the book balance of distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares.
- (2) Where the Company repurchases shares of the Company at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares, and the portion beyond the par value shall be handled as follows:
  - (i) if the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company; or
  - (ii) if the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares, provided that the amount deducted from the proceeds from the new share issue shall neither exceed the aggregate premium from the issue of the existing shares repurchased nor shall it exceed the amount (including the premiums from the new share issue) in the premium account or the capital reserve account at the repurchase.

- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
- (i) acquisition of the right to repurchase shares of the Company;
  - (ii) modification of any contract to repurchase shares of the Company; or
  - (iii) release of any of the Company's obligation under any contract for the repurchase of its shares.
- (4) After the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant regulations, the amount deducted from the distributable profits for the repurchase of shares at par value shall be included in the Company's premium account or capital reserve account.
- (5) For financial issues involved in share repurchase otherwise provided by the laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, those requirements shall be followed.

### **Section 3 Transfer and Pledge of Shares**

**Article 31** Unless otherwise provided by laws, regulations, securities regulatory authorities of the place where the Company's shares are listed, fully paid-up shares in the Company are freely transferable and are not subject to any lien.

To transfer the overseas listed shares listed in Hong Kong (only for ordinary shares), the transferor shall carry out registration at the share registrar entrusted by the Company in Hong Kong.

**Article 32** All the fully paid-up overseas listed and foreign invested shares that are listed in Hong Kong can be freely transferred in accordance with the Articles. Unless the following requirements are met, the board of directors may refuse to accept any transfer documents without giving any explanation for such refusal:

- (1) any transfer documents and other documents which are relevant to or which would affect the ownership of the shares shall be registered with a registration fee payable to the Company in accordance with the Hong Kong Listing Rules required by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange");
- (2) such transfer documents only relate to overseas listed foreign invested shares listed on the Hong Kong Stock Exchange;
- (3) any stamp duty payable for the transfer documents is duly paid in accordance with the laws of Hong Kong;
- (4) relevant share certificates and other proof which proves the transferor's ownership of the shares shall be provided, as the board of directors may reasonably require;

(5) there shall only be a maximum of four joint holders of shares in the event that the shares are to be transferred to joint holders; and

(6) no lien shall be attached to the relevant shares.

Where the board of directors refuses to register the transfer of shares, the Company shall issue a notice of refusal to the transferor and transferee within 2 months from the date of application for the transfer.

All transfer of foreign investment shares in Hong Kong shall be effected with a written transfer instrument in general or ordinary form or such other form as approved by the board of directors, including the standard transfer form and the transfer form that Hong Kong Stock Exchange may provide from time to time. Such instrument may be signed manually and/or (if the transferor or the transferee is a company) signed by way of attaching the company seal. Where the transferor or the transferee is a recognized clearing house as defined under the Hong Kong Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “recognized clearing house”), or any of its agents, the transfer form may be signed manually or mechanically printed.

**Article 33** Shares that have been issued before public offering of the Company shall not be transferred within one year from the date that the shares of the Company are listed on a stock exchange.

Directors, supervisors and senior management members of the Company shall declare to the Company that their shareholdings in the Company and any alternation of such shareholdings. They shall not transfer more than 25% of all the shares held in the Company in any particular year during their tenure. They shall not transfer the shares held within one year from the date of the Company’s listing on a stock exchange, or six months after their resignation from their positions with the Company.

**Article 34** The Company shall not accept any pledge of its shares as the objectives.

## **CHAPTER 4 FINANCIAL ASSISTANCE FOR PURCHASE OF SHARES OF THE COMPANY**

**Article 35** The Company or its subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers of the Company’s shares. Such purchasers of the Company’s shares shall include those who directly or indirectly assume the obligations in relation to the purchase of the shares of the Company.

The Company or its subsidiaries shall not offer any financial assistance at any time by any means in order to reduce or release the obligations of the aforesaid obligator in relation to the purchase or proposed purchase of the shares of the Company.

This Article does not apply to the circumstances mentioned in Article 37 of this chapter.

**Article 36** “The financial assistance” referred to in this chapter includes (without limitation) the following meanings:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company’s own default), release or waiver of rights;
- (3) provision of loan or entering into agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights under, such loan or agreement; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent, has no net assets or when its net assets would thereby be reduced to a material extent.

“Incurs an obligation” referred to in this chapter includes the incurring of obligations by changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 37** Except as otherwise prohibited by the laws, regulations and regulatory documents, the following activities shall not be deemed to be prohibited for the purpose of Article 35 of this chapter:

- (1) the provision of financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the purchase of the Company’s shares, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividends;
- (3) the allotment of bonus shares of the Company as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected in accordance with the Articles;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of business (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company); and
- (6) the provision of money by the Company for an employee shareholding scheme (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 aid is provided out of distributable profits of the Company).

## CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF MEMBERS

**Article 38** Share certificates of the Company shall be in registered form. Share certificates of the Company shall state clearly the following items:

- (1) name of the Company;
- (2) incorporation date of the Company;
- (3) class of share, par value and the number of shares so represented;
- (4) stock code; and
- (5) other items required by the Company Law and the stock exchange of the place where the shares of the Company are listed.

Overseas listed shares of the Company may be issued in the form of depositary receipt or other derived forms of shares in accordance with the laws and practices on securities registration and depositary of the place where the shares of the Company are listed.

**Article 39** Share certificates shall be signed by the chairman of the board of directors. In case the president and other senior management members of the Company are required to sign under the requirements of the securities regulatory authorities of the place where the Company's shares are listed, the share certificates shall also be signed by such persons. The signature on share certificates by the chairman of the board of directors of the Company, the president or other relevant senior management members could also be made in printed form. The share certificates shall be effective upon the affixture of the Company's seal or the affixture of the seal in printed form. Authorization from the board of directors shall be obtained for the affixture of the Company's seal on the share certificates.

For dematerialized issuance and trading, other requirements of the securities regulatory authorities of the place where the Company's shares are listed shall be applicable.

**Article 40** The Company shall maintain a register of members, and include the followings:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable by each shareholder for the respective shares held;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date when each shareholder is registered as a shareholder; and
- (6) the date when each shareholder ceases to be a shareholder.

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

**Article 41** The Company may, pursuant to the mutual understanding and agreement made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain the register of holders of overseas listed shares overseas, and engage overseas agent(s) to manage such register of members. The original copy of the register of holders of overseas listed shares listed in Hong Kong (only for ordinary shares) shall be maintained in Hong Kong.

The Company shall maintain a copy of the register of members of overseas listed shares in the premises of the Company. Overseas agency so engaged shall at any time ensure the consistency of the original copy and the copy of the register of holders of overseas listed shares. If there is any discrepancy between the original copy and the copy of the register of holders of overseas listed shares, the original copy shall prevail.

**Article 42** The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (1) the register of members maintained in the domicile of the Company other than those described in items (2), (3) and (4) of this article;
- (2) the register of holders of overseas listed shares (only for ordinary shares) maintained in the place of stock exchange where the shares are listed;
- (3) the register of members maintained in other places as the board of directors may consider necessary for the purpose of the listing of the Company's shares;
- (4) the register of holders of preference shares maintained in other places as the board of directors may consider necessary for the purpose of the listing of the Company's preference shares.

**Article 43** Different parts of the register of members shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Alternations or amendments on each part of the register of members shall proceed in accordance with the laws of the place where that part of the register of members is maintained.

**Article 44** No modifications of registration in the register of members caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or within five days prior to the date for the determination of the basic of dividend distributions.

If the securities regulatory authorities of the place where the shares of the Company are listed have other requirements on the change in the register of members, such requirements shall be followed.

**Article 45** Whenever the Company convenes a shareholders' general meeting, distributes dividends, liquidates or engages in other acts requiring the confirmation of shareholding, a date shall be determined by the board of directors or the convener of the shareholders' general meeting as the record date for the registration of shareholdings, and upon the expiry of which, those members whose names appear in the register of members shall be the shareholders of the Company entitled to participate in the aforesaid matters.

**Article 46** Any person who has an objection to the register of members and requests for the registration of his/her/its name in the register of members or requests to remove his/her/its name from the register of members, he/she/it may apply to the court of jurisdiction to amend the register of members.

**Article 47** Any member registered in the register of members or any person requesting for the registration of his/her/its name in the register of members may apply to the Company to reissue new share certificate for his/her/its respective shares (i.e. "relevant shares") if his/her/its original share certificate (i.e. "original share certificate") is lost.

Application by a holder of domestic shares who has lost or destroyed his/her/its share certificate and applies for replacement shall be dealt with in accordance with the Company Law.

Application by a holder of overseas listed shares who has his/her/its share certificate lost or destroyed and applies for replacement shall be dealt with in accordance with the laws of the place where the original copy of the register of members who are holders of overseas listed shares is maintained and the rules of the stock exchange or other relevant regulations.

In case that a holder of overseas listed shares has his/her/its share certificate lost or destroyed and applies for replacement, the issuance of a replacement share certificate shall comply with the following requirements:

- (1) Applicants shall submit his/her/its application in the standard form prescribed by the Company with the notarial certificate or statutory declaration documents attached. The notarial certificate or statutory declaration documents shall include the ground for application, circumstances and evidences of the loss of share certificate, as well as a declaration that no other person may request for the registration as the holder of the relevant shares.
- (2) Before the Company makes the decision on the reissuance of new share certificate, no declaration of the request for the registration as members of such shares by any person other than the applicants has been received.
- (3) In case the Company decides to reissue new share certificate to the applicant, an announcement of such reissuance shall be published on the newspapers designated by the board of directors at least every 30 days within a period of 90 days.

(4) Before the Company publishes the announcement of the reissuance of a share certificate, a copy of the announcement intended to be published shall be submitted to the stock exchange of the place where the shares are listed. Upon the receipt of response from such stock exchange that confirms that such announcement has been exhibited in the premises of the stock exchange, the announcement may be published. Such announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

If the application for the replacement of share certificate is made without the consent of registered holder of the relevant shares, the Company shall deliver a copy of the announcement intended to be published to such shareholder by post.

(5) Upon the expiration of 90 days period of the announcement and exhibition referred to in item (3) and (4) of this Article, if no objection on the replacement of the share certificate has been received by the Company, a new share certificate may be issued pursuant to the applicant's application.

(6) When the Company issue new share certificate pursuant to this Article, the original share certificate shall be cancelled immediately, and such cancellation and replacement shall be registered in the register of members.

(7) All costs for the cancellation of the original share certificate and the issuance of new share certificate incurred shall be borne by the applicant. Until the applicant provides any reasonable guarantee, the Company shall be entitled to reject to take any action.

**Article 48** After the issuance of a new share certificate by the Company pursuant to the Articles, the name of the bona fide purchaser acquiring the aforesaid new share certificate or of the person (a bona fide purchaser) subsequently registered as the owner of such shares shall not be removed from the register of members.

**Article 49** The Company has no obligation to compensate for those who suffer loss from cancellation of original stock certificates or issuance of new share certificates unless they can prove that the Company has fraudulent conduct.

**Article 50** In the case of anonymous warrant, no new warrant shall be issued to replace the lost warrant unless the Company is convinced that the original warrant has been destroyed beyond reasonable doubt.



# CHAPTER 6 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

## Section 1 Shareholders

**Article 51** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by such shareholder. Shareholders who hold shares of the same class shall have the same rights and obligations.

Where two or more persons are registered as the joint holders of any share(s), they shall be deemed as the joint owners of such share(s), provided that:

- (1) the Company shall not register more than 4 persons as the joint holders of any share(s);
- (2) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts payable for such share(s);
- (3) if one of the joint shareholders is deceased, only the other surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Company, provided that the board of directors shall have the right to require such persons to provide a certificate of death deemed appropriate by the board of directors for the purpose of changing the register of members;
- (4) for joint shareholders of any shares, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificate of the relevant shares from the Company, to receive notices of the Company, to attend the shareholders' general meeting convened by the Company or to exercise all the voting rights attached to the relevant shares; and any notice served on such shareholder shall be treated as having been served on all joint shareholders of the relevant shares.

**Article 52** The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to dividends and other types of interest distributed in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations, and the right to present proposals or to raise enquires;
- (4) the right to transfer, bestow or pledge shares in accordance with laws, regulations, regulatory documents, relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed and provisions of the Articles;

- (5) the right to obtain relevant information in accordance with the laws, regulations and provisions of the Articles, including:
- (i) the right to obtain a copy of the Articles, subject to payment of the cost of such copy;
  - (ii) the right to inspect and, subject to payment of a reasonable charge, obtain a copy of the following information in the specified place during the business hours of the Company:
    - (a) the particulars of each of the Company's directors, supervisors and senior management members;
    - (b) minutes of shareholders' general meetings;
    - (c) all parts of the register of members;
    - (d) the state of the Company's share capital;
    - (e) the latest audited financial statements, and the reports of the board of directors and the board of supervisors;
    - (f) special resolutions of the shareholders' general meetings; and
    - (g) reports showing the aggregate par value, quantity, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the previous accounting year and the total expenses incurred by the Company for this purpose.

If any shareholder requests a copy of the minutes of a shareholders' general meeting, the Company shall deliver such copy after seven days upon the receipt of a reasonable cost.

The Company may refuse any inspecting or copying request which involves commercial secrets and price sensitive information of the Company.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) the right to request the Company to purchase the shares of the shareholder who raises objection to the resolution on merger or division made at the shareholders' general meeting; and
- (8) other rights conferred by the laws, regulations, regulatory documents and the Articles.

If any person holding interest directly or indirectly exercises his right based on the shares of the Company without revealing this right to the Company, the Company shall not compromise such person's right based on the shares of the Company by freezing it or otherwise.

**Article 53** Where a shareholder requests to inspect or obtain the relevant information pursuant to item (5) in Article 52, such shareholder shall first submit a written request to the Company together with written documents evidencing the class and the number of shares held by such shareholder in the Company and the Company shall provide at the request of such shareholder the above information upon verification of such shareholder.

**Article 54** If a resolution of a shareholders' general meeting or a board resolution violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the same as invalid.

If the procedure for convening a shareholders' general meeting or board meeting, or the method of voting thereat, violates the laws, administrative regulations or the Articles, or the contents of a resolution violate the Articles, a shareholder shall have the right to request a people's court to rescind such resolution within 60 days from the date of adopting such resolution.

If the Company completes the formalities in respect of the change of registration pursuant to a shareholders' resolution or a board resolution, the Company shall apply to the registration authority for cancelling the change of registration after a people's court has declared that such resolution is invalid or has rescinded such resolution.

**Article 55** Holders of the ordinary shares of the Company shall have the following obligations:

- (1) to abide by the Articles;
- (2) to contribute to the share capital according to the number of shares subscribed by them and the methods of capital contribution;
- (3) not to withdraw their contributed share capital unless in such circumstances as stipulated by the laws and regulations;
- (4) not to abuse the Company's independent status as a legal person and the shareholders' limited liability to damage the interest of the creditors of the Company;
- (5) other obligations imposed by the laws, regulations, regulatory documents and the Articles.

Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms as agreed as a subscriber of the shares at the time of subscription.

**Article 56** Prior approval from the banking regulatory authority of the State Council is required for any entity or person to purchase 5% or more of total issued shares of the Company. Any shareholder who owns more than 5% of the total shares must report in writing to the Company on the day it occurs so that the Company could apply for the approval to the banking regulatory authority of the State Council within five days from the date of the occurrence of the event.

If a shareholders who owns 5% or more of the total shares of the Company without prior approval of the banking regulatory authority of the State Council, the exercise of rights of the shareholder in respect of the shares in excess of 5% of the total shares of the Company ("Excess Shares") as stipulated in Article 52 shall be subject to restrictions unless approval is obtained from the banking regulatory authority of the State Council. The restrictions include (without limitation):

- (1) the Excess Shares shall have no voting rights at shareholders' general meetings (including class shareholders' meeting); and

- (2) the Excess Shares shall have no rights in respect of the nomination of candidates for directors or supervisors as provided in the Articles.

Notwithstanding the foregoing, holders of Excess Shares shall not be subject to any restrictions in exercising other shareholders' rights pursuant to Article 52. If a shareholder fails to obtain approval from the banking regulatory authority of the State Council for the holding of Excess Shares, the shareholder shall dispose of the Excess Shares within a period prescribed by the banking regulatory authority of the State Council.

