

## **Articles of Association of China Galaxy Securities Co., Ltd.**

### **Chapter 1 General**

**Article 1** These Articles of Association (the “Articles” or “Articles of Association”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Guidelines for the Articles of Association of Listed Companies (as amended in 2016) (《上市公司章程指引(2016年修訂)》), the State Council’s Special Regulations Regarding the Offering of Shares and Listing Overseas by Companies Limited by Shares (the “Special Regulations”), the Mandatory Provisions for the Articles of Association of Companies Listed Overseas (the “Mandatory Provisions”), the Circular Regarding Comments on the Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other applicable regulations to safeguard the legal interests of China Galaxy Securities Co., Ltd. (the “Company”), its shareholders and creditors, and to regulate the organisation and conduct of the Company.

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

The Company was established by China Galaxy Financial Holdings Company Limited, Beijing Tsinghua Venture Capital Co., Ltd. (北京清華科技創業投資有限公司), Chongqing Water Holdings (Group) Co., Ltd. (重慶市水務控股(集團)有限公司), China General Technology (Group) Holding, Limited (中國通用技術(集團)控股有限責任公司) and China National Building Material Company Limited (中國建材股份有限公司) by means of sponsorship upon approval of the China Securities Regulatory Commission (the “CSRC”) (Zheng Jian Ji Gou Zi [2005] No.163) and subsequently commenced operation upon CSRC’s approval (Zheng Jian Ji Gou Zi [2006] No.322). It registered with and was issued a business license by the State Administration for Industry and Commerce of the People’s Republic of China on January 26, 2007. The Company’s business license number is 100000000040694.

**Article 3** Registered name of the Company: 中國銀河證券股份有限公司

English name of the Company: China Galaxy Securities Co., Ltd.

**Article 4** Address of the Company: 2-6/F, 35 Finance Street, Xicheng District, Beijing, the PRC

Postal code: 100033

Tel No.: 4008-888-888

Fax No.: 010-66568532

**Article 5** The registered capital of the Company is RMB10,137,258,757.

**Article 6** The Company is a joint stock limited company with no definite term of existence.

**Article 7** The Chairman of the board of directors of the Company shall be the legal representative of the Company.

**Article 8** All of the assets of the Company shall be divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares subscribed. The Company shall be liable for its debts to the extent of all its available assets.

The Company may invest in other limited liability companies and joint stock limited companies to which the Company shall be liable to the extent of the equity invested.

**Article 9** These Articles shall constitute a legally binding document governing the organization and conduct of the Company, and the rights and obligations of the Company and of its shareholders upon the effectiveness hereof. These Articles are binding on the Company, its shareholders, directors, supervisors and senior management. The above persons may claim for the rights in relation to the matters of the Company pursuant to these Articles. According to these Articles, a shareholder may take action against any other shareholder(s), as well as any director(s), supervisor(s), senior management of the Company or the Company, and the Company may take action against any of its shareholders, directors, supervisors and senior management.

The actions referred to in the preceding paragraph include court proceedings or arbitration proceedings.

**Article 10** The senior management referred to in these Articles include members of the Executive Committee, the vice General Manager (vice president), the chief financial officer, the chief compliance officer and the secretary to the board of directors of the Company and such other personnel that hold key posts as identified by regulators or acknowledged by any board resolution of the Company.

## **Chapter 2 Scope and Objectives of Business**

**Article 11** The objective of the Company: the Company is committed to developing the securities business in accordance with the laws, regulations and policies of the PRC as well as international practice, adhering to the corporate spirit of “loyalty, tolerance, innovation and excellence” and the “customer oriented, people foremost” operation philosophy, and bearing the mission of “creating value and increasing wealth”, aiming to build “the best investment bank with excellent service”, to maximize the shareholders’ interests and the value of the Company, and to promote the development of the national economy and securities market.