**Article 57** The controlling shareholders shall have fiduciary duties to the Company. The controlling shareholder shall exercise his/her/its rights as an investor in strict compliance with the laws, regulations, regulatory documents and the Articles, and shall not seek improper interests or impair the legal rights of the Company by leveraging its controlling position.

The controlling shareholder and de facto controller of the Company shall not impair the Company's interests with his/her/its related relations. In breach of any regulations, compensation for the loss incurred to the Company shall be assumed by the controlling shareholder and/or the de facto controller.

Other than obligated by laws, regulations, regulatory documents or the listing rules of the stock exchange where the Company's shares are listed, the controlling shareholder, when exercising his/her/its rights as a shareholder, shall not vote to bring about decisions that would impair the interest of all or part of the shareholders on the following matters:

- (1) to release the obligation of a director or supervisor to act honestly in the best interests of the Company;
- (2) to allow directors and supervisors for the interest of themselves or others, to expropriate the Company's property, including (without limitation) opportunities advantageous to the Company; and
- (3) to allow directors and supervisors for the interest of themselves or others, to expropriate the rights of shareholders, including (without limitation) rights to distributions and voting rights, save pursuant to a restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles.

**Article 58** If any shareholder who holds 5% or more of the Company's shares pledges such shares or such shares are involved in any litigation or arbitration, he/she/it shall report to the Company in writing on the day of its occurrence.

## Section 2 General Provisions on Shareholders' General Meetings

**Article 59** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

- (1) to decide the Company's operating policies and investment plans;
- (2) to elect and replace the directors and supervisors who are not representative of the employees of the Company, and to decide on matters related to the emoluments of directors and supervisors;
- (3) to consider and approve the reports of the board of directors;
- (4) to consider and approve the reports of the board of supervisors;
- (5) to consider and approve the annual financial budget and final account statement of the Company;
- (6) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (7) to resolve on any increase or reduction in the Company's registered capital;
- (8) to resolve on the issuance of corporate bonds, any class of shares, warrants or other marketable securities of the Company and their listing;
- (9) to resolve on matters related to merger, separation, dissolution, liquidation of the Company or alternation on the form of the Company;
- (10) to amend the Articles, the procedural rules of the shareholders' general meeting, and the meetings of the board of directors and the board of supervisors;
- (11) to decide the engagement, dismissal or replacement of accounting firms of the Company;
- (12) to resolve on matters related to repurchase of shares of the Company;
- (13) to consider and approve major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges (securities) and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, write-off of assets, external donations of the Company and major decisions of legal corporations;
- (14) to consider and approve matters in relation to the change of use of the raised fund;
- (15) to consider and approve share incentive scheme;
- (16) to consider and approve any purchase, disposal or provision of guarantee with aggregate value of more than 30% of the total assets of the Company within a period of a year;
- (17) to consider and approve connected transactions required to be approved by the shareholders' general meeting under the law, regulations, regulatory documents and the securities regulatory authorities of the place where the Company's shares are listed;

- (18) to consider any motion raised by shareholders, individually or in aggregate, holding more than 3% of issued shares of the Company with voting rights;
- (19) to determine the issuance of preference shares; to determine or authorize the board of directors to determine matters relating to preference shares issued by the Company, including but not limited to redemption, conversion and distribution of dividends;
- (20) to consider and approve all other matters which are required to be determined by the shareholders' general meeting under the laws, regulations, regulatory documents, applicable requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles.

The above matters which are within the scope of authority of the shareholders' general meeting shall be considered and approved by the shareholders' general meetings. However, the shareholders' general meeting may delegate power to the board of directors to decide on such matters under necessary, reasonable and lawful circumstances.

**Article 60** The authorization conferred by the shareholders' general meeting upon the board of directors shall be clear and specific. If the authorized matters shall be adopted by the shareholders' general meeting by way of ordinary resolution according to the Articles, such resolutions shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting. If the authorized matters shall be adopted by the shareholders' general meeting by way of special resolutions according to the Articles, such resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting.

**Article 61** The rules of procedure of the shareholders' general meeting shall be formulated by the board of directors and shall be approved at the shareholders' general meeting.

**Article 62** The Company shall not, without prior approval of the shareholders' general meeting or any party authorized by the shareholders' general meeting, enter into any contract with any person other than a director, supervisor or senior management member whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 63** Shareholders' general meetings include annual general meetings and extraordinary general meetings. The annual general meetings are required to be held once every year and within six months from the close of the preceding accounting year. If the meeting is deferred under special circumstances, the Company shall promptly report to the banking regulatory authority of the State Council and explain the reason therefor.

An extraordinary general meeting shall be convened within 2 months from the date of occurrence of any of the following events:

- (1) the number of directors is lower than the minimum quorum or less than two-thirds of the total number of directors specified at the shareholders' general meeting;
- (2) the uncovered loss of the Company reaches one-third of the Company's total share capital;

- (3) shareholders who individually or jointly hold more than 10% of the voting shares of the Company request to convene the meeting in writing;
- (4) the board of directors deems it necessary to convene the meeting;
- (5) the board of supervisors proposes to convene the meeting; or
- (6) any other circumstances as stipulated by the laws, regulations, regulatory documents and the Articles.

The shareholding of the shareholders mentioned in item (3) above shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing.

### **Section 3 Convening of Shareholders' General Meeting**

**Article 64** A shareholders' general meeting shall be convened by the board of directors. Subject to the relevant requirements in this section, the board of supervisors or shareholders shall have the right to convene a shareholders' general meeting.

**Article 65** Not less than one-half of the independent directors (or at least 2 independent directors) may jointly propose to the board of directors in writing to convene an extraordinary general meeting. The board of directors shall make a response in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, regulations and the Articles.

If the board of directors agrees to convene an extraordinary general meeting, a notice convening such meeting shall be issued within 5 days from the date on which a resolution of the board of directors is passed. If the board of directors refuses to convene the extraordinary general meeting, it shall give an explanation.

**Article 66** The board of supervisors shall have the right to propose to the board of directors to convene an extraordinary general meeting in writing. The board of directors shall make a response in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

If the board of directors agrees to convene an extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after a resolution of the board of directors is passed. Approval of the board of supervisors must be sought if the original proposal contained in the notice is changed.

If the board of directors does not agree to convene an extraordinary general meeting, or fails to give its response within 10 days upon receipt of the proposal, the board of directors shall be deemed to be unable, or to have failed, to perform its duty to convene a shareholders' general meeting, and the board of supervisors may convene and preside over the shareholders' general meeting.

**Article 67** Shareholders who individually or jointly hold more than 10% of the shares of the Company (the “Requesting Shareholders”) requesting to convene an extraordinary general meeting or class meetings shall be in accordance with following procedures:

- (1) Requesting Shareholders may propose to the board of directors to convene an extraordinary general meeting or class meeting in writing by signing one or more written proposals in the same form and with the same contents. The board of directors shall make a response in writing as to whether or not it agrees to convene such general meeting within 10 days upon receipt of the proposal in accordance with the laws, regulations, regulatory documents and the Articles;
- (2) If the board of directors agrees to convene an extraordinary general meeting or class meeting, a notice for convening such meeting shall be issued within 5 days after the resolution of the board of directors is passed. Approval of the Requesting Shareholders must be sought if the original proposal contained in the notice is changed;
- (3) If the board of directors does not agree to convene an extraordinary general meeting or class meeting, or fails to give its response within 10 days upon receipt of the proposal, the Requesting Shareholders shall have the right to propose to the board of supervisors to convene an extraordinary general meeting and such proposal shall be proposed to the board of supervisors in writing;
- (4) If the board of supervisors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days upon receipt of the proposal. Approval of the Requesting Shareholders must be sought if the original proposal contained in the notice is changed;
- (5) If the board of supervisors fails to give the notice of such meeting within the prescribed period, shareholders who individually or jointly hold 10% or more of the Company’s shares for not less than 90 consecutive days (the “Convening Shareholders”) shall be entitled to convene the meeting.

**Article 68** Shareholding proportion of the Convening Shareholders who intend to convene a shareholders’ general meeting shall not be less than 10% prior to announcement of the resolution of the shareholders’ general meeting.

In case the board of supervisors or the Convening Shareholders decide to convene the shareholders’ general meeting, the board of directors and the board secretary shall coordinate and the board of directors shall provide the register of members as at the share registration date.

Necessary costs incurred for the shareholders’ general meetings convened by the board of supervisors or Convening Shareholders shall be borne by the Company.



## **Section 4 Proposals and Notice of Shareholders' General Meeting**

**Article 69** When the Company convenes a shareholders' general meeting, the board of directors, the board of supervisors, more than half of independent directors (at least 2) and shareholders, individually or in the aggregate, holding 3% or more of the shares with voting rights of the Company shall have the right to submit proposals to the Company in writing. The Company shall place matters in the proposals within the scope of functions of the shareholders' general meeting on the agenda of such meeting.

Shareholders, individually or in the aggregate, holding more than 3% of the shares of the Company shall have the right to submit interim proposals in writing 10 days before the shareholders' general meeting to the convener of such meeting. The convener shall within 2 days upon receiving such proposals give supplemental notice to other shareholders, and place matters in the interim proposals within the scope of functions and powers of the shareholders' general meeting on the agenda of such meeting.

**Article 70** Proposals for the shareholders' general meeting shall be within the scope of the functions and powers of the general meeting, and shall have clear topics and specific resolution matters and comply with the laws, regulations and the Articles.

**Article 71** When the Company is to convene a shareholders' general meeting, the board of directors shall notify all shareholders in writing 45 days before the meeting. Shareholders who intend to attend the shareholders' general meeting shall send a written reply to the Company 20 days before the meeting.

**Article 72** The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting from shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting has reached half or more of the Company's total voting shares, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within five days notify the shareholders again by public notice of the matters to be considered, the date and the place of the meeting. The Company may then convene the meeting after the publication of such public notice.

An extraordinary general meeting shall not resolve on a proposal not listed in the notice.

**Article 73** The notice of shareholders' general meeting shall be in written form and shall contain the following:

- (1) the convener of the meeting;
- (2) the location, date and duration of the meeting;
- (3) the matters and all resolutions to be considered at the meeting. Proposed changes to any resolution passed at previous shareholders' general meeting shall be disclosed in full rather than disclosing the changes only;

- (4) the information and explanation necessary for shareholders to make decisions regarding the matters to be discussed, including (but not limited to) specific terms and contracts (if any) for a proposed transaction, and a detailed explanation of the reasons and consequences where the Company proposes a merger, repurchase of shares, restructuring of shares or other form of restructuring;
- (5) where any directors, supervisors and other senior management members have an important interest in matters to be discussed, the nature and extent of that interest shall be disclosed. Further, where the impact of the matters to be discussed by such directors, supervisors and other senior management members who are shareholders is different from the impact on other shareholders of the same class, the difference shall be explicitly explained;
- (6) the full text of any special resolution proposed to be passed at the meeting;
- (7) a prominent statement that shareholders entitled to attend the shareholders' general meeting may entrust one or more proxies, who does not need to be a shareholder of the Company, to attend the meeting and vote on their behalf;
- (8) the time and place for the delivery of the proxy letter of the meeting;
- (9) record date for determination of eligibility of shareholders for attending the shareholders' general meeting;
- (10) name and contact information of the person for meeting enquiry;
- (11) where the shareholders' general meeting is convened through the internet or by other means, particulars of the time and procedure of voting through internet or by other means.

**Article 74** Notice of shareholders' general meeting shall be served on shareholders (whether or not entitled to vote at the shareholders' general meeting) by personal delivery or prepaid mail to their addresses as shown in the register of members. For the holders of domestic shares of the Company, notice of the meeting may be issued by way of public notice.

The aforesaid public notice shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council within the period between 45 days and 50 days before the date of the meeting. After the publication of such notice, the holders of domestic shares of the Company shall be deemed to have received the notice of the relevant shareholders' general meeting.

For holders of overseas listed shares, subject to the compliance with the laws, regulations, regulatory documents and the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, the notice of a general meeting may be published on the website of the Company and the Hong Kong Stock Exchange in place of personal delivery or prepaid mail to the holders of overseas listed shares.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or any resolution adopted at that meeting.

**Article 75** Where the elections of director and supervisor will be discussed at the shareholder's general meeting, the notices of the shareholders' general meeting shall, in compliance with laws, regulations, regulatory documents, the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles, contain the details of the proposed directors and supervisors including the following particulars:

- (1) personal particulars such as education background, working experience and any part-time positions;
- (2) whether there is any connected relationship with the Company or the controlling shareholders and actual controller of the Company;
- (3) their shareholding in the Company;
- (4) whether there are any penalties or punishments imposed by the securities regulatory authorities of the State Council and other related authorities or the stock exchange.

### **Section 5 Holding of Shareholders' General Meeting**

**Article 76** Shareholders' general meetings may be convened on-site or by way of correspondence.

The Company may convene a shareholders' general meeting through a variety of modern communication technologies, subject to the legitimacy, efficiency and applicability of the meeting. Shareholders who attend the meeting through the aforesaid methods shall be deemed as attending the meeting in person.

**Article 77** Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have right to individually or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

Where the shareholder is a recognized clearing house or its agent, it may authorize one or more persons that it deems suitable to attend on its behalf any shareholders' general meeting or any class meeting of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the appointment of each such person. The person so appointed may exercise the rights of the recognized clearing house (or its agent) as if he/she was an individual shareholder of the Company.

**Article 78** Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person or other institutions, sealed by the stamp of the legal person or institution or signed by its legal representative, director or agent so officially authorized.

**Article 79** The proxy letter issued by a shareholder to entrust proxy to attend shareholders' general meeting shall contain the following contents:

- (1) name of the proxy;
- (2) proxy's voting right;
- (3) number of shares represented by the proxy;
- (4) instructions on each item to be discussed on the agenda of the shareholders' general meeting, stating whether the shareholder agrees to, objects to or abstains from voting the resolution in respect of his/her shareholding respectively;
- (5) issuing date of the proxy letter and its effective period; and
- (6) signature (or seal) of the appointer.

The format of power of attorney or proxy letter provided to shareholders by the board of directors of the Company for appointing proxies shall enable the shareholder to instruct his/her proxy to vote for or against or abstain from voting and to make instructions on each item to be discussed on the agenda of the shareholders' general meeting. The proxy form shall specify whether the proxy may vote as he/she thinks fit in the absence of instructions from the shareholder. If the proxy letter does not specify, the proxy may vote as he/she thinks fit in respect of any item and the shareholder shall be responsible for such voting.

**Article 80** The proxy letter shall be deposited at the residence of the Company or at such a place as specified in the notice convening the meeting not less than 24 hours before the time of the meeting at which the proxy proposes to vote or the time appointed for the voting. If the proxy form is signed by other person authorized by the appointer, the power of attorney or other authorization document shall be notarially certified. The notarially certified power of attorney or other authorization document shall be deposited at the residence of the Company or at such a place as specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or such person as is authorized by the its legal representative, board of directors or other governing body to act as its representative may attend the shareholders' general meeting as a representative of the appointer.

**Article 81** A vote given in accordance with the terms of an instrument of proxy shall be valid if no notice in writing had been given to the Company with respect to the death or loss of capacity of the appointer, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares before the commencement of the relevant meeting.

**Article 82** The attendance records of the meeting shall be prepared by the Company. The records shall contain the names (or corporate name), the identity card numbers, and the number of voting shares held or represented by such participants, and the names (or corporate name) of appointers.

**Article 83** All the directors, supervisors and board secretary of the Company should attend the shareholders' meeting. Other senior management members may sit in at the shareholders' meeting where it is necessary.

**Article 84** The chairman of the meeting shall announce, prior to voting, the number of shareholders and proxies attending the meeting as well as the total number of voting shares represented by them, which shall be subject to the number registered during the meeting.

The registration of the number of shareholders and proxies attending the meeting as well as the total number of voting shares held by them shall be terminated prior to the announcement of such number by the chairman of the meeting.

**Article 85** A shareholders' general meeting called by the board of directors shall be presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

In case a meeting is called by the board of supervisors, it shall be presided over by the chairman of the board of supervisors. If the chairman of the board of supervisors is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of supervisors shall preside over the meeting.