**Article 12** Subject to the approval by the CSRC and registration with relevant authority, the business scope of the Company shall include: securities brokerage, securities investment advisory, financial consultations in relation to securities trading and securities investment, securities underwriting and sponsorship, proprietary securities trading, margin financing and securities trading, open-ended securities fund distribution, intermediary services to Galaxy Futures, agency sale of financial product, concurrent insurance agency business, custody business of securities investment funds, sale of precious metal products and other businesses approved by the CSRC.

The Company shall operate within the approved scope of business. The Company may change its scope of business by amending the Articles accordingly through statutory procedures and registering such changes with the registration authority, subject to the approval by the CSRC.

## **Chapter 3 Shares**

### **Section 1 Issue of shares**

**Article 13** The share of the Company is in the form of stock.

The Company shall have ordinary shares at any time; and it may have other varieties of shares including preferred shares as required in accordance with law.

Each share of the Company in the same class shall enjoy equal rights in any distribution made through dividends or in any other forms.

**Article 14** Shares of the Company shall be issued in a transparent, fair and equal manner and shall rank *pari passu* in all respects with the shares of the same class.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

**Article 15** The shares issued by the Company shall have a par value of RMB1 each.

**Article 16** Subject to approval of the CSRC and other relevant regulatory authorities, the Company may issue shares to domestic investors and foreign investors.

“Foreign investors” referred to in the previous paragraph shall mean those investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. “Domestic investors” shall mean those investors in the PRC other than those investors from the aforesaid regions who subscribe for shares issued by the Company.

**Article 17** Upon incorporation, the total authorized share capital of the Company was 6,000,000,000 ordinary shares. The 6,000,000,000 shares were issued to state-owned legal persons, representing 100% of the total issuable ordinary shares of the Company. At the time of incorporation, the promoters of the Company, the number of shares initially subscribed, and the percentage, method and date of their capital contributions were as follows:

No.	Names of promoters	Number of shares subscribed (in ten thousand)	Percentage of capital contribution	Method of capital contribution	Date of capital contribution
1	China Galaxy Financial Holdings Company Limited	599,300	99.89%	Cash	25 January 2006
2	Beijing Tsinghua Venture Capital Co., Ltd.	200	0.03%	Cash	25 January 2006
3	Chongqing Water Holdings (Group) Co., Ltd.	200	0.03%	Cash	25 January 2006
4	China General Technology (Group) Holding Limited	200	0.03%	Cash	25 January 2006
5	China National Building Material Company Limited	100	0.02%	Cash	25 January 2006
Total		600,000	100%	Cash	

**Article 18** The total number of shares of the Company is 10,137,258,757. The Company has issued a total of 10,137,258,757 ordinary shares, comprising 6,446,274,124 domestic shares and 3,690,984,633 overseas listed foreign shares.

**Article 19** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Domestic listed domestic shares shall be referred to as “A shares”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”.

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

**Article 20** The board of directors of the Company may issue overseas listed foreign shares and domestic shares separately, subject to approval of the Company’s plan of issue of overseas listed foreign shares and of domestic shares by the CSRC.

Pursuant to such approved plan, the Company may conduct the issuance of both classes of shares separately within 15 months from the date of approval by the CSRC.

**Article 21** The proposed issue of overseas listed foreign shares and domestic shares shall be fully subscribed for at their respective offerings. If the shares are not fully subscribed for at the Offerings for any reason, the shares may, subject to approval by the CSRC, be issued in a number of offerings.

**Article 22** The Company or its subsidiaries (including associated entities of the Company) shall not, by way of grant, advance payment, guarantee, compensation, loans or otherwise, provide any financial assistance to any person who acquires or proposes to acquire any shares in the Company.

**Article 23** The Company shall establish a long-term incentive scheme for the directors, supervisors, senior management and employees. The Company shall prepare a draft long-term incentive scheme, subject to approval by the board of directors, the shareholders' general meeting and the relevant authorities. The scheme shall become effective upon approval by or registration with the CSRC or its delegated authority.

## **Section 2 Addition, Reduction and Repurchase of Shares**

**Article 24** Subject to resolution by the shareholders at general meeting, the Company may, based on its requirements for operation and development and in accordance with the applicable laws and regulations, increase its capital by way of:

- (1) an open offer of new shares to non-specified investors;
- (2) a private placement of new shares;
- (3) rights issue of new shares to existing shareholders;
- (4) bonus issue of new shares to existing shareholders;
- (5) capitalization of surplus reserve; and
- (6) any other form permitted by the laws, regulations and the relevant regulatory authorities.

Issues of new shares by the Company shall be subject to approval as specified in these Articles and shall follow the procedures as required by the laws and regulations.

**Article 25** The Company may reduce its registered capital. Reduction of registered capital of the Company shall be made in compliance with the Company Law and other relevant regulations and shall follow the procedures set forth in these Articles.

**Article 26** If the Company reduces its registered capital, it shall prepare a balance sheet and a checklist of its assets.

The Company shall notify its creditors within 10 days and publish an announcement in a newspaper within 30 days following its resolution approving the reduction of capital. The creditors are entitled to require the Company to settle its debts or provide guarantees in favour of such creditors for the settlement within 30 days after receipt of such notice or within 45 days after the first publication of the announcement in cases where the notice is not received.

The registered capital of the Company, upon such reduction, shall not fall below the minimum statutory requirement.

**Article 27** The Company may, pursuant to the applicable laws, regulations and these Articles, repurchase its shares under the following circumstances:

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

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

**Article 28** The Company may repurchase its shares in one of the following manners:

- (1) to offer to repurchase shares from all shareholders in equal proportions;
- (2) to repurchase through open transaction in stock exchanges;
- (3) to repurchase through over-the-counter agreement; and
- (4) other means as permitted by the laws, regulations and the competent authorities.

**Article 29** Where the Company repurchases shares by way of an agreement over the counter, the prior approval by the general meeting of shareholders shall be obtained in accordance with these Articles. The Company may rescind or modify such executed agreement or waive its rights thereunder with the prior approval of the same by the general meeting of shareholders.

Such agreements for repurchase of shares referred to in the preceding paragraph include (but not limited to) the agreements pursuant to which the Company agrees to assume the obligations to repurchase shares and to acquire the rights to repurchase shares, respectively.

The Company may not assign and transfer the agreements for the repurchase of shares or the rights provided thereunder to any other person.

In respect of repurchase of redeemable shares by the Company, the price payable by the Company shall not exceed a prescribed maximum amount if such shares are not repurchased in an open market or by tender offer; and if the Company repurchases its shares through tender offer, all shareholders shall be offered with the tender *pari passu*.

**Article 30** Following the repurchase of shares in accordance with the laws, the repurchased shares shall be cancelled within the period prescribed by the relevant laws and administrative regulations, and an application shall be filed to the original registration authority of the Company for registration of change of registered capital.

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

**Article 31** Unless the Company is in the course of liquidation, the Company must comply with the following provisions in relation to the repurchase of its outstanding shares:

(1) where the Company repurchases shares at par value, the payment shall be made out of the balance of the distributable profits of the Company or the proceeds from issue of new shares for the purpose of repurchase of shares;

(2) where the Company repurchases shares at a premium, the payment of the par value shall be made out of the balance of the distributable profits of the Company or the proceeds from issue of new shares for the purpose of repurchase of shares, and the payment of the premium in excess of the par value shall be made as follows:

(i) out of the balance of the distributable profits of the Company, if such shares being repurchased were issued at par value;

(ii) out of the balance of the distributable profits of the Company or the proceeds from issue of new shares for the purpose of the repurchase of shares, if such shares being repurchased were issued at a premium; provided that the amount paid out of the proceeds from issue of new shares shall not exceed the premiums received by the Company in aggregate on the issue of the shares being repurchased, nor the capital reserve account of the Company (including the premiums on the issue of new shares) at the time of the repurchase;

(3) Expenses incurred by the Company for the following purposes, shall be paid out of the distributable profits of the Company:

(i) acquisition of the right to repurchase its shares;

(ii) modification of any contract for repurchase of its shares;

(iii) release of its obligations under any contract for repurchase of its shares.