In case a meeting is called by shareholders, the meeting shall be presided over by a shareholder representative nominated by the shareholders who convene the meeting.

In a shareholders' general meeting, where the chairman violates the rules of procedures of the meeting which results in failure to continue the meeting, a chairman may be elected by more than half of the attending shareholders with voting rights so as to carry on with the shareholders' general meeting.

**Article 86** The board of directors and the board of supervisors shall report to the shareholders at the annual general meeting the work undertaken by them over the past year. Each independent director shall report on the carrying out of their duties.

**Article 87** The board of directors, the board of supervisors and senior management members shall respond or give explanation to the queries and suggestions from the shareholders.

**Article 88** Minutes shall be kept for the general meetings, of which the board secretary shall be in charge. Minutes of meetings shall contain the following:

- (1) number of shareholders and the proxies of shareholders attending the meetings, the number of shares held by them and the percentage of their shares to the total number of shares of the Company;
- (2) place, time, agenda of the meetings, and the name of the convener;

- (3) names of the chairman of the meetings, directors, supervisors, senior management members who attend or observe the meetings;
- (4) names of shareholders who make proposals in the meetings (if any), the percentage of their shares to the total number of shares of the Company and the details of such proposals;
- (5) process of consideration for each proposal and voting results;
- (6) shareholders' enquiries or suggestions and the responses or explanation;
- (7) names of the lawyer, the vote counter and the scrutineer; and
- (8) other matters which shall be recorded in the minutes required by the Articles.

**Article 89** The minutes of shareholders' general meetings shall be signed by the directors, supervisors, the board secretary and the minute-taker who attend the meetings. The minutes shall be kept together with the signature book of shareholders who attend such meetings in person, the instruments of proxy and the valid voting records on resolutions made online or otherwise, by the board secretary according to the archive management system of the Company.

## **Section 6 Voting and Resolutions of Shareholders' General Meetings**

**Article 90** Shareholders (including their proxies) are entitled to exercise the voting rights of their voting shares at the shareholders' general meeting. Each share shall have one voting right. Shares held by the Company shall not carry voting rights and shall not be included in the total number of voting shares present at the shareholders' general meeting.

**Article 91** Resolutions of shareholders' general meeting shall include ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 92** The following matters shall be approved by shareholders' general meeting by special resolution:

- (1) increase or reduce of the Company's registered capital;
- (2) merger, division, dissolution, liquidation and change of corporate form of the Company;
- (3) issuance and listing of corporate bonds, any class of shares, warrants and other marketable securities;
- (4) repurchase of Company's shares;

- (5) amendments to the Articles;
- (6) share incentive scheme;
- (7) purchase, disposal or provision of guarantee with aggregate value of more than 30% of the total assets of the Company within a period of a year;
- (8) major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges (securities) and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, writing off of assets, external donations and major decisions of legal corporations;
- (9) alteration of profit distribution policy;
- (10) other matters stipulated by laws, administrative regulations, regulatory documents, the requirements of the securities regulatory authorities of the place where the Company's shares are listed or the Articles, which shall be approved by special resolutions or matters which are significant to the Company and are determined by ordinary resolution of shareholders' general meeting to be approved by special resolutions.

Apart from the aforementioned matters, any other matters requiring approval at shareholders' general meeting shall be approved by ordinary resolutions.

**Article 93** When connected transactions are reviewed at a shareholders' general meeting, the relevant shareholders shall abstain from voting, and the number of shares with voting rights held by them shall not be counted into valid votes.

**Article 94** The nomination of directors and the supervisors who are not representative of the employees of the Company shall be proposed to the shareholders' general meeting for voting by resolutions.

**Article 95** The shareholders' general meeting shall vote on all proposals presented one by one. In the case where different proposals are made on the same matter, votes shall be cast in accordance with the sequence of presenting of the proposals. Unless the shareholders' general meeting is suspended or fails to resolve due to exceptional reasons such as force majeure, the general meeting shall not postpone the proposals and shall vote on them.

**Article 96** The vote of each voting right can only be cast either by poll, online voting or other methods. If a vote has been cast repeatedly based on the identical voting right, the first vote shall prevail.

Except for procedural or administrative matters of shareholders' general meeting which may be decided by resolution passed by a show of hands as determined by the chairman of the meeting, all other matters shall be decided by resolution passed by a poll.

**Article 97** A poll demanded on the election of chairman or adjournment of the meeting shall be taken immediately. A poll demanded on any other resolution shall be taken at such time as the chairman of the meeting decides and the meeting may proceed to discuss any other matters. The result of the poll shall be deemed as a resolution adopted at the meeting at which the poll is demanded.

**Article 98** Where any shareholder is, under applicable laws, regulations or listing rules of the place where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder or his/her proxy in contravention of such requirement or restriction shall not be counted in the voting results.

**Article 99** Shareholders attending the shareholders' general meeting shall give their opinions on every resolution put forward at the meeting for resolution in the form of any one of the following: "for", "against" or "abstention".

Any voter with a vote that is not filled in, incorrectly filled in or in unrecognizable writing or not cast shall be deemed as having waived the voting right and the corresponding voting shall be counted as "abstention".

**Article 100** On a poll, a shareholder (including proxies) who is entitled to have two or more votes need not cast all his/her votes for or against a resolution.

**Article 101** The onsite shareholders' general meeting shall not be ended earlier than the ending of online platform or other means. The chairman of the meeting shall announce the voting circumstances and voting result of every resolution, and whether the resolution has been passed according to the voting result.

Prior to the official announcement of voting results, the Company and all the relevant parties involved in the shareholders' general meeting on the scene, via online platform or any other means, including the vote counting officer, the vote scrutineer, substantial shareholders and internet service provider, are obliged to keep the voting results confidential.

**Article 102** The chairman of the meeting shall decide whether resolutions are passed according to the voting results and announce such results in the meeting. The results of voting upon the resolutions shall be recorded in the meeting minutes.

**Article 103** If the chairman of the meeting has any doubt on the voting results of the resolutions, he/she may recount the votes. If the chairman does not recount the votes and the attending shareholders or their proxies challenge the voting result announced by the chairman, the shareholders or their proxies can request for a recount immediately after the announcement of the result, and the chairman shall arrange a recount of the votes immediately.

If the counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.



**Article 104** When holding a shareholders' general meeting, the Company shall engage lawyers to give legal opinions on the following issues:

- (1) Whether the procedures for convening and holding a meeting is in compliance with laws, administrative regulations and the Articles;
- (2) Whether the qualifications of the attendees and convener are legal and valid;
- (3) Whether the voting procedures and results of the meeting are legal and valid; and
- (4) Legal opinions on other relevant issues as requested by the Company.

**Article 105** The announcement of voting results of a shareholders' general meeting shall be published in a timely manner. The announcement shall set forth the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of shares with voting rights held by them to the total number of shares with voting rights of the Company, the total number of shares required to abstain from voting in the concurring votes and/or voting as requested by the securities regulatory authorities of the place where the shares of the Company are listed to individual proposals (if any), whether the shareholder who is required to abstain from voting has given up the voting right, the form of voting method, the voting result of each resolution and the vote scrutinizers' identity.

**Article 106** If the proposal of the election of a director was passed by the shareholders' general meeting, the appointment of a director shall take effect when:

- (1) the resolution effecting such appointment is passed at the shareholders' general meeting; and
- (2) the qualification of the director is approved by the banking regulatory authority of the State Council.

## **CHAPTER 7 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 107** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations and the Articles.

Class shareholders shall enjoy equal rights in any dividends or any other forms of distributions.

Any non-voting shares included in the share capital of the Company shall bear the wording "non-voting right" in their title.

If the share capital includes shares carrying different voting rights, any class of shares (except shares with the most privileged voting rights) included in the share capital shall bear the wording "restricted voting right" or "limited voting right" in their titles.

**Article 108** If the Company proposes to modify or terminate the rights of a class of shareholders, it may do so only after such modification or termination has been approved by a special resolution of the shareholders' general meeting and a separate shareholders' general meeting convened by the affected shareholders of that class under Articles 110 to 114.

**Article 109** The following circumstances shall be deemed to be variation or abrogation of the rights of class shareholders:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or distribution rights or privileges equal to or more than those of the shares of such class;
- (2) to convert all or part of the shares of such class into shares of another class or to convert or confer a right to convert all or part of the shares of another class into the shares of such class;
- (3) to reduce or abrogate rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) to reduce or abrogate a dividend preference or a liquidation preference, during the process of the Company's liquidation, attached to shares of such class;
- (5) to add, abrogate or reduce conversion rights, options, voting rights, rights of transfer or preemptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) to abrogate or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having voting or distribution rights or privileges equal to or more than those of the shares of such class;
- (8) to impose or increase restrictions on the transfer or ownership of the shares of such class;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company in accordance with restructuring plans which will result in different classes of shareholders bearing a disproportionate burden of responsibilities in such proposed restructuring; or
- (12) to amend or abrogate provisions of the Articles.

**Article 110** Class shareholders affected, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8), (11) and (12) of Article 109, but interested shareholder(s) shall not be entitled to vote at class meetings.

“Interested shareholder(s)” in prior provision shall have the following meaning:

- (1) if the Company has made a repurchase offer to all shareholders on pro rata basis or made a repurchase by means of public transaction at the stock exchange in accordance with Article 27 of the Articles, “interested shareholder(s)” shall refer to the controlling shareholders as defined in Article 294 of the Articles;
- (2) if the Company has made a repurchase by means of agreement outside the stock exchange in accordance with Article 27 of the Articles, “interested shareholder(s)” shall refer to the shareholders who are parties to such agreements; or
- (3) in a restructuring plan of the Company, “interested shareholder(s)” refers to those shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who enjoy interests different from other shareholders of the same class.

**Article 111** Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights held by the shareholders of that class present at the relevant meeting who are entitled to vote pursuant to Article 110.

**Article 112** The Company shall give written notice 45 days before the convening of a class meeting to notify all shareholders in the share register of such class of the matters to be considered, the date and the venue of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply to the Company 20 days before the convening of the class meeting.

The Company may convene the class meeting if the number of shares with voting rights held by shareholders who are going to attend the meeting reaches half of the total of shares entitled to voting rights at the meeting. Otherwise, the Company may convene the class meeting after issuing an announcement within five days, informing the shareholders again of the matters to be discussed in the meeting as well as the date and venue of the meeting.

**Article 113** Notice of class meetings may only be served on shareholders entitled to vote thereat. Class meetings shall be conducted in procedures as similar as possible to those of shareholders’ general meeting. The provisions of the Articles relating to the procedures of conducting any shareholders’ general meeting shall apply to class meetings.

**Article 114** Except holders of other classes of shares of the Company, holders of domestic shares and holders of overseas listed shares are considered as shareholders of different classes.

The special voting procedures at a class meeting shall not apply in the following circumstances:

- (1) where the Company issues domestic shares and overseas listed shares, either separately or concurrently, once every 12 months not more than 20% of each of its domestic shares and overseas listed shares that are already issued pursuant to approval by a special resolution of shareholders’ general meeting;

- (2) where the Company issues domestic shares and overseas listed shares under a plan adopted at the time of its establishment within 15 months from the date when the plan is approved by the securities regulatory authorities of State Council; or
- (3) where the MOF arrange for the listing and trading of its shares as a promoter on an overseas stock exchange pursuant to approval of the securities regulatory authorities of the State Council.

## **CHAPTER 8 THE BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 115** Directors shall be natural persons and may not hold shares of the Company. The directors of the Company include executive directors and non-executive directors. Non-executive directors include independent directors, the provisions of which are set out in Section 2 of this chapter.

**Article 116** Directors shall be elected at the shareholders' general meeting. The term of office of a director is three years commencing from the date of approval by the banking regulatory authority of the State Council. The director shall be eligible for re-election upon expiry of his/her term of office. The term of office of any re-elected directors shall commence from the date of election at the shareholders' general meeting. The term of office of any person who fills the casual vacancy on, or as an addition to the board of directors shall expire at the end of the term of the current session of the board of directors.

**Article 117** Directors shall have relevant expertise and experience to perform his/her duties and shall satisfy the requirements on qualifications of the banking regulatory authority of the State Council.

**Article 118** Directors are entitled to the right to access all operational and financial information of the various businesses of the Company and to supervise the performance of the senior management members.

The Company shall take measures to protect the directors' right to know, and ensure the information provided is adequate in a timely manner. In respect of any matters subject to the decisions of the board of directors, the Company shall notify all directors and provide relevant information in accordance with the requirements of the Articles. The Company shall also take measures to safeguard the right of directors to attend board meetings and provide directors with necessary support for the performance of their duties. The relevant personnel of the Company shall actively, and shall not reject to, cooperate with the directors in performing their duties, and shall not obstruct or interfere with the exercise of powers by directors or concealing information from directors.

Directors shall exercise their powers to the extent as permitted by the laws, regulations, regulatory documents and the Articles and shall not interfere in an ultra vires manner with the operation and management activities of senior management out of their scope of powers in violation of the decision-making system and procedures of the Company.

**Article 119** The nomination and election procedures of directors (other than independent directors) are set forth as follows:

- (1) the candidates of directors shall be nominated by proposals submitted by the board of directors or the shareholders individually or jointly holding 5% or more of the total number of the shares of the Company with voting rights, attached with written materials including their basic information and biographies;
- (2) a candidate of director shall, prior to the convening of the shareholders' general meeting, give a written undertaking letter that he/she agrees to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrants that he/she will duly perform his/her obligations as a director after he/she is elected. A written notice of the intention to nominate a candidate of director and the candidate's willingness to be elected and the written materials of the candidate's basic information shall be delivered to the Company no later than 10 days prior to the convening of the shareholder's general meeting;
- (3) the Company shall disclose the detailed information on the candidates of directors to shareholders at least seven days before the convening of the shareholder's general meeting, to ensure shareholders to obtain adequate knowledge about the candidates when casting their votes;
- (4) The Company shall give at least seven days for relevant nominators and candidates of directors for submission of the written notice and materials set forth as above; and
- (5) The shareholders' general meeting shall review and vote on the election of the candidates one by one.

**Article 120** No director may act on his/her own behalf to represent the Company or the board of directors if not duly authorized by the Articles, shareholders' general meeting or the board of directors. When acting on his/her own behalf, insofar as a third party would reasonably believe that such director is acting on behalf of the Company or the board of directors, the director shall state his/her position and identity in advance.

**Article 121** Prior to the expiration of the term of office of the director, he/she shall not be removed by the shareholders' general meeting without appropriate reasons. However, in accordance with applicable laws and administrative regulations, the shareholders' general meeting shall have the power to remove any director by ordinary resolution before the expiration of his/her term of office without prejudice to any claim for damages by the director pursuant to any contract.

**Article 122** A director may resign before the expiry of his/her term of office. The resigning director shall submit a written resignation to the board of directors.

In case that the number of directors falls below the quorum as a result of delayed re-election upon expiry of the terms of directors of the current session or resignation of directors, the existing directors shall continue to perform his/her duties as a director in accordance with the laws, regulations, regulatory documents and the Articles till a new director takes his/her office. The resignation of director shall not take effect until the new director is elected to take the place of the resigning director.

Other than the circumstances specified in the preceding paragraph of this Article, the resignation of a director shall take effect upon receipt of the resignation letter by the board of directors. Under the aforesaid circumstances, the board of directors shall convene an extraordinary general meeting immediately to elect a new director to fill the vacancy.

**Article 123** A director shall undertake the handover procedures with the board of directors upon his/her resignation or expiration of term of office.

**Article 124** Any director, if withdraw from his/her office without authorization prior to the expiration of his/her term of office, shall be liable for compensation of the losses incurred to the Company resulting from such withdrawal.

## **Section 2 Independent Directors**

**Article 125** Independent directors of the Company refer to directors who do not take up any position in the Company other than serving as directors and do not have any connection with the Company and its substantial shareholders that is likely to affect their independent and objective judgment.

Except as otherwise provided for in this section, the provisions in Section 1 of this chapter shall apply to independent directors.

**Article 126** One-third or more (and at least three) members of the board of directors shall be independent directors.

**Article 127** An independent director shall attain high professional level and have good reputation and shall satisfy the following criteria at the same time:

- (1) being qualified to serve as a director of a listed company pursuant to the laws, regulations, regulatory documents and requirements of the securities regulatory authorities of the place where the shares of the Company are listed;
- (2) having a degree of bachelor's level or above, or a senior title of a relevant profession;
- (3) being capable to fulfill his/her duties independently and not being affected by the Company's substantial shareholder, de facto controller or any other institution or individual who or which has a material interest in the Company;
- (4) having the basic knowledge in respect of the operation of a listed company and being familiar with the relevant laws, regulations, regulatory documents and rules;
- (5) having at least eight years of work experience in the areas of legal practice, economics, finance, accounting or any other experiences conducive for discharging the duties of an independent director;
- (6) being familiar with the laws and regulations governing the operation and management of financial enterprises;

- (7) being able to read, understand and analyze the financial statements of financial enterprises; and
- (8) ensuring to have sufficient time and energy to effectively perform the duties and undertaking to duly perform the duty of good faith and diligence.

At least one independent director of the Company shall have the proper professional qualification, or the accounting or financial management expertise that satisfies the regulatory requirements.

**Article 128** Independent directors shall be independent and free from the conditions that prohibited a person from serving as an independent director stipulated by the laws, regulations and requirements of the banking regulatory authority of the State Council and the securities regulatory authorities of the place where the shares of the Company are listed.

**Article 129** The board of directors and the board of supervisors shall have the right to propose the dismissal of an independent director at a shareholders' general meeting if such director:

- (1) has committed material dereliction of duty;
- (2) does not resign from his/her position when he/she is not or no longer qualified to act as an independent director;
- (3) fails to attend in person three consecutive board meetings, or fails to appoint another director on his/her behalf for two consecutive board meetings in his/her absence, or attends in person less than two-thirds of the total number of the board meetings within one year; or
- (4) falls under other circumstances as provided for in the laws, regulations and regulatory documents that an independent director is no longer suitable for holding such position.

If the board of directors or the board of supervisors proposes the dismissal of an independent director at a shareholders' general meeting, it shall send a written notice to the independent director concerned one month prior to the convening of the shareholders' general meeting. The independent director shall have the right to give his/her representations orally or in writing before voting, and shall have the right to submit his/her representations to the banking regulatory authority of the State Council five days prior to the convening of the shareholders' general meeting. Shareholders shall vote at the general meeting after considering the representations of such independent director.

**Article 130** Independent directors shall be nominated by the board of directors, the board of supervisors or shareholders individually or jointly holding 1% or more of the shares with voting rights of the Company and shall be elected at the shareholders' general meeting. The term of independent directors shall be the same as that of other directors of the Company and the independent directors shall be eligible for re-election upon expiry of their terms of office. The term of office of an independent director shall not exceed 6 years in the aggregate.

**Article 131** An independent director shall work for the Company for at least 15 working days each year.

An independent director may appoint another independent director to act as his/her proxy to attend a board meeting, provided that he/she shall personally attend not less than two-thirds of the total number of the board meetings every year.

**Article 132** Independent directors shall exercise the following functions and powers other than those granted by the Company Law and other relevant laws, administrative regulations, rules and the Articles:

- (1) to approve material connected transactions prior to submission to the board of directors for discussion, before which independent directors may engage intermediaries to provide independent financial advisory reports for reference;
- (2) to propose to the board of directors to convene extraordinary general meetings;
- (3) to propose to convene board meetings;
- (4) to engage external auditors and consultants independently;
- (5) to propose to the board of directors to appoint or dismiss accounting firms; and
- (6) to make a public proxy solicitation before a general meeting is held.

The exercise of any of the functions and powers above by any independent director shall be approved by at least half (and at least two) of all the independent directors.

**Article 133** Independent directors shall provide objective, fair and independent opinions on the matters discussed at shareholder's general meetings and board meetings, in particular the following matters:

- (1) material connected transactions;
- (2) profit distribution plans;
- (3) nomination, appointment and removal of directors;
- (4) appointment and dismissal of senior management members;
- (5) remuneration of directors and senior management members;
- (6) matters that may jeopardize the interests of minority shareholders in the opinion of independent directors;
- (7) matters that may cause significant losses of the Company in the opinion of independent directors; and
- (8) any other matters stipulated by laws, regulations, regulatory documents, the requirements of securities regulatory authorities of the place where the shares of the Company are listed, or the Articles.



**Article 134** The Company shall pay emoluments and allowances to independent directors. The emoluments for the independent directors shall be formulated by the board of directors and approved at the shareholders' general meeting.

### **Section 3 Board of Directors and Chairman**

**Article 135** The board of directors established by the Company shall be accountable to the shareholders' general meeting. The board of directors shall consist of five to 15 directors.

**Article 136** The board office under the board of directors established by the Company is responsible for organizing, preparing documents for and keeping minutes of shareholders' general meetings, board meetings and meetings of the special committees under the board of directors, information disclosure, investor relations and other general affairs of the board of directors and the special committees under the board of directors.

**Article 137** The board of directors shall have one chairman and may have a vice chairman, who shall be elected and removed by a majority of the directors.

An individual is not allowed to act as the chairman of the board of directors and president of the Company at the same time. The position of chairman may not be assumed by the legal representative or a key officer of a controlling shareholder.

**Article 138** The board of directors shall perform the following duties in accordance with laws:

- (1) to convene and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to determine the development strategies, operation plans and investment plans of the Company;
- (4) to formulate annual financial budget and final account statement of the Company;
- (5) to formulate profit distribution plan and loss recovery plan of the Company;
- (6) to formulate plans for the increase or reduction of the registered capital;
- (7) to formulate plans for merger, division, dissolution and change of the form of the Company;
- (8) to formulate plans for the issuance of corporate bonds, any types of shares, warrants or other marketable securities and listing of the Company;
- (9) to formulate share repurchase plans of the Company;
- (10) to formulate amendments to the Articles, the rules of procedures of the shareholders' general meeting and the rules of procedures of the board of directors;
- (11) to consider and approve the terms of reference of the president;

- (12) to appoint or dismiss the president and the board secretary of the Company;
- (13) to appoint or dismiss vice presidents, assistants to president and other senior management members (excluding the board secretary) as nominated or suggested by the president;
- (14) to determine the chairman (other than the chairman of the strategic development committee) and members of each special committee under the board of directors;
- (15) to formulate the assessment methods and remuneration package of directors for the approval by the shareholders' general meeting;
- (16) to determine the remuneration, performance review and award and punishment mechanism of the senior management members of the Company;
- (17) to formulate the basic management system of the Company and supervise its implementation;
- (18) to determine the risk management, compliance and internal control policies of the Company and formulate systems in relation to the internal control and compliance management of the Company;
- (19) to determine the structure of internal departments and branches of the Company;
- (20) to evaluate and improve the corporate governance of the Company;
- (21) to formulate share incentive schemes;
- (22) to manage the information disclosure and investors' relation management of the Company;
- (23) to propose the appointment, dismissal or termination of appointment of accounting firm to the shareholders' general meeting;
- (24) to consider and approve, or authorize the connected transaction control committee under the board of directors to approve, connected transactions, except for those which shall be considered and approved by the shareholders' general meeting as required by laws;
- (25) within the scope of approval by a shareholders' general meeting, to consider and approve the major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges (securities) and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, writing off of assets, external donations of the Company and major decisions of legal corporations;
- (26) to consider and approve the proposals of each special committee of the board of directors;
- (27) to consider the work reports of the president to ensure that each director obtains the information related to the fulfillment of his/her duties in accordance with the relevant regulatory requirement in a timely manner; to review the work of senior management members to ensure their effective performance of management duty;

- (28) to approve internal audit management system and regulations, medium-to-long term audit plan, annual working plan and internal audit system, determine or authorize the audit committee to determine the internal audit budget, remuneration of staff and the appointment and removal of major officers in charge, and ensure the independence of internal audit; and
- (29) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles and as authorized by the shareholders' general meeting.

The above issues within the power of the board of directors shall be reviewed and decided by the board meetings but may be delegated to the chairman or the president for making decision thereon provided that it is necessary, reasonable and lawful. The matters for delegation shall be approved either by a majority or two-thirds of the directors if the matters are so provided under the Articles.

The content of the delegation by the board of directors shall be specific, and the terms and conditions of the delegation shall be determined in writing.

**Article 139** The board of directors shall not, without the prior approval of or consent of the shareholders' general meeting, dispose or agree to dispose, of any fixed assets where the aggregate amount of the expected value of the consideration for the proposed disposition and the total value of the consideration for any disposition of any fixed assets that has been completed within four months immediately preceding the proposed disposition exceeds 33% of the value of the fixed assets as shown in the latest balance sheet reviewed by the shareholders' general meeting.

For the purposes of this article, a disposition of fixed assets may refer to an act involving the transfer of an interest in assets but does not refer to provision of security by way of fixed assets.

The validity of a disposition transaction by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this article.

**Article 140** Where the board of directors dismisses the president during his/her term of office, it shall promptly notify and give a written explanation to the board of supervisors.

**Article 141** The board of directors shall submit itself to the supervision of the board of supervisors, and shall not obstruct or hinder any inspection or audit carried out by the board of supervisors within the functions and powers of the board of supervisors.

**Article 142** The board of directors shall formulate its rules of procedure, which shall be considered and approved by the shareholders' general meetings, so as to ensure the efficiency and reasonable decision-making of the board of directors.

**Article 143** The chairman of the board of directors shall perform the following duties:

- (1) to preside over the shareholders' general meetings and to report to the shareholders' general meeting on behalf of the board of directors;
- (2) to convene and preside over the board meetings, to formulate and approve the agenda of the board meetings;

- (3) to supervise and inspect the implementation of the resolutions of the board of directors;
- (4) to sign the share certificate, bonds and other marketable securities issued by the Company;
- (5) to exercise the functions and powers in the capacity of the legal representative of the Company;
- (6) in the event of force majeure such as severe natural disasters or other emergencies, to take immediate actions in the interest of the Company and report immediately thereafter to the board of directors and the shareholders' general meeting; and
- (7) any such other functions and powers as provided for by relevant laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the Company's shares are listed and the Articles and as granted by the board of directors.

In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall perform his/her functions and powers on his/her behalf. In the event that 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 perform the chairman's functions and powers.

**Article 144** Board meetings are divided into regular board meetings and extraordinary board meetings.

**Article 145** Regular board meetings shall be convened at least four times a year, approximately once a quarter. Regular board meetings shall not be convened by way of correspondence. The board of directors shall notify all directors and supervisors in writing 14 days before the meeting is convened.

**Article 146** The chairman of the board of directors shall convene an extraordinary meeting of the board of directors within 10 days from the date of receipt of the following requests:

- (1) request of the shareholders who, individually or severally, hold not less than 10% of voting rights of the Company;
- (2) request of more than one third of the directors;
- (3) request of the board of supervisors;
- (4) request of more than half (and at least two) of the independent directors;
- (5) request of the president; and
- (6) other circumstances as stated in laws, regulations, regulatory documents and the Articles.

The chairman may convene an extraordinary board meeting if he/she deems necessary.

To convene an extraordinary board meeting, written notice shall be given seven days before the date of meeting. In case of emergency where an extraordinary board meeting shall be held as soon as possible, a notice shall be given by way of telephone or verbal communication at any time, provided that the convener shall explain the reasons of urgency in the meeting.

**Article 147** A notice for the board meeting shall include the following:

- (1) the venue and time of the meeting and the means by which the meeting will be held;
- (2) the convener of the meeting;
- (3) the duration of the meeting;
- (4) the agenda, subject matter and resolutions of the meeting;
- (5) the date on which such notice is dispatched;
- (6) relevant explanation for and the basis of convening the board meeting in the event that the meeting is not convened by the chairman; and
- (7) the name and contact of the contact person of the meeting.

**Article 148** The notice convening a board meeting shall be given in the following ways:

- (1) a notice convening a regular board meeting shall be given in writing; a notice convening an extraordinary board meeting shall be given in writing, with exception in case of emergency where such notice may be given via telephone or verbal communications and followed by a written notice thereafter; and
- (2) such notice may be given by personal delivery, registered mail, facsimile, email or other means. In case of notifying by means other than personal delivery, the Company shall confirm by telephone and keep the relevant records.

**Article 149** A board meeting shall be held only if more than half of the directors (including those who appoint other directors to attend the meeting on their behalf) are present.

If some of the directors have significant interest in any matters to be discussed, the director shall not exercise his/her voting right on the matter or exercise any voting right on behalf of any other directors. The board meeting shall only be held if a simple majority of the directors who do not have any material interest are present.

**Article 150** The board meeting may be held by onsite meeting or by way of correspondence. For the convenience of the directors, onsite meetings may be held by telephone, video or others means, and directors present at the meetings by such means shall be deemed to attend the meeting in person.

**Article 151** Resolutions of the board of directors shall be passed by a majority vote of all directors, whereas resolutions concerning the following shall be passed by two-thirds or more of all directors, and the meeting of the board of directors may not be held by way of directors signing written resolutions:

- (1) to formulate annual financial budget and final account statement of the Company;
- (2) to formulate profit distribution plan and loss recovery plan of the Company;
- (3) to formulate plans for increase or reduction of the registered capital;
- (4) to formulate plans for merger, division, dissolution and changes of the form of the Company;
- (5) to formulate plans for issuance of corporate bonds, any types of shares, warrants or other securities by the Company and listing of the Company;
- (6) to formulate plans for share repurchase plans of the Company;
- (7) to formulate amendments to the Articles;
- (8) to appoint or dismiss senior management members of the Company and determine the remuneration, performance review and award and punishment mechanism of the senior management members of the Company;
- (9) to determine the chairman (other than the chairman of the strategic development committee) and members of each special committee under the board of directors;
- (10) to propose the appointment, dismissal and termination of appointment of accounting firm to the general meeting;
- (11) within the scope of approval by a shareholders' general meeting, to consider and approve the major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges (securities) and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, writing off of assets, external donations of the Company and major decisions of legal corporations;
- (12) other matters that after being passed by the board of directors as ordinary resolutions, to be of a material effects on the Company, have to be passed by not less than two-thirds of the directors;
- (13) to approve any annual cap or one-off donations for the relief of regions with material contingencies which are beyond the scope of approval by the shareholders' general meeting; and
- (14) to approve other resolutions which shall be passed by not less than two-thirds of the directors as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles.

**Article 152** Where a director or any of his/her associates (as defined in the Hong Kong Listing Rules) is/are materially interested in a matter to be resolved by the board meeting, such director shall abstain from voting on such resolution(s) at the board meeting, shall not vote on behalf of other director and shall not be counted as quorum of the meeting, unless otherwise as provided for by laws, regulations, regulatory documents or relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed.

Resolutions of the board of directors shall be passed by more than one-half of the votes of the directors who have no material interest in the resolutions. Where less than three directors who have no material interest in the resolutions attend the board meeting, the board of directors shall submit such resolutions to the shareholder's general meeting. The board of directors shall explain to the shareholders' general meeting the discussion of the board of directors on such resolutions and the views of the directors who have no material interest in such resolutions.

**Article 153** Board meeting may be voted by show of hands or open ballot. Each director has one vote. Any director failing to vote shall be deemed to abstain from voting.

**Article 154** Directors shall attend board meetings in person. If a director is unable to attend a meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. A proxy form shall state the name of the proxy, the scope of authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal and the proxy. The number of board meetings attended by each director in person every year shall be no less than two-thirds of the total number of board meetings.

The director attending the meeting on behalf of another director shall exercise his/her power within the scope of authorization. Any director who does not attend a board meeting either in person or by proxy shall be deemed to have waived his/her voting right at the meeting.

**Article 155** Minutes shall be maintained for each board meeting. Both the directors (or their proxies) who attend the meeting and the minute-taker shall sign on the minutes. Directors shall undertake the responsibilities for the resolutions of the board of directors. In the event that any resolution of the board of directors is in breach of laws, regulations, regulatory documents, the Articles or resolutions passed by the shareholders' general meeting, which causes loss of the Company, the directors voting for such resolution shall be held liable for such losses. However, where a director has been proved to have expressed dissenting opinions during voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.

The minutes of the board meeting shall specify:

- (1) the venue, date and the names of the convener and chairman of the meeting;
- (2) names of directors present at the meeting in person, and names of directors present at the meeting as proxy (proxies);
- (3) agenda of the meeting;

- (4) key issues in directors' speech (including doubts and dissenting opinions) or the opinions of directors in writing in the event that the meetings are held by written resolutions;
- (5) the method and results of voting on each resolution (including the number of votes for, against and the number of abstention as well as the vote by each director).