(4) The registered capital of the Company shall be reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations. Upon such reduction, the amount deducted from the distributable profits of the Company for the payment of repurchase of the shares shall be charged to the capital reserve account of the Company.

Where any law, regulation or relevant requirements of the securities regulators in the place where the Company's shares are listed require otherwise in respect of the foregoing financial arrangement relating to share repurchase, such law, regulation or requirements shall prevail.

### Section 3 Transfer of Shares

**Article 32** Subject to the applicable laws, regulations and the requirements of the securities regulators in the place where the Company's shares are listed, the shares of the Company are transferrable free of any form of lien. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the share registrar in Hong Kong engaged by the Company.

**Article 33** The Company shall not accept any pledge of its shares.

**Article 34** The shares of the Company held by the promoters are not transferrable within one (1) year from the date of incorporation of the Company.

Shares issued prior to the initial public offering of the Company are transferrable subject to applicable laws, regulations and relevant requirements of relevant listing rules. Any transfer of 5% or more of the Company's shares shall be conducted in accordance with applicable laws, regulations, and the requirements of relevant listing rules. Directors, supervisors and other senior management of the Company shall declare their ownership of the shares of the Company and any change thereof. The number of shares disposed of by any director, supervisor or other senior management of the Company in a given year during his/her tenure shall not exceed 25% of the total number of shares of the Company unless otherwise caused by enforcement of law or by inheritance, bequest or lawful division of property. The shares of the Company held by any director, supervisor or other senior management of the Company shall not be transferrable within one year from the day on which the shares of the Company are listed. Any of the aforesaid persons shall not transfer his/her shares of the Company within six months from the date of their resignation.

**Article 35** Where any director, supervisor, senior management of the Company or any shareholder that holds 5% or more of the Company's shares in issue may sell his/her shares within six months following his/her purchase of shares, or repurchase shares of the Company within six months following his/her disposal of shares, the board of directors shall confiscate any such gains so earned for the benefit of the Company; provided, however, that the six-month restriction shall not apply to any securities company that holds 5% or more of the Company's shares as a result of the remaining unsold shares in its underwriting in an offering.

If the board of directors fails to comply with the provisions of the preceding paragraph, any shareholder may require the board of directors to implement relevant provisions within 30 days. If the board of directors fails to implement the requirements within such specified time, such shareholder may file a lawsuit with the People's Court in his/her own name for the benefit of the Company.

If the board of directors fails to comply with the provisions of the first paragraph, the responsible directors shall assume joint and several liabilities in accordance with the laws.

**Article 36** All paid-up overseas listed foreign shares listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") may be transferred freely in accordance with these Articles; provided, however, that the board of directors may withhold from recognizing any instrument of transfer without giving any reason, unless the following conditions are satisfied:



- (1) any instrument of transfer or other documents relevant to or affecting the title of the shares shall be registered, and the payment of fees following the requirement of the Hong Kong Listing Rules shall be made to the Company;
- (2) the instrument of transfer is solely for the purpose of the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty required by the law of Hong Kong for the instrument of transfer has been paid;
- (4) relevant share certificates and evidence of legitimacy of such disposal of shares by the transferor as reasonably required by the board of directors have been properly demonstrated;
- (5) if the shares are proposed to be transferred to joint holders, the number of such joint registered shareholders shall not exceed four; and
- (6) the relevant shares of the Company are free from any and all liens.

If the board of directors withholds from registering the transfer of shares, the Company shall notify the transferor and transferee of the refusal within two months from the date of the application for registration of transfer.