**Article 156** Minutes of the board meetings shall be maintained as archives of the Company by the board secretary according to the archive management system of the Company.

#### **Section 4 Board Secretary**

**Article 157** The Company shall have a board secretary who shall be appointed by the board of directors.

The board secretary appointed by the board of directors should be a natural person with the required knowledge and experiences.

**Article 158** The board secretary is a senior management member of the Company accountable to the board of directors. A board secretary may be dismissed by the board of directors if the board of directors identifies any misconduct or negligence of duty of the board secretary.

**Article 159** The major duties of the board secretary include the following:

- (1) to assist the directors in handling the daily work of the board of directors, to provide the directors with or, reminding them of and ensuring that they understand the regulations, policies and requirements of the relevant regulatory authorities in relation to the Company's operation; and to assist the directors and the president in complying with the relevant laws, regulations, regulatory documents, the Articles and any other application rules when exercising their powers;
- (2) to organize and prepare the documents of shareholders' general meetings and board meetings, arrange for keeping minutes of the meetings and ensure the procedures of such meetings are in compliance with the legal requirements, and monitor the implementation of the resolution by the board of directors;
- (3) to arrange and coordinate information disclosure in order to enhance the transparency of the Company and to ensure that the Company prepares and submits the reports and documents required by the regulatory authorities in accordance with laws;
- (4) to be responsible for matters in relation to investor relations, to liaise with the regulatory authorities, intermediaries, media and to coordinate public relations;
- (5) to assist the board of directors in formulating and revising documentation for corporate governance of the Company, and to establish a scientific decision making system and corporate governance procedure;



- (6) to maintain the registers of members, directors and senior management members and documents and minutes of shareholders' general meetings, board meetings and meetings of special committees under the board of directors, and to ensure the availability of the relevant minutes and documents of the Company for access by people entitled thereto in a timely manner; and
- (7) to perform other duties as provided for by laws, regulations, regulatory documents, the Articles and authorized by the board of directors.

**Article 160** The Company shall support the board secretary to perform his/her duties pursuant to the laws, in terms of structural and staff deployment and funding for the fulfillment of his/her duties and the smooth operation of the respective departments.

**Article 161** The position of board secretary shall be held by a designated person. A director or a senior management member of the Company may hold the office of board secretary, provided he/she is competent and has enough time to perform the duties concurrently. However, none of the president, supervisors, chief financial officer and the accountant(s) of the accounting firm engaged by the Company and those who are prohibited by the laws, regulations, rules and other regulatory documents from acting as board secretary shall act as board secretary.

**Article 162** Where the office of board secretary is held by a director and an act is required to be done by a director and a board secretary separately, the person who holds the offices of director and board secretary concurrently may not perform the act in dual capacities.

## **Section 5 Special Committees under the Board of Directors**

**Article 163** Special committees including the strategic development committee, audit committee, risk management committee, nomination and remuneration committee and connected transaction control committee are set up under the board of directors of the Company. The board of directors may set up other special committees and restructure the existing committees as necessary. Each special committee shall be accountable to the board of directors and assist the board of directors to perform their duties as authorized by the board of directors.

Each special committee shall consist of at least three members and all of its members shall be directors.

Directors acting in their capacity as the chairmen of the audit committee, risk management committee and connected transaction control committee shall work at the Company at least 25 working days each year.

**Article 164** The terms of reference of each special committee of the board of directors shall be stipulated by the board of directors.

Measures should be adopted to ensure the performance of each special committee.

**Article 165** The strategic development committee shall be chaired by the chairman of the board of directors.

The strategic development committee shall perform the following duties:

- (1) to review the general strategic development plan of the Company and make suggestions to the board of directors;
- (2) to consider and approve the information technology development plan and other special development plans;
- (3) to review the annual operation plan and the fixed asset investment budget for approval by the board of directors;
- (4) to review the major restructuring and adjustment proposals and make suggestions to the board of directors;
- (5) to review major investment and financing proposals and make suggestions to the board of directors;
- (6) to review the major merger and acquisition proposals and make suggestions to the board of directors;
- (7) to review and assess the comprehensiveness corporate governance of the Company and make suggestions to the board of directors; and
- (8) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and as authorized by the board of directors.

**Article 166** The chairman of the audit committee shall be an independent director while the rest of the members shall be non-executive directors. The majority of the audit committee shall be independent directors, at least one of which shall have the appropriate professional qualification or accounting or related financial management expertise.

The audit committee shall perform the following duties;

- (1) to review significant financial policies of the Company and their implementation, and supervise financial activities of the Company;
- (2) to review the financial information and relevant disclosure of the Company;
- (3) to consider and approve the internal control evaluation proposal of the Company, and supervise and evaluate the internal control of the Company;

- (4) to consider and approve the audit budget, remuneration of staff and appointment and removal of major officers of the Company, supervise and evaluate the internal audit work of the Company and formulate medium-to-long term audit plan, annual working plan and internal audit system setting plan of the Company in accordance with the authorization of the board of directors, and make proposals to the board of directors;
- (5) to propose the appointment or dismissal of the external auditor, to supervise the work of external auditor and to review the report of the external auditor to ensure that the external auditor undertakes the audit responsibilities;
- (6) to facilitate communications and monitor relationship between the internal audit department of the Company and the external auditor;
- (7) to monitor the non-compliance of the Company in respect of financial reporting and internal control; and
- (8) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 167** The risk management committee shall perform the following duties:

- (1) to examine risk management strategy and risk management policies of the Company according to overall development strategic plan, and supervise their implementation and effectiveness;
- (2) to review overall risk management reports of the Company and supervise the deployment, structure, working procedures and effectiveness of the risk management departments; and to evaluate the risk exposure of the Company and make suggestions to the board of directors on the risk management of the Company;
- (3) to supervise the risk control of the senior management members in respect of credit, market and operation risks;
- (4) to formulate and amend the compliance policies of the Company, evaluate and supervise the compliance of the Company and make suggestions to the board of directors; and
- (5) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 168** The majority of the members and the chairman of the nomination and remuneration committee shall be independent directors.

The nomination and remuneration committee shall perform the following duties:

- (1) to formulate procedures and standards for the election of directors and senior management members and make suggestions to the board of directors;
- (2) to make recommendations to the board of directors in respect of the candidates for directors, presidents and board secretary;
- (3) to preliminarily examine the eligibility of the candidates for directors and senior management members;
- (4) to nominate the candidates for chairmen and members of the special committees of the board of directors (other than the chairman of the strategic development committee);
- (5) to review and make recommendation on the composition of the board of directors;
- (6) to organize the formulation of remuneration package of directors and senior management members for the approval of the board of directors and propose remuneration distribution plan according to the performance appraisal of directors and senior management members for the approval of the board of directors; and
- (7) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 169** The connected transaction control committee shall perform the following duties:

- (1) to identify connected persons of the Company and report to the board of directors and the board of supervisors and inform the relevant parties of the Company in a timely manner;
- (2) to review management rules for connected transactions, oversee its implementation and make suggestions to the board of directors;
- (3) to conduct preliminary review on connected transactions to be approved by the board of directors or shareholders' general meeting and submit to the board of directors for approval;
- (4) to consider and approve connected transactions and other matters thereof under authorization by the board of directors;
- (5) to maintain records of connected transactions;
- (6) to consider and approve the annual management report on connected transactions to the board of directors; and

- (7) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and as authorized by the board of directors.

## **CHAPTER 9 SENIOR MANAGEMENT MEMBERS**

**Article 170** The Company shall have one president, several vice presidents and assistants to the president and if necessary, other positions of senior management members such as chief risk officer, chief financial officer and chief audit officer.

President and board secretary shall be appointed or dismissed by the board of directors, while other positions of senior management members shall be nominated by the president, and appointed or dismissed by the board of directors. The Company shall enter into engagement contracts with senior management members.

The Company may, as needed, establish special committees to assist the president in performing his/her duties.

**Article 171** The president shall be responsible for the board of directors and shall perform the following duties:

- (1) to lead the operation and management of the Company, and arrange the implementation of the resolutions of the board of directors;
- (2) to submit annual operation and investment plans of the Company on behalf of senior management members to the board of directors and implement such plans upon approval of the board of directors;
- (3) to formulate plans for the establishment of the Company's internal departments and branches;
- (4) to formulate basic management systems of the Company in respect of internal control and compliance (except internal audit management system);
- (5) to formulate specific regulations of the Company (except internal audit rules);
- (6) to propose to the board of directors on the appointment or dismissal of vice presidents, assistants to the president and other senior management members except board secretary;
- (7) to appoint or dismiss officers other than those who shall be appointed or dismissed by the board of directors (except major officer of the internal audit department);
- (8) to assess the performance of the people in charge of internal departments and branches and determine their emoluments (except major officer of the internal audit department);
- (9) to propose to convene an extraordinary board meeting;

- (10) to conduct or authorize other senior management members, internal departments or branches or the people in charge thereof to conduct operation and management within the authorization of the board of directors;
- (11) to take emergency measures that are in the interests of the Company in the event of significant incidents or other emergencies related to the operation of the Company, and immediately report to the banking regulatory authority of the State Council, the board of directors and the board of supervisors;
- (12) any other functions and powers to be exercised by the president, as provided by laws, regulations, regulatory documents, requirements of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles and as determined by the shareholder's general meeting and the board of directors.

The vice presidents, the assistant to the president and other senior management members shall assist the president with his/her work, and shall implement a system of division of responsibility in accordance with the authorization by the president. When the president is unable to perform his/her duties, the vice presidents or other senior management members designated by the board of directors shall perform the duties of the president on his/her behalf.

**Article 172** The president shall report his/her work to the board of directors regularly or as required by the board of directors, satisfy any request of the board of directors or the board committees, and shall submit themselves to the supervision of the board of supervisors.

**Article 173** The president shall sit in at the board meetings.

**Article 174** The senior management members shall perform their duties honestly and diligently in accordance with laws, regulations, regulatory documents and the Articles.

**Article 175** The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors.

## **CHAPTER 10 SUPERVISORS AND BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 176** A supervisor shall be a natural person. The supervisors of the Company consists of supervisors as representatives of the shareholders ("Shareholder Representative Supervisors"), external supervisors and supervisors as representatives of the employees ("Employee Representative Supervisors"). Employee Representative Supervisors shall be no less than one third of the total number of supervisors. See Section 2 of this chapter for relevant provisions on the external supervisors.

**Article 177** Shareholder Representative Supervisors and external supervisor shall be elected, replaced or removed by the shareholders' general meeting. Employee Representative Supervisors of the Company shall be elected, replaced or removed at the employees' representative meeting by the employees of the Company. Directors and senior management members of the Company shall not be the supervisors concurrently.

**Article 178** The nomination and election procedures of the Shareholder Representative Supervisors are set forth as follows:

- (1) the candidates of Shareholder Representative Supervisors shall be nominated by proposals submitted by the board of supervisors or the shareholders individually or jointly holding 5% or more of the shares of the Company with voting rights, attached with written materials including their basic information and biographies;
- (2) a candidate of Shareholder Representative Supervisor shall, prior to the convening of the shareholders' general meeting, give a written undertaking letter that he/she agrees to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrants that he/she will duly perform his/her obligations as a supervisor after he/she is elected. A written notice of the intention to nominate a candidate of Shareholder Representative Supervisor and the candidate's willingness to be elected and the written materials of the candidate's basic information shall be delivered to the Company no later than 10 days prior to the convening of the shareholder's general meeting;
- (3) the Company shall disclose the detailed information on the candidates of Shareholder Representative Supervisors at least seven days before the convening of the shareholder's general meeting, to ensure shareholders to obtain adequate knowledge about the candidates when casting their votes;
- (4) the shareholders' general meeting shall review and vote on the election of the candidates of Shareholder Representative Supervisors one by one.

**Article 179** The term of office of a supervisor shall be three years. The term of office of the Shareholder Representative Supervisors and external supervisors shall commence from the date of election at the shareholders' general meeting and expire at the end of the term of the current session of the board of supervisors or the date of the annual general meeting of the final year of the term of his/her office. The term of office of the Employee Representative Supervisors of the Company shall commence from the date of election at the employees' general meeting or by other democratic procedures and expire at the end of the term of the current session of the board of supervisors. A supervisor may be re-elected after the expiration of his/her term of office. Supervisors cannot be removed without reason before the expiry of their terms of office.

**Article 180** A supervisor may resign prior to the expiration of his/her term of office. To resign from office, a supervisor shall submit a written resignation to the board of supervisors. The provisions on the resignation of directors under Section 1 of Chapter 8 herein shall be applicable.

In case that the number of supervisors falls below the quorum as a result of delayed re-election upon expiry of the terms of the supervisors of the current session or resignation of supervisors, the existing supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, regulations, regulatory documents and the Articles till a new supervisor takes his/her office.

**Article 181** Supervisors shall perform their duties as supervisors faithfully in accordance with the laws, regulations, regulatory documents and the Articles.

A supervisor who fails to attend two consecutive meetings of the board of supervisors in person or appoint another supervisor to attend such meetings on his/her behalf, or attends in person less than two-thirds of all meetings of the board of supervisors in a year shall be deemed unable to perform his/her duties, and the board of supervisors shall propose to the general meeting of shareholders to remove the supervisor or suggest that the supervisor be removed through employee representatives meeting or other forms of employee democratic procedures.

**Article 182** Supervisors may sit at the board meetings as non-voting attendees and may raise enquires and recommendations.

The supervisors who sit at the board meetings shall report the details of the board meetings to the board of supervisors.

The supervisors may attend the meetings of the board committees and the meetings of the senior management members.

## **Section 2 External Supervisors**

**Article 183** The external supervisors of the Company refer to supervisors who have not taken up any position in the Company other than that of a supervisor, and do not have any relationship with the Company and its substantial shareholders, de facto controller or other related entities or individuals which may hinder them from forming independent and objective judgments.

The Company shall have at least two external supervisors. The external supervisors shall be nominated by the board of supervisors or by shareholders individually or jointly holding not less than 1% of the voting shares in the Company, and shall be elected by the shareholders' general meeting.

The qualifications, terms of office, election, replacement and resignation of the external supervisors shall follow the applicable provisions set out herein in respect of independent directors, mutatis mutandis.

Unless otherwise stipulated in this section, the provisions in Section 1 of this chapter shall apply to external supervisors.

**Article 184** Each external supervisor shall work for not less than 15 working days for the Company each year.

An external supervisor may appoint another external supervisor to attend a meeting of the board of supervisor on his/her behalf, but the number of times he/she attends the meeting in person shall not be less than two-thirds of the total number of the meetings of the board of supervisors.

**Article 185** An external supervisor who falls in any of the following circumstances shall be in serious dereliction of duties:

(1) divulging any trade secret of the Company, hence damaging the legal interests of the Company;



- (2) accepting improper gains in the course of performance of duty;
- (3) taking advantage of his/her position as external supervisor to seek personal gains;
- (4) failing to find out a problem which should have been found out in the course of supervisory inspection, or concealing a problem which has been found out, hence causing material losses to the Company;
- (5) other acts identified to be serious dereliction of duty under the laws, regulations, departmental rules and other regulatory documents or by the banking regulatory authority under the State Council.

**Article 186** The board of supervisors is empowered to propose to the shareholders' general meeting the removal of an external supervisor who falls in any of the following circumstances:

- (1) serious dereliction of duty;
- (2) failing to meet the qualifications required for the position of external supervisor and failing to resign on his/her own;
- (3) having failed to attend the meetings of the board of supervisors in person for three consecutive meetings, or in other circumstance as prescribed in Article 181 (2) of the Articles;
- (4) other circumstances in which one is not suitable to act as external supervisor under the laws, regulations, rules and other regulatory documents.

**Article 187** External supervisors shall be entitled to emoluments and allowances from the Company. The payment standards shall be formulated by the board of supervisors with reference to the emoluments and allowances of the independent directors, and approved by the shareholders' general meeting.

### **Section 3 Board of Supervisors**

**Article 188** The Company shall have a board of supervisors. The board of supervisors is a supervisory entity of the Company and shall be accountable to the shareholders' general meeting.

**Article 189** The board of supervisors of the Company shall be composed of three to nine supervisors. The board of supervisors shall have a chairman. The position of the chairman shall be held by a designated person with relevant accounting, audit, financial or legal professional knowledge and experience. The qualifications of supervisors shall comply with laws, regulations, regulatory documents and the Articles.

The chairman of the board of supervisors shall be elected or dismissed by two-thirds or more of all the supervisors.

**Article 190** The board of supervisors shall have its office which shall be responsible for the preparation of meetings and the special committees under the board of supervisors, preparation of meeting documents and minutes, and assist the board of the supervisors to carry out supervision and inspection work on corporate governance, financial management and internal control and carry out the daily work of the board of the supervisors and the special committees under the board of supervisors.

**Article 191** The board of supervisors shall perform the following duties:

- (1) to examine and supervise the financial condition of the Company, and review the financial information including the financial reports and the profit distribution plan of the Company;
- (2) to supervise the performance of the board of directors and senior management members and to propose the removal of directors and senior management members who are in breach of the laws, administrative regulations, the Articles or resolutions of the shareholders' general meeting;
- (3) to urge directors and senior management members to correct their acts which have impaired the interests of the Company;
- (4) to propose the convening of extraordinary shareholders' general meeting and to convene and preside over shareholders' general meetings when the board of directors fails to perform its duty of convening and presiding over the shareholders' general meeting under laws, regulations and the Articles;
- (5) to submit proposals to the shareholders' general meeting;
- (6) to propose to convene an extraordinary meeting of the board of directors;
- (7) to initiate litigation against directors or senior management members in accordance with the Company Law;
- (8) to formulate the assessment methods and remuneration package of supervisors and carry out appraisal of supervisors for approval at the shareholders' general meeting;
- (9) to monitor the risk management and internal control of the Company and supervise the internal audit department of the Company;
- (10) to formulate amendments to the rule of procedures of the board of supervisors;
- (11) to nominate Shareholder Representative Supervisors, external supervisors and independent directors; and
- (12) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles.

Supervisors may attend the meetings of the board of directors and the senior management members and may make enquiries or suggestions on the resolutions. The board of supervisors may carry out investigation if any irregularities of the operation of the Company are identified. The board of supervisors may exercise its right, if necessary, to engage intermediaries and professionals for assistance at the reasonable expense of the Company.

**Article 192** The board of supervisors shall formulate the rules of procedures of the board of supervisors, which shall be implemented after consideration and approval by the shareholders' general meeting, in order to ensure that the board of supervisors works efficiently and makes decisions scientifically.

**Article 193** Comprehensive auditing results regarding other internal departments and branches of the Company prepared by the internal audit department shall be submitted to the board of supervisors in a timely manner. The board of supervisors shall be entitled to request the board of directors or internal audit department to make explanations in case of any doubt on the auditing results.

The profit distribution proposal formulated by the board of directors shall be submitted to the board of supervisors in advance and the board of supervisors shall provide feedback within five working days upon receipt. If the board of supervisors fails to provide any feedback within the specific period, such proposal shall be deemed to be approved thereby.

**Article 194** The board of supervisors shall have the rights of information, suggestion and report as conferred by the laws and regulations. The Company shall take measures to safeguard the rights of information of the supervisors and provide relevant information to the board of supervisors according to the rules in a timely manner. The board of supervisors may give advice to the board of directors and senior management and submit reports to the shareholders' general meeting as necessary.

Directors, senior management members and other internal departments shall provide relevant materials and explanations to the board of supervisors at its request in performing its duties. The board of supervisors shall be entitled to access the accounts, records and documents of the Company as well as the relevant officers, departments and authorities, which shall provide necessary assistance in respect thereof from time to time.

**Article 195** The chairman of the board of supervisors shall perform the following duties:

- (1) to convene and preside over meetings of the board of supervisors;
- (2) to arrange for the performance of the duties of the board of supervisors;
- (3) to review and sign off the reports, resolutions and other key documents of the board of supervisors;
- (4) to report its work to the shareholders' general meeting on behalf of the board of supervisors;  
and

(5) other duties as stipulated by the laws, regulations, regulatory documents, the securities regulatory authorities of the place where the shares of the Company are listed and the Articles and as authorized by the board of supervisors.

When the chairmen of the board of supervisors is unable or fails to perform his/her duties for any reason, a supervisor elected by more than half of all the supervisors shall perform such duties.

**Article 196** The meetings of the board of supervisors are divided into regular meetings and extraordinary meetings of the board of supervisors.

**Article 197** Regular meetings of the board of supervisors shall be convened at least once every six months. Regular meetings of the board of supervisors shall not be convened by way of correspondence. The board of supervisors should inform all supervisors in writing 10 days prior to the holding of the regular meeting.

**Article 198** The chairman of the board of supervisors shall convene an extraordinary meeting within 10 days from the date of receipt of the following requests:

- (1) request by more than one-third of all the supervisors; or
- (2) request by all external supervisors; or
- (3) other circumstances as stated in the laws, regulations, regulatory documents and the Articles.

The chairman of the board of supervisors may convene an extraordinary meeting if necessary.

To convene an extraordinary meeting of the board of supervisors, written notice shall be given seven days before the date of meeting. In a case of emergency where an extraordinary meeting of the board of supervisors is required to be held, notice of the meeting may be made through telephone or by other verbal forms, provided that the convener shall make explanation at the meeting.

**Article 199** A notice for the meeting of the board of supervisors shall include the following:

- (1) the time and venue of the meeting and the means by which the meeting will be held;
- (2) the convener of the meeting;
- (3) the duration of the meeting;
- (4) the agenda, subject matter and proposals of the meeting;
- (5) the date on which the notice is served; and
- (6) the name and contact of the contact person of the meeting.

**Article 200** The notice convening a meeting of the board of supervisors shall be given in the following ways:

- (1) a notice convening a regular meeting shall be in writing; a notice convening an extraordinary meeting shall be given in writing, with the exception of emergency where such notice may be given via telephone or verbal communications and followed by a written notice thereafter; and
- (2) such notice may be given by personal delivery, registered mail, facsimile, email or other means. In case of non-personal delivery, the Company shall confirm by phone and keep the record accordingly.

**Article 201** A meeting of the board of supervisors shall not be conducted unless two-thirds or more of the supervisors (including those who appoint other supervisors to attend the meeting on his/her behalf) are present.

**Article 202** Supervisors shall attend the meetings of the board of supervisors in person. If a supervisor is unable to attend a meeting for any reason, he/she may appoint another supervisor in writing to attend the meeting on his/her behalf. A proxy form shall state the name of the proxy, the scope of the authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal and the proxy.

The supervisor attending the meeting on behalf of another supervisor shall exercise his/her power within the scope of authorization. A supervisor does not attend a meeting of the board of supervisors either in person or by proxy shall be deemed to have waived his/her voting right at the meeting.

**Article 203** Meetings of the board of supervisors shall be convened and chaired by the chairman of the board of supervisors. When the chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor elected by more than half of all the supervisors shall perform such duties.

**Article 204** The meeting of the board of supervisors may be held onsite or by way of correspondence. For the convenience of the supervisors, the onsite meeting may also be held by telephone, video or other means, and the supervisors present at the meetings by such means shall be deemed to attend the meeting in person.

**Article 205** At a meeting of the board of supervisors, the vote may be taken by show of hands or open ballot. Each supervisor shall have one vote. The supervisor who has not cast a vote shall be deemed to have waived his/her voting right.

**Article 206** The resolutions of the meeting of the board of supervisors shall be passed by not less than two-thirds of all the supervisors.

**Article 207** The board of supervisors shall prepare minutes for matters which are discussed at its meeting. The supervisors (or their proxies) and minute-taker present at the meeting shall sign the meeting minutes. A supervisor shall have the right to request to have his/her speech at the meeting to be recorded in the minutes to express his/her dissenting opinions. The minutes of the meetings of the board of supervisors shall be maintained as archives of the Company according to the archive management system of the Company.

#### **Section 4 Committees under the Board of Supervisors**

**Article 208** The supervision committee shall be established under the board of supervisors of the Company. The board of supervisors may, based on the needs of the Company, establish other special committees or restructure the existing committees under the board of supervisors. The special committees under the board of supervisors shall be accountable to the board of supervisors, and assist the board of supervisors to perform its obligations under the authority of the board of supervisors.

**Article 209** The supervision committee shall comprise of at least three supervisors, of which one or more external supervisors shall be included, and the chairman of the committee shall be an external supervisor. The duties of the supervision committee primarily include:

- (1) to review the financial report of the Company and give advice to the board of the supervisors;
- (2) to assess the internal control of the Company and give advice to the board of the supervisors;
- (3) to assess the performance of the directors and senior management members and give advice to the board of the supervisors;
- (4) to supervise the risk management of the Company; and
- (5) to perform other duties as authorized by the board of the supervisors.

### **CHAPTER 11 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS**

**Article 210** The qualification of a director, supervisor and senior management member of the Company shall be in compliance with the applicable laws, rules, regulations and other regulatory documents and the Articles. The qualification of directors (including independent directors) and senior management members shall be verified by the banking regulatory authority of the State Council.

**Article 211** A person may not serve as a director, supervisor or any senior management member of the Company in any of the following circumstances:

- (1) a person without legal capacity or with restricted legal capacity;
- (2) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging social economic orders or who has been deprived of his/her political rights;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to close down its business due to a violation of law and who had personal liability;
- (5) a person who has relatively large amount of debts due and outstanding;
- (6) a person who is subject to criminal investigation by the legal authority which is still pending;
- (7) a person who is removed from office by other institutions or organizations due to the failure of performance of obligations involving his/her credibility;
- (8) a non-natural person;
- (9) a person who is convicted of contravention of relevant securities regulations provisions by the relevant regulatory authorities of the State, and such conviction involves a fraudulent act or dishonesty, where not more than five years have elapsed since the date of the conviction; or
- (10) a person of whom laws, regulations, regulatory documents, the banking regulatory authority of the State Council and other regulatory bodies deem not appropriate to act as a director, supervisor or senior management member.

The Company shall remove or dismiss a director, supervisor or senior management member according to the procedures stipulated by the Articles if item (1) applies to him during his/her term of office.

**Article 212** The validity of an act of a director or senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any non-compliance in his/her office, election or his/her qualification.

**Article 213** The directors, supervisors and senior management members of the Company shall comply with the laws, rules, regulations and the Articles and shall diligently and honestly perform their duties for the interests of the Company and shareholders.

In addition to the obligations imposed by laws, regulations and listing rules of the stock exchange on which the shares of the Company are listed, each of the directors, supervisors and senior management members of the Company owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him/her:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the property of the Company, including (without limitation) usurpation of opportunity advantageous to the Company; and
- (4) not to expropriate the rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to the restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles.

**Article 214** Each of the directors, supervisors and senior management members owes a duty, in the exercise of his/her powers or discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances.

**Article 215** Each of the directors, supervisors and senior management members shall perform his/her duties in accordance with the fiduciary principle and shall not put himself/herself in a position where his/her duties and interests may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, regulations or with the informed consent of shareholders given in shareholders' general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in shareholders' general meeting, not to use the Company's property in any form for his/her own benefit;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;



- (8) without the informed consent of shareholders given in a general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company or insider information to advance his/her own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) 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 any shareholder of the Company or any other person with the assets of the Company; and
- (12) unless with the informed consent of the shareholders given in shareholders' general meeting, to keep in confidence confidential information regarding the Company acquired by him/her in the course of and during his/her term and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to courts or other government authorities is permitted if:
  - (i) disclosure is required by law;
  - (ii) disclosure is required for public interest; or
  - (iii) the interests of the relevant director, supervisor or senior management member require disclosure.

**Article 216** Each director, supervisor or senior management member of the Company shall not cause the following persons or institutions ("Associate(s)") to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor or senior management member;
- (2) a person acting in the capacity of trustee of that director, supervisor or senior management member or any person referred to in paragraph (1) above;
- (3) a person acting in the capacity of partner of that director, supervisor or senior management member or any person referred to in paragraphs (1) and (2) above;
- (4) a company in which that director, supervisor or senior management members, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above, or other directors, supervisors and senior management members, have a de facto controlling interest; and
- (5) the directors, supervisors and senior management members of the controlled company referred to in paragraph (4).

**Article 217** The fiduciary duties of the directors, supervisors and senior management members of the Company do not necessarily cease upon termination of their terms of office. The duty to keep confidential trade secrets of the Company survives the termination of their terms of office. The continuous period of other duties must be decided according to the principle of fairness, 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.

**Article 218** A director, supervisor or senior management member of the Company may be relieved from liability for specific breaches of his duties by the informed consent of the shareholders' general meeting, unless otherwise provided for in Article 57 herein.

**Article 219** Where a director, supervisor, or senior management member of the Company is in any way, directly or indirectly, have a material interest in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, whether or not the relevant matters thereof is otherwise subject to the approval of the board of directors under normal circumstances.

Unless the interested director, supervisor or senior management member discloses his/her interests in accordance with the above paragraph and the relevant matter is approved at a meeting of the board of directors in which such interested director, supervisor or senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement is voidable by the Company, except against a bona fide party thereto acting without notice of the breach of duty by the relevant director, supervisor or senior management member.

A director, supervisor or senior management member of the Company is deemed to have an interest in a contract, transaction or arrangement in which an associate(s) of him/her has an interest.

**Article 220** Where a director, supervisor or senior management member of the Company gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he/she has an interest in contracts, transactions and arrangements of any description which may subsequently be made by the Company, such notice shall be deemed to be a sufficient declaration of his/her interest, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 221** The Company shall not pay taxes for its directors, supervisors or senior management members by any means.

**Article 222** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to any of the directors, supervisors or senior management members, or any of their respective Associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee of a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of the directors, supervisors and senior management members to meet expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his duties, in accordance with the terms of an employment contract approved by shareholders' general meeting; and
- (3) the Company may provide a loan or a guarantee in connection with the provision of a loan to any of the directors, supervisors and senior management members or their respective Associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes providing loans and guarantees.

**Article 223** A loan made by the Company in breach of the above provisions shall be immediately repaid by the recipient of the loan regardless of the terms of the loan.

A guarantee provided by the Company in breach of clause (1) of the preceding Article shall be unenforceable against the Company, unless:

- (1) at the time when the loan was provided to an Associate of any of the directors, supervisors and senior management members of the Company, the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 224** The aforesaid guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 225** In addition to any rights and remedies provided by the laws and regulations, where a director, supervisor or senior management member of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the relevant director, supervisor or senior management member in compensation for losses incurred by the Company as a result of his/her negligence;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor or senior management member or with a third party (where the third party knows or should know that there is a breach of obligation by such director, supervisor or senior management member);
- (3) demand a surrender of profits made by the director, supervisor or senior management member in breach of his/her duties;
- (4) recover any funds received by the director, supervisor or senior management member which should have been received by the Company, including (without limitation) commissions; and

(5) demand return of the interests earned or may have earned by the director, supervisor or senior management member on funds that should have been paid to the Company.

**Article 226** With the prior approval at a shareholders' general meeting, the Company shall sign written contracts with its directors and supervisors concerning his/her emoluments. Such emoluments include:

- (1) emoluments in respect of his/her service as a director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his/her service as a director, supervisor, or senior management member of a subsidiary of the Company;
- (3) emoluments otherwise in connection with the provision of other management services to the Company or its subsidiary; and
- (4) compensation for his/her loss of office or retirement as a director or supervisor.

A director or supervisor shall not file any lawsuit against the Company for the benefits they are entitled to for the foregoing matters other than pursuant to the aforesaid contracts.

**Article 227** In the contract for emoluments entered into by the Company with a director or supervisor, it shall be provided that such director or supervisor has the right to receive, in connection with the takeover of the Company and subject to the prior approval of the shareholders' general meeting, compensation or other payments for loss of office or retirement from office. A takeover of the Company means any of the following circumstances:

- (1) an offer is made to all shareholders of the Company; or
- (2) an offer is made such that the offeror will become the controlling shareholder of the Company. The definition of the controlling shareholder has the same meaning as defined in Article 294 herein.

If any director or supervisor does not comply with the above requirements, any sum payable to them shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred for the pro rata distribution of the sum among those persons shall be borne by the relevant director and supervisor and shall not be deducted from the sum distributed.