**Article 37** All transfers of overseas listed foreign shares in the Company listed in Hong Kong shall be effected in writing in the general or common form or otherwise acceptable to the board of directors (including the standard transfer or registration forms provided by the Hong Kong Stock Exchange from time to time). The transfer instrument can be signed by hand, or by the common seal of the transferor or transferee if it is a company. If the transferor or transferee is a recognized securities clearing house as defined by the laws of Hong Kong in effect from time to time (the “recognized securities clearing house”) or its representative, the transfer instrument can be signed by hand or by printing.

All instruments of transfer must be lodged at the legal address of the Company or at such other place as the board of directors may designate from time to time.

#### **Section 4 Financial Assistance for the Purchase of Company Shares**

**Article 38** The Company or its subsidiaries shall not at any time provide any financial assistance in any form to any purchaser or prospective purchaser for the purchase or proposed purchase of the shares of the Company. The said purchasers of shares of the Company shall include such person that directly or indirectly assumes the obligations for the purpose of purchasing shares of the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligated persons in order to reduce or discharge their obligations for the purpose of the purchase or proposed purchase of the shares of the Company.

This article shall not apply in the circumstances described in Article 40.

**Article 39** For the purposes of these Articles, financial assistance shall include (but not limited to) the financial assistance in the forms set out below:

(1) a gift;

(2) guarantee (including the undertaking of liability or provision of property by the guarantor to secure the performance of the obligation by the obligator), indemnity (however, excluding indemnity against the Company's fault) and release or waiver of rights;

(3) provision of a loan or conclusion of a contract under which the obligations of the Company shall be fulfilled prior to the performance of those of the other party or parties to the contract, or a change of the loan or of the party or parties to such loan or contract as well as the assignment of rights under such loan or contract; and

(4) financial assistance in any other form where the Company is insolvent or has no net assets, or that may result in a significant loss in the Company's net assets.

For the purposes of this article, obligations shall include the obligations of a obligator due to its execution of a contract or an arrangement, or otherwise as a result of any change to the financial condition of the obligator, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed independently by the obligator or jointly with any other person.

**Article 40** The following activities shall not be deemed prohibited by Article 38:

(1) the Company provides financial assistance in good faith and in the interests of the Company, for any principal purpose other than the purchase of shares of the Company, or as an ancillary part of a master plan of the Company;

(2) the Company's lawful distribution of assets as dividend;

(3) the distribution of stock dividend;

(4) any reduction of the Company's registered capital, repurchase of shares of the Company or restructuring of the share capital of the Company, etc., subject to these Articles;

(5) the provision of loan 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, provided further that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits;

(6) the provision of funds by the Company for contributions to employees' share schemes, provided that the net assets of the Company are not thereby reduced, provided further that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits.

## **Section 5 Share Certificates and Register of Shareholders**

**Article 41** A certificate of any shares of the Company shall bear the shareholder's name and contain the following particulars:

- (1) the name of the Company;
- (2) the date of incorporation of the Company;
- (3) the class and par value of the shares and the number of shares represented by the certificate;
- (4) the serial number of the share certificate;
- (5) any other particulars required by the Company Law and the securities regulators in the place where the Company's shares are listed.

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

**Article 42** Share certificates of the Company shall be signed by the chairman of the board of directors. The share certificates shall also be signed by the General Manager (President) or other senior management of the Company if so required by the stock exchange(s) on which the shares of the Company are listed. The share certificates shall take effect after being affixed or imprinted with the seal of the Company. The affixing of the seal of the Company shall be authorized by the board of directors. The signatures of the chairman of the board of directors, General Manager (President) or other senior management of the Company may be printed on the certificates.

Relevant requirements of the competent securities regulators and stock exchange(s) on which the shares of the Company are listed shall otherwise apply, in case of a paperless issue and transaction.

**Article 43** The Company shall maintain a register of shareholders to record the names and following particulars of its shareholders:

- (1) the name, address, occupation or status of each shareholder;
- (2) the class and number of the shares held by each shareholder;
- (3) the amount paid or payable on the shares held by each shareholder;
- (4) serial numbers of the share certificates held by each shareholder;
- (5) the date of registration;
- (6) the date of deregistration.

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

Any and all listing overseas of or transfer of foreign shares shall be registered in the register of members of overseas listed foreign shares of the Company which shall be maintained in the place of the overseas stock exchange on which the shares are listed.

**Article 44** The Company may, pursuant to the understanding or agreement between the CSRC and overseas securities regulators, maintain the register of shareholders of overseas listed foreign shares in any place outside China and engage an agency overseas to exercise its administration on its behalf. The original of the register of shareholders of foreign shares listed on the Hong Kong Stock Exchange shall be maintained in Hong Kong.

The Company shall maintain a copy of the register of overseas shareholders at the domicile of the Company. The overseas agent engaged by the Company shall ensure that the original and duplicate of the register of overseas shareholders are consistent from time to time and at all times.

Where there is any inconsistency between the original and duplicate of the register of overseas shareholders, the original version shall prevail.

**Article 45** The Company shall maintain a complete register of shareholders.

The registers of shareholders shall comprise the following parts:

- (1) The register of shareholders that is maintained at the registered address of the Company (other than those mentioned in sub-paragraphs (2) and (3) of this article);
- (2) The register of holders of overseas listed foreign shares of the Company that is maintained in the place of the overseas stock exchange on which the shares are listed;
- (3) Any register of shareholders that is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the shares of the Company.

**Article 46** There shall be no overlap between different parts of the register of shareholders. No transfer of any shares registered in any part of the register of shareholders shall be entered into any other part of the register during the term of the registration of such shares.

Any change or correction to any part of the register of shareholders shall be carried out in accordance with the laws of the place where the register of shareholders is maintained.

**Article 47** No changes shall be made to the share register in respect of any transfer of shares within thirty days prior to the convention of the shareholders' general meeting or five days prior to the date of decision on distribution of dividend.

If there is any requirements of the securities regulators in the place where the Company's shares are listed, such requirements shall apply.

**Article 48** In the event that the Company convenes a shareholders' meeting, distribution of dividend, liquidation or any such other action which requires the recognition of shareholdings, the board of directors or the convener of general meetings shall determine a date as the date of register of shares as of the end of which the shareholders registered shall be entitled to the relevant benefits.

**Article 49** Any person who has objection to the register of shareholders and requests to have his name entered into or removed from the register of shareholders may petition a court of competent jurisdiction for rectification of the register.

**Article 50** Any registered shareholder or any person who claims to have his/her name entered into the register of shareholders in respect of shares in the Company may apply to the Company for a new share certificate for replacement in respect of such shares (the “Relevant Shares”), in the event that his/her share certificate (the “Original Share Certificate”) has been stolen, lost or destroyed.

Application by a shareholder of domestic shares, whose share certificate is stolen, lost or destroyed, for a replacement share certificate shall be treated in accordance with relevant requirements of the Company Law.

Application by a shareholder of overseas listed foreign shares, whose share certificate is stolen, lost or destroyed, for a replacement share certificate shall be treated in accordance with the laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

The issue of a replacement share certificate upon application by a shareholder of overseas listed foreign shares of the Company, whose share certificate is stolen, lost or destroyed, shall be subject to the following requirements:

(1) The applicant shall submit an application to the Company in such form as prescribed by the Company accompanied with a notarial certificate or a statutory declaration. The notarial certificate or the statutory declaration shall contain the grounds upon which the application is made and the circumstances and evidence of the theft, loss or damage of the share certificate, and a declaration that no other person is eligible to have his name entered into the register of shareholders in respect of the Relevant Shares.

(2) The Company has not received any declaration made by any person other than the applicant claiming that the name of such person shall be entered into the register of shareholders in respect of such shares prior to the Company’s determination to issue a replacement share certificate to the applicant.