**Article 228** The Company will adopt the standard and procedures of fairness and justice for conducting the performance assessment on directors, supervisors and senior management members, and establish an incentive system through which the emoluments will be linked to the Company's effectiveness and individual results.

**Article 229** Where a director, supervisor or senior management member is in violation of laws, regulations, regulatory documents and the Articles and causes any loss incurred by the Company and the shareholders, such director, supervisor or senior management member shall assume the liability accordingly.

The Company may establish a liability insurance system for directors, supervisors or senior management members if necessary, so as to mitigate the risks resulting from duly performing their responsibilities by directors, supervisors or senior management members.

## **CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND INTERNAL AUDIT**

### **Section 1 Financial and Accounting System and Profit Distribution**

**Article 230** The Company shall establish its financial and accounting system in accordance with the laws, regulations and the accounting standards formulated by the financial authority of the PRC.

**Article 231** The Company adopts the calendar year as the accounting year, starting on January 1 and ending on December 31 of each calendar year. The Company shall, upon termination of each accounting year, prepare its financial report in accordance with the laws, regulations and rules subject to the audit of an accounting firm in accordance with the laws.

**Article 232** The Company shall not keep any accounting book other than the statutory accounting books. The assets of the Company shall not be kept under the account set up in the name of any individual.

**Article 233** The board of directors shall at each annual general meeting submit to shareholders the financial reports prepared by the Company as required by relevant laws, regulations and regulatory documents.

**Article 234** The financial reports of the Company shall be made available at the Company for review by shareholders 20 days before the date of annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Unless otherwise provided in the Articles, the Company shall, at least 21 days before the date of every annual general meeting, deliver by hand or by prepaid post the aforesaid financial reports and the reports of the board of directors to each holder of the overseas listed foreign shares of the Company at the addresses specified in the register of members.

Subject to the laws and regulations and the listing rules of the place where the shares of the Company are listed, the aforesaid financial reports and reports of the board of directors may also be delivered to the shareholders by other means as provided for in the Articles.

**Article 235** In addition to financial statements prepared in accordance with PRC accounting standards and regulations, the Company may also prepare its financial statements according to the international accounting standards or overseas accounting standards in the place where the shares of the Company are listed. Material differences between the financial statements prepared according to different accounting standards shall be explicitly explained in the notes to the financial statements. When distributing the after-tax profits in the fiscal year, the Company shall base on the lower of the after-tax profits in the aforesaid two financial statements.

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations and may also be prepared in accordance with either international accounting standards or accounting standards of the foreign stock exchange where the shares of the Company are listed.

**Article 236** The Company shall publish its financial reports twice in each fiscal year, i.e. the interim financial report within 60 days after the end of the first six months of a fiscal year and the annual financial report within 120 days after the end of a fiscal year.

Any other requirements of the securities regulatory authorities of the place where the shares of the Company are listed shall be followed.

**Article 237** The capital reserves fund shall include the following items:

- (1) premium received in excess of the par value of the issued shares; and
- (2) other revenue as required by the financial authorities of the State Council to be so included.

**Article 238** The Company may distribute final or interim dividend in forms of cash and shares. Profit distribution policy of the Company shall be consistent and stable, and shall take into account of the long-term interest of the Company, the interests of the shareholders as a whole and the sustainable development of the Company. The Company shall give priority to profit distribution in cash.

Except under special circumstances, profits distributed in cash for each year shall not be less than 10% of the net profit attributable to the shareholders of the Group for such financial year. The Company may adjust its profit distribution policy due to force majeure such as war or natural disaster, or changes in external operation environment which have material effects on the operation of the Company, or significant changes in the operation conditions of the Company. The adjustment of profit distribution policy shall be submitted by the board of directors to the shareholders' general meeting for approval by special resolution.

Special circumstances refer to the prohibition of dividend distribution by laws and regulations, including but not limited to the general reserves or capital adequacy levels failing to comply with regulatory requirements.

Shareholders are entitled to receive interests payable in respect of any capital paid up for the shares before the date of payment ("Date of Payment") specified by the Company. However, shareholders may not participate in the dividend distribution declared before the Date of Payment in respect of any shares paid up prior to the Date of Payment.

**Article 239** The after-tax profits of the Company shall be distributed in the following order of priority:

- (1) offsetting the losses in previous years;
- (2) contributing 10% of them to its statutory reserve fund;

- (3) contributing to its general reserves in accordance with the applicable laws, regulations, regulatory documents and the relevant requirements of the relevant regulatory authorities of the State;
- (4) contributing to its discretionary reserves fund in accordance with the resolution of shareholders' general meetings;
- (5) paying dividends to its shareholders.

No further contribution to the statutory reserves fund is required when the cumulative amount of the statutory reserves fund exceeds 50% of the registered capital of the Company.

Any distribution of the profits of the Company to any shareholders before offsetting losses or contributing to statutory reserves fund in violation of item (1) of this Article shall forthwith be returned to the Company.

The shares held by the Company shall not be distributed as dividends. In the event of misappropriation of capital by shareholders, the Company shall deduct the cash dividends distributable to such shareholders in order to repay the misappropriated capital.

The payment of dividends on preference shares shall be subject to laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and where the preference shares are issued or listed, and the Articles.

**Article 240** The reserves funds of the Company shall be used to cover its losses, expand the operation, or converted into the capital of the Company. The capital reserves fund shall not be used to cover the losses of the Company.

When converting any reserves fund into share capital, new shares shall be distributed to shareholders in proportion to their original shareholdings. When converting any statutory reserves fund into share capital, the remaining statutory reserves fund shall be no less than 25% of its registered capital prior to such conversion.

**Article 241** The Company shall appoint receiving agents on behalf of holders of the overseas listed shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas listed shares.

The receiving agents appointed shall comply with the laws and the requirements of the stock exchanges of the place where the shares of the Company are listed.

The receiving agents appointed on behalf of holders of the overseas listed shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

For dividends that are not claimed by anyone, the Company may exercise the right of expropriation under the precondition of complying with the relevant laws and regulations of China, but the right shall be exercised only after the expiration of the applicable period.

The Company shall send dividend warrants to shareholders by mail directly or through the proxy. The Company shall have the right to terminate sending dividend warrants to shareholders by mail after a dividend warrant fails to be redeemed for two consecutive occasions. However, the Company can exercise the right after the first occasion on when such a dividend warrant is returned undelivered.

The Company shall have the right to sell the shares of shareholders of overseas listed shares who are untraceable in a way deemed appropriate by the board of directors, provided the following conditions are met:

- (1) the Company has distributed dividends at least three times to such shares within 12 years, and the dividends are not claimed by anyone during the period; and
- (2) the Company publishes announcement in one or more newspapers in the place where the shares of the Company are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the stock exchange on which the shares of the Company are listed.

## **Section 2 Internal Audit**

**Article 242** The Company shall establish an internal audit system and staff full time auditing professionals to conduct independent supervision, inspection and assessment on the financial income and expenses, business activities, risk exposure and internal control of the Company, and report any material matters found in the course of auditing to the board of directors or the audit committee of the board of directors.

The board of directors of the Company shall be responsible for approving internal audit basic management system and regulations, medium-to-long term audit plan, annual working plan and internal audit system, determining or authorizing the audit committee to decide internal audit budget, remuneration of staff and the appointment and removal of major officers and ensuring the independence of internal audit.

**Article 243** The senior management members of the Company shall ensure and facilitate the implementation of the internal audit system and performance of duties by the internal audit personnel of the Company, and shall, in need of the internal audit, promptly provide the internal audit department with materials and information in relation to the financial position, risk exposure and internal control of the Company, and shall not hinder or impede the internal audit department from conducting audit within its scope of duties.

## **CHAPTER 13 APPOINTMENT OF AN ACCOUNTING FIRM**

**Article 244** The Company shall appoint an independent accounting firm which is qualified under relevant regulations of the PRC to audit the annual financial reports and other reports of the Company.

The board of supervisors shall monitor the independence and effectiveness of external audit.



**Article 245** The term of office of the accounting firm appointed by the Company shall commence from the conclusion of the annual general meeting at which the appointment is made and shall end at the conclusion of the next annual general meeting.

**Article 246** An accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the accounting books, records and documents of the Company at any time, and to request the directors and senior management members of the Company to provide relevant information and explanation;
- (2) to request the Company to adopt all reasonable measures to obtain from its subsidiaries such information and explanation as required by the accounting firm for performing its duties; and
- (3) to attend the shareholders' general meeting, and to obtain the notice of the meeting or other information regarding the meeting, and to explain any matters related to it as the accounting firm engaged by the Company at the shareholders' general meeting.

**Article 247** The board of directors shall fill any casual vacancy in the office of the accounting firm before the convening of shareholders' general meeting subject to the approval of the following annual general meeting. If the Company has other serving accounting firm, such accounting firm shall continue to perform its duties as long as the vacancy remains unfilled.

**Article 248** Notwithstanding the terms of contract between an accounting firm and the Company, the shareholders' general meeting may dismiss that firm by ordinary resolution before the expiration of term of office of the accounting firm. The dismissal shall not limit the rights of the accounting firm to claim for compensation.

**Article 249** The emoluments or the basis of emoluments of the accounting firm shall be determined by the shareholders' general meeting. The emoluments of the accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 250** The appointment, dismissal and non-reappointment of an accounting firm by the Company shall be resolved at shareholders' general meeting and shall be filed with the relevant securities regulatory authorities of the State Council.

The shareholders' general meeting shall abide by the following provisions when proposing to pass a resolution regarding the appointment of an accounting firm not currently serving the Company to fill the vacancy of an accounting firm, or the renewal of terms of service of an accounting firm appointed by the board of directors to fill a vacancy, or the dismissal of an accounting firm before the expiry of its term:

- (1) the proposal of appointment or dismissal shall be sent to the accounting firm to be appointed, to be or has been terminated prior to the issue of notice of shareholders' general meeting.

The termination of an accounting firm includes dismissal, resignation and retirement.

- (2) if the accounting firm being terminated requires the Company to forward its written statement of shareholders, the Company shall take the following measures unless the written statement is not received in time:
  - (i) to state on the notice issued for adoption of the resolution that an accounting firm about to leave its post has made a statement; and
  - (ii) to deliver a copy of the statement to shareholders as an appendix to the notice to of meeting in accordance with the Articles.
- (3) if the statement of the accounting firm is not delivered in accordance with paragraph (2) above, the relevant accounting firm may request such statement to be read at the shareholders' general meeting and may make further appeals.
- (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
  - (i) the shareholders' general meeting at which its term of service would otherwise have expired;
  - (ii) the shareholders' general meeting for filling the vacancy caused by its dismissal; and
  - (iii) the shareholders' general meeting convened as a result of its voluntary resignation.

The accounting firm leaving its post shall be entitled to receive all notices of the aforementioned meetings and other information relating to such meetings and shall also be entitled to present its views at the meetings on matters in relation to its previous engagement as the accounting firm of the Company.

**Article 251** The Company shall notify the accounting firm in advance before the dismissal or non-reappointment of such accounting firm. The accounting firm shall be allowed to present its view at the shareholders' general meeting at which the dismissal is considered. Where the accounting firm resigns, it shall be requested by the Company to explain to the shareholders' general meeting whether there is any impropriety on the part of the Company.

Any accounting firm may resign its office by depositing at the legal residence of the Company a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances in relation to its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any relevant situations which needs to be brought to the notice.

The Company shall send a copy of the notice to the relevant authorities of the State within 14 days upon receipt of the written notice. If the notice contains a statement under sub-paragraph (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The copy of such statement shall also be sent by prepaid mail to holder of the overseas listed shares of the Company at the address as recorded in the register of member.

Where the accounting firm's notice of resignation contains a statement of any circumstances which should be brought to the notice of the shareholders of the Company, the accounting firm may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 14 STAFF MANAGEMENT**

**Article 252** The Company shall comply with the provisions of the laws, regulations, rules and other regulatory documents on various aspects of social security such as labour and employment, labour protection and social insurance, and shall be obliged to respect and protect the legitimate rights and interests of the staff of the Company.

The Company shall establish a market-oriented and regulated human resources management system.

**Article 253** In accordance with the relevant provisions of the PRC government, the Company shall have the right to decide, on its own, its staff recruitment terms, the number of recruits, the timing of recruitment, the forms of recruitment and the forms of employment.

**Article 254** The Company adopts a labour contract system for all staff, management personnel and technicians according to its operation and management needs.

The Company shall adopt a staff remuneration system with satisfactory incentives and effective restrictions, and continuously improve the overall remuneration and welfare levels of the staff in tandem with management and efficiency enhancement.

The Company shall adopt a scientific, reasonable, and comprehensive training system, integrate training with the career of the staff, and promote the growth of both the Company and the staff.

**Article 255** The Company shall formulate specific rules and regulations on staff awards and punishment, award staff members who have made outstanding contribution, and punish or dismiss those who are in breach of discipline.

**Article 256** Any labour disputes which arise between the Company and the staff shall be handled in accordance with the provisions of the relevant laws, regulations and the relevant provisions of the Company on labour dispute settlement.

## CHAPTER 15 MERGER AND DIVISION

**Article 257** The Company may undertake merger or division in accordance with the laws. Any merger and division of the Company shall be in compliance with the requirements of laws and regulations, including the Company Law.

**Article 258** Where the Company undertakes the merger or division, it shall be proposed by the board of directors and adopted by the shareholders' general meeting through procedures stipulated in the Articles and go through relevant examination and approval procedures in accordance with the laws. Shareholders who object to the proposal of merger or division are entitled to request the Company or shareholders who agree to the proposal of merger and division to purchase their shares at a fair and reasonable price. The content of resolutions regarding merger or division of the Company shall be prepared as a special document for inspection by shareholders. The aforesaid documents shall be dispatched by mail to holders of overseas listed shares.

**Article 259** The merger of the Company may take the form of merger of absorption or merger by establishment of a new company.

**Article 260** Where the Company undertakes a merger, the relevant parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date on which the resolution is passed regarding the merger and shall publish an announcement in a newspaper within 30 days thrice. The creditors are entitled to require the Company to repay the debts or provide corresponding guarantees within 30 days after the receipt of such notices or within 45 days if no such notice is received.

**Article 261** In the event of a merger of the Company, the rights and obligations of the debts of the parties to the merger shall be assumed by the Company surviving the merger or the new company established after the merger.

**Article 262** Where the Company is divided, its property shall be divided correspondingly.

Where the Company is divided, the parties to the division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date the resolution is passed regarding the division and publish an announcement in a newspaper within 30 days thrice.

**Article 263** The Company established after the division shall assume joint and several liability for the debts incurred by the Company before the division, unless otherwise stipulated in any written agreement on the settlement of debts entered into by the Company and its creditors prior to the division.

**Article 264** The Company shall, in accordance with law, apply for change in its registration with the Company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Where the Company increases or decreases its registered capital, procedures for alteration of registration shall be handled at the Company registration authority in accordance with law.

## CHAPTER 16 DISSOLUTION AND LIQUIDATION

**Article 265** In any of the following circumstances, the Company may be dissolved in accordance with the laws:

- (1) dissolution as resolved by a shareholders' general meeting;
- (2) dissolution as a result of merger or division of the Company;
- (3) its business license is revoked or it is ordered to close down its business or its business license is cancelled in accordance with the laws;
- (4) declaration of bankruptcy in accordance with the laws; or
- (5) where the Company suffers significant hardship in its operation or management so that the interests of its shareholders are subject to significant loss if the Company continues to exist, and that the situation cannot be resolved by any other means, the shareholders holding 10% or more of the voting rights of all the shareholders of the Company may petition the people's court to dissolve the Company.

**Article 266** Where the Company is dissolved in accordance with item (1) or (5) of Article 265, a liquidation committee shall be formed according to the laws within 15 days after obtaining the approval of the banking regulatory authority of the State Council. The members of the liquidation committee shall be determined by way of ordinary resolution at shareholders' general meeting.

Where the Company is dissolved in accordance with item (3) of Article 265, the banking regulatory authority of the State Council shall set up a liquidation committee consisting of shareholders, relevant institutions and relevant professionals to carry out the liquidation.