(3) If the Company decides to issue a new share certificate to the applicant, it shall first publish an announcement in respect of the issue of new share certificate on a newspaper designated by the board of directors. The period of announcement shall be 90 days and the announcement shall be re-issued at least once every 30 days.

(4) Prior to the publication of the announcement of its proposed issue of a replacement share certificate, the Company shall file a copy of the announcement to be published to the stock exchange on which its shares are listed. The Company may publish the announcement upon receipt of confirmation from the stock exchange that the announcement has been displayed on the stock exchange. Such announcement shall be displayed on the stock exchange for a period of 90 days.

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

(5) If the Company has not received any dispute from any person in respect of the issue of the replacement share certificate by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this article, it may issue a replacement share certificate to the applicant pursuant to the application.

(6) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the Original Share Certificate and record the cancellation of the Original Share Certificate and issue of a replacement share certificate in the register of shareholders accordingly.

(7) All expenses relating to the cancellation of an Original Share Certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company may withhold from taking any action until a reasonable guarantee for payment is provided by the applicant.

**Article 51** Upon issue of a replacement share certificate pursuant to these Articles, the name of a bona fide purchaser or the subsequent registered holder (in case of a bona fide purchaser) of such newly issued shares shall not be removed from the register of shareholders.

**Article 52** The Company shall not be liable for any damage caused to any person by reason of the cancellation of the Original Share Certificate or the issue of the replacement share certificate, unless the claimant provides the evidence demonstrating that the Company has acted fraudulently.

## **Chapter 4 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 53** Any shareholder of the Company and its beneficial owner shall meet the qualification conditions required by laws, administrative regulations and the CSRC.

In case of any share transfer by any shareholder, such shareholder shall ensure that the transferee and its beneficial owner satisfy the qualification conditions required by the laws, administrative regulations and the CSRC.

A shareholder of the Company is a person who legitimately holds shares of the Company and whose name is entered into the register of shareholders.

A shareholder shall have the rights and assume the obligations in respect of the class and number of shares held. Shareholders who hold shares of the same class shall have the same rights and assume the same obligations.

Where there are two or more persons registered as the joint shareholders of any shares, they shall be regarded as co-owners of relevant shares, subject to the following provisions:

- (1) the Company shall not register more than four persons as joint shareholders of any shares;
- (2) all joint shareholders shall be jointly and severally liable for all relevant costs payable;
- (3) if one of the joint shareholders deceased, only the other existing shareholder(s) shall be deemed as the owner of relevant shares, provided that the board of directors may require a certificate of death of relevant shareholder for the purpose of updating the register of shareholders;

(4) in respect of the joint shareholders of any shares, only the joint shareholder first named in the register of shareholders have the right to receive the certificate of relevant shares and notices of shareholders' general meetings of the Company, and to attend or vote at shareholders' general meetings of the Company. Any notice delivered to the aforesaid shareholder shall be deemed delivered to all the joint shareholders of relevant shares.

**Article 54** The holders of the ordinary shares of the Company shall have the following rights:

(1) the right to receive dividends and other distributions on pro rata basis, in respect of the number of shares held;

(2) the right to attend and vote at shareholders' general meetings in person or by proxy;

(3) the right to supervise the operations of the Company and to raise proposals and queries;

(4) the right to transfer shares in accordance with laws, administrative regulations and provisions of these Articles;

(5) the right to obtain relevant information in accordance with these Articles, including:

1. the right to obtain a copy of these Articles, subject to payment of costs;

2. the right to access and copy the following, subject to payment of a reasonable fee:

(i) the entire register of shareholders made of all parts;

(ii) personal particulars of the directors, supervisors, General Manager (President) and other senior management of the Company;

(iii) the status of the share capital of the Company;

(iv) the latest audited financial statements and reports of the board of directors, of the auditors and of the supervisory committee of the Company;

(v) special resolutions of the shareholders' general meetings and/or of the board meetings of the Company;

(vi) the aggregate par value, the number, the highest and the lowest prices paid, in respect of each class of shares repurchased by the Company since the end of the previous financial year and the total amount paid by the Company for this purpose, categorized as domestic shares and foreign shares, respectively;

(vii) minutes of shareholders' general meetings;

(viii) a copy of the latest annual inspection report filed with the State Administration of Industry and Commerce or other competent authorities;

(ix) counterfoils of the bonds of the Company;

(x) resolutions of board meetings;

(xi) resolutions of meetings of the supervisory committee;

(xii) financial statements.

Items (i) to (viii) above (except item (ii)) shall be placed at the office of the Company in Hong Kong in accordance with the Hong Kong Listing Rules for inspection by the public and holders of its overseas listed foreign shares free of charge. Item (vii) shall be available for inspection by shareholders only.

(6) the right to request the Company to repurchase its shares so long as the shareholder dissents the resolutions of the shareholders' general meeting approving a merger or division of the Company;

(7) in the event of the dissolution or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in respect of the number of shares then held;

(8) other rights conferred by laws, regulations and these Articles.

No power shall be exercised to freeze or otherwise impair any of the rights attached to relevant share as a result of the failure of any directly or indirectly interested person to disclose his/her interest to the Company.

Any shareholder (or its beneficial owner) who holds no less than 5% of the shares of the Company shall notify the Company within five business days of any of the following events:

(1) its shares of the Company are subject to any property preservation or other mandatory measures;

(2) any of its shares of the Company are pledged;

(3) the beneficial owner of any shareholder who holds no less than 5% of the shares of the Company is changed;

(4) its name is changed;

(5) a merger or division is effected;

(6) it is ordered to suspend operation, or is appointed a receiver, or is taken over, subject to revoke or other regulatory measures or in the process of dissolution, bankruptcy or liquidation;

(7) it is imposed upon administrative penalties or criminal punishment due to serious violation of laws or regulations;

(8) other circumstances that may result in the transfer of the shares of the Company that it holds or controls or otherwise affect the operation of the Company.

The Company shall report to the local office of the CSRC within five business days following its acknowledgement of any event abovementioned.



Any shareholder shall notify the Company in advance and go through the review and approval process with CSRC to effect the same, in the event that such shareholder will hold 5% or more registered capital in the Company through subscription for or acquisition of the Company's shares or the equity in any other shareholder of the Company or otherwise. No entities or individuals are allowed to directly or indirectly hold 5% or more of the Company's shares without approval from the CSRC. Otherwise, it shall be rectified with a prescribed period of time, and any voting right in respect of such shares may not be exercised prior to such rectification.

**Article 55** Where any shareholder proposes to inspect relevant information described in the preceding article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder status.

The Company shall promptly inform all shareholders by way of a written notice or an announcement, and report to the local office of the CSRC in the place at which the Company is located, in the event of any of the following:

- (1) the Company or any of its directors, supervisors or senior management is suspected of being involved in a material violation of laws and regulations;
- (2) the financial position of Company deteriorates to the extent that the risk control indicators fall below the standards required by the CSRC;
- (3) the Company records material losses;
- (4) the Company proposes to change any of its legal representative, the chairman of the board, the chairman of the supervisory committee or the General Manager (President);
- (5) an extraordinary event that may cause material adverse effect to the interests of the Company and its customers;
- (6) other events that may affect the sustainable operation of the Company.

**Article 56** In the event that any resolution of the shareholders' general meeting or the board of directors of the Company violates any applicable law or regulation, the shareholders shall have the right to request the People's Court to invalidate the resolution. The provision for disputes settlement in these Articles shall be applicable to disputes involving holders of foreign shares.

In the event that any convening procedure, voting method or any resolution of the shareholders' general meeting or of any board meeting is found in violation of applicable laws, regulations or these Articles, the shareholders may request the People's Court to invalidate the resolution