Where the Company is dissolved in accordance with item (4) of Article 265, the people's court shall set up a liquidation committee consisting of shareholders, relevant institutions and relevant professionals according to the laws to carry out the liquidation.

**Article 267** Where the board of directors decides to liquidate the Company (due to causes other than where the Company has declared that it is insolvent), the board of directors shall, in its notice convening a shareholders' general meeting, declare that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to repay its debts within 12 months after the commencement of the liquidation.

Upon passing of the resolution at the shareholders' general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease forthwith.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once a year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report before the shareholders' general meeting on completion of the liquidation.

**Article 268** The liquidation committee shall exercise the following functions and powers during the liquidation:

- (1) to sort out the property of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to give notices or publish announcements to the creditors;
- (3) to deal with and liquidate any unsettled business of the Company;
- (4) to settle due taxes and taxes accrued during the liquidation;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets of the Company after the Company's debts have been repaid;  
and
- (7) to participate in civil litigations on behalf of the Company.

**Article 269** The liquidation committee shall give notices to the creditors within 10 days after its establishment and issue announcements for at least three times in the newspaper within 60 days after its establishment. The creditors shall report claims to the liquidation committee within 30 days after the date of the receipt of such notices or within 45 days after the date of the first announcement if no notice is received.

When reporting claims, a creditor shall explain the relevant particulars of the claims and provide supporting materials. The liquidation team shall register the claims.

In the period of reporting claims, the liquidation committee should not make any debt repayment to the creditors.

**Article 270** After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting, the people's court or the relevant authorities of the State for confirmation.

The remaining property of the Company shall be distributed to the shareholders in proportion of shares held by each of the shareholder after payments have been made of the liquidation fees, salaries of the employees, social security expenses and statutory compensation, taxes and debts of the Company.

During the liquidation, the Company remains in existence but shall not carry out any operating activity which does not relate to the liquidation. The property of the Company shall not be distributed to the shareholders before the debts are settled pursuant to the preceding paragraph.

**Article 271** After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, in the event that the property of the Company is insufficient to repay the debts, the liquidation committee shall apply to the people's court for declaration of bankruptcy.

After the people's court declares bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 272** After the completion of liquidation, the liquidation committee shall prepare a liquidation report for the approval by the shareholders' general meeting or relevant competent regulatory authority. The liquidation committee shall, within 30 days after the confirmation of the shareholders' general meeting or competent regulatory authority, submit the aforesaid documents to the company registration authority, apply to deregister the Company and publish an announcement on the dissolution of the Company.

**Article 273** Members of the liquidation committee shall be dedicated to their duties and carry out the liquidation work in accordance with the laws.

Members of the liquidation committee shall not abuse their powers to receive bribes or other illegal income and shall not misappropriate the property of the Company.

Any member of the liquidation committee shall be liable for any loss caused to the Company or creditors due to his intentional misconduct or gross negligence.

**Article 274** Where the Company is declared bankrupt according to the laws, the liquidation shall be carried out in accordance with relevant laws on corporate bankruptcy.

## CHAPTER 17 NOTICE

**Article 275** Notices of the Company may be given in one or more of the following ways:

- (1) by hand;
- (2) by post;
- (3) by facsimile;
- (4) by electronic mail;
- (5) subject to the laws, regulations, regulatory documents and relevant rules of the securities regulatory authorities of the place where the Company's shares are listed, by posting on the website designated by the Company and the foregoing regulatory authority;
- (6) by way of an announcement made on newspapers or other designated media;
- (7) such ways as the Company and the notified party agreed in advance or any other way which is recognized by the notified party upon receipt of the notice; and

- (8) other ways which are recognized by the securities regulatory authorities of the place where the shares of the Company are listed or stipulated in the Articles.

Notwithstanding any provisions in the Articles on the forms in which any document, notice or other communication is to be released or given, subject to relevant rules of the securities regulatory authorities of the place where the shares of the Company are listed, the Company may elect to release corporate communications in the way stipulated in item (5) of clause 1 of this Article as a substitute for a written document delivered by hand or by prepaid mail to every holder of overseas listed shares. The foregoing corporate communication refers to any document sent or to be sent by the Company for its shareholders' reference or actions, including but not limited to annual report (including annual financial report), interim report (including interim financial report), report of the board of directors (including balance sheet and income statement), notice of the shareholders' general meeting, circular and other communication documents.

**Article 276** Where the securities regulatory authorities of the place where the shares of the Company are listed requests that the Company deliver, mail, distribute, issue, publish or by any other means to provide relevant documents of the Company in both English and Chinese, if the Company has made appropriate arrangements to determine whether its shareholders desire to receive the English version or the Chinese version only, and to the extent permitted by and in accordance with applicable laws, regulations and regulatory documents, the Company may, according to the preference expressed by its shareholders, deliver only the English version or Chinese version to the shareholders.

**Article 277** If the notice is sent out by courier and the served party signs (or seals) on the service receipt, the date when the served party acknowledges the receipt of the notice shall be the date of service. If the notice is sent out by mail, the 48th hour after the date when the notice is delivered to the post office shall fall within the date of service. If the notice is sent out by facsimile, electronic mail or posted on the website, the date of sending out or posting shall be the date of service. If the notice is sent out as an announcement, the date of the publication of the announcement for the first time shall be the date of service.

## **CHAPTER 18 ALTERATIONS TO THE ARTICLES OF ASSOCIATION**

**Article 278** The Company may amend the Articles in accordance with the laws, regulations and the Articles.

**Article 279** The Company shall amend the Articles in any of the following circumstances:

- (1) any terms contained in the Articles becoming inconsistent with the provisions of the amended PRC Company Law and other relevant laws and regulations from time to time;
- (2) changes of the Company resulting in the non-compliance with the Articles; or
- (3) a resolution being passed by the shareholders' general meeting to amend the Articles.



**Article 280** Any amendments to the Articles which are subject to approval by relevant authorities shall be filed to the relevant authorities for approval. Where an amendment to the Articles shall be subject to registration, the Company shall register such amendments in accordance with the laws.

**Article 281** The board of directors shall amend the Articles in accordance with the resolution and authorization in relation to the amendments to the Articles passed at a shareholders' general meeting and the opinion given by the relevant authorities of the State and shall register the amendments with the competent authority.

## **CHAPTER 19 SETTLEMENT OF DISPUTES**

**Article 282** The Articles shall be binding upon the Company and its shareholders, directors, supervisors and senior management members. All of the above persons may make claims related to matters of the Company in accordance with the Articles.

Pursuant to the Articles, the shareholders shall have the right to sue the Company; the Company shall have the right to sue its shareholders; the shareholders shall have the right to sue other shareholders; the shareholders and the Company shall have the right to sue directors, supervisors and senior management members of the Company.

For the purposes of the preceding paragraph, the term "sue" shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

**Article 283** The Company follows the following rules for settlement of dispute:

- (1) Any dispute or claim of rights relating to the affairs of the Company and arising between holders of overseas listed shares and the Company, or between holders of overseas listed shares and directors, supervisors or senior management members of the Company, or between holders of overseas listed shares and holders of domestic shares, and arising as a result of the rights and obligations provided for in the Articles, the Company Law and other applicable laws, administrative regulations, shall be referred to arbitration by the parties involved.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, where the persons being the Company or shareholders, directors, supervisors or senior management members of the Company, shall comply with the arbitration.

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

- (2) A claimant may elect for arbitration to be carried out 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 the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (3) The resolution of any dispute or claim of rights referred to in term (1) above by arbitration is subject to the PRC laws, unless otherwise required by the laws and administrative regulations.
- (4) An arbitral award made by the arbitral body is final and binding on all parties.

## **CHAPTER 20 SPECIAL PROVISIONS ON PREFERENCE SHARES**

**Article 284** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities in the place where the shares of the Company are listed and this Chapter, the rights and obligations of holders of preference shares and management of preference shares shall be governed by the provisions relating to ordinary shares in the Articles.

**Article 285** The number of preference shares issued by the Company shall not exceed 50% of the total number of ordinary shares of the Company, and the capital raised from the issuance of preference shares shall not be more than 50% of the net assets value of the Company prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

**Article 286** The Company formulates terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Company shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In circumstances when the preference shares shall be mandatorily converted into ordinary shares, the Company shall report such conversion to banking regulatory authorities under the State Council for review and approval.

**Article 287** The preference shares issued by the Company shall not have any put option. Subject to the approval of the banking regulatory authorities under the State Council and upon compliance with the relevant requirements, the Company has the right to redeem all or part of the preference shares after the fifth year (inclusive) following the date of the relevant issuance of the preference shares or in circumstances acknowledged by such regulatory authorities as the banking regulatory authorities under the State Council. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The Company shall write down the total amount of outstanding preference shares after the Company redeems the preference shares.

The exercise by the Company of its right to redeem the preference shares shall be subject to the fulfilment of the following conditions:

- (1) the Company shall use capital instruments of the same or superior quality to replace the preference shares to be redeemed and such replacement shall only be made at a time at which the Company has a sustainable income generating capability; or

- (2) the capital position of the Company after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authorities under the State Council.

The redemption price of preference shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the current period.

**Article 288** Holders of preference shares of the Company shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Company on liquidation in priority to ordinary shareholders;
- (3) upon the occurrence of the circumstances provided in Article 290, to attend and vote at shareholders' general meetings;
- (4) upon the occurrence of the circumstances provided in Article 291, to have its voting rights restored in accordance with the requirements of that article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Company;
- (6) to inspect the Articles, register of members, record of bondholders, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial reports; and
- (7) other rights conferred to holders of preference shares by laws, administrative regulations, departmental rules and the Articles.

**Article 289** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares held by the shareholders in the event of the following:

- (1) a request to convene an extraordinary general meeting of shareholders;
- (2) a request to convene and preside over a general meeting of shareholders;
- (3) a request to submit a proposal or an interim proposal to a general meeting of shareholders;
- (4) a request to nominate the directors and supervisors who are not employee representatives of the Company;
- (5) identifying controlling shareholder(s) according to the relevant provisions of the Articles;
- (6) identifying the restrictions relating to the appointment of independent directors of the Company according to the relevant provisions of the Articles;

- (7) identifying the ten largest shareholders of the Company and the number of shares held by them and the shareholder(s) holding 5% or more of the shares of the Company in accordance with the Securities Law of the People's Republic of China and relevant regulations; and
- (8) other circumstances provided under laws, administrative regulations, departmental rules and these Articles.

**Article 290** The holders of the preference shares are not entitled to attend any shareholders' general meeting of the Company nor do the preference shares carry any voting rights in any shareholders' general meeting other than in the following circumstances:

- (1) amendments to the Articles that relate to preference shares;
- (2) reduction of the registered capital of the Company by more than 10% on a single or aggregate basis;
- (3) merger, division, dissolution or change of corporate form of the Company;
- (4) issuance of preference shares by the Company; and
- (5) other events specified in laws, administrative regulations and departmental rules and the Articles.

On the occurrence of any of the above circumstances, the Company shall notify holders of preference shares of the shareholders' general meeting and follow the notice procedures to ordinary shareholders as provided under the Articles. The holders of the preference shares are entitled to vote at a separate class meeting with respect to the above matters and each preference share shall have one vote, however, preference shares held by the Company do not entitle the Company to vote.

Resolutions relating to the above matters shall be approved by more than two-thirds of the votes held by ordinary shareholders present at the meeting (including holders of preference shares with restored voting rights) and by more than two-thirds of the votes held by holders of preference shares present at the meeting (excluding holders of preference shares with restored voting rights).

**Article 291** In the event that the Company fails to pay the prescribed dividend to the holders of preference shares for three financial years in aggregate or two consecutive financial years, the holders of preference shares shall have the right to attend and vote at the shareholders' general meetings together with ordinary shareholders from the day immediately after the shareholders' general meeting resolves that the Company will not pay the prescribed dividend for the current dividend period. The voting rights of the holders of preference shares will remain restored until the Company pays the current period dividend in full.

The formula for calculating the voting rights of the preference shares with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number. Where: “Q” denotes the H share voting rights restored from the preference shares held by each preference shareholder; “V” denotes the aggregate value of the preference shares with restored voting rights held by each preference shareholder; “P” denotes the conversion price, which equals to the initial mandatory conversion price of the preference share; and the “conversion exchange rate” refers to the cross rate between Hong Kong dollars and the currency in which the preference shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the board of directors’ resolution in respect of the issuance plan for preference shares.

The other provisions of the Articles concerning the restrictions on the shareholders’ voting rights shall prevail, if any.

**Article 292** The dividend rate for the issued and outstanding preference shares of the Company may be adjusted at different intervals and consists of the benchmark rate and the fixed spread. During a specified period after issuance of the preference shares, the dividend rate will remain the same and may be adjusted once every certain interval, and during any adjusted dividend rate period, the dividend rate will remain the same.

Holders of the preference shares shall rank in priority to the ordinary shareholders in terms of distribution of the Company’s profits and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. Dividends to the holders of the preference shares shall be payable in cash. Before the agreed dividends to preference shares are distributed and the discretionary reserves fund is withdrawn as determined by the shareholders’ general meeting, no profit may be distributed to the ordinary shareholders in accordance with Article 239 hereof.

After receiving the dividends at the prescribed dividend rate, the holders of preference shares shall not be entitled to any distribution of residual profits of the Company together with the ordinary shareholders. The Company shall have the right to cancel dividends in whole or in part and this will not constitute an event of default. Any amount of dividends not paid to the holders of preference shares in full by the Company will not be accumulated to the following dividend period.

**Article 293** In the event of liquidation of the Company as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Company after liquidation in accordance with laws, administrative regulations, departmental rules and the Articles shall be distributed first to the holders of preference shares. Holders of preference shares will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Company.

## CHAPTER 21 SUPPLEMENTAL PROVISIONS

### Article 294 Definitions

- (1) “Controlling shareholders” shall be any person who meets any of the following conditions:
- (i) a person who when acting alone or in concert with others may elect not less than half of the directors;
  - (ii) a person who when acting alone or in concert with others may exercise 30% or above of the voting right or may control the exercise of 30% or above of the voting right;
  - (iii) a person who when acting alone or in concert with others holds 30% or above of the issued shares of the Company; and
  - (iv) a person who when acting alone or in concert with others is in de facto control of the Company.

The above phrase “acting in concert” means two or more persons who, by way of agreement (whether verbal or in writing), cooperation or connected relationship or other legal ways, enlarge the proportion of the shares in the Company which are under their control or consolidate their control over the Company, so that when a vote is taken, the same expression of opinions will be made (including joint proposal of motions, joint nomination of directors, entrustment of the exercise of voting right attached to shares without giving instruction on how to vote, provided that open proxy solicitation is to be excluded).

- (2) A “De facto controller” means a person who, though not a shareholder of the Company, is entitled to the de facto control of the Company through investment relationships, agreement or other arrangements.
- (3) A “Connected relationship” means the relationship between the controlling shareholders, de facto controllers, directors, supervisors, senior management members of the Company and the enterprises under their direct or indirect control, and other relationships which may result in transfer of interests of the Company, provided however that connected relationships shall not be considered to be in existence between state-controlled enterprises solely because they are under the common control of the PRC government.
- (4) The specific criteria for the word “major” as used in the expressions “major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt equity swap assets, write-off of assets, external donation” and “major decisions of legal corporations” shall be determined by specific authority granted by the shareholders’ general meeting to the board of directors and by the board of directors to the president.
- (5) For purposes of the Articles, an “accounting firm” has the same meaning as an “auditor” and “related” has the same meaning as “connected” as defined in the Hong Kong Listing Rules.

(6) Reference to any article stated herein shall mean the corresponding article of the Articles unless the context otherwise requires.

**Article 295** Unless otherwise requires herein and subject to any discrepancies, for the purpose of the Articles, the terms “or more”, “within”, “at least” and “prior to” shall include the given figure; “over”, “less than”, “not more than”, “below” and “more than half” shall exclude the given figure.

**Article 296** The Articles have been prepared in Chinese. If there is any discrepancy between the articles written in another language or of a version different from that of the Articles, the most recent Chinese version approved by the banking regulatory authority of the State Council and registered with the State Administration for Industry & Commerce of the PRC shall prevail.

The Articles shall be publicly available on the website of the securities regulatory authorities of the place where the shares of the Company are listed and the website of the Company.

**Article 297** The Articles shall be interpreted by the board of directors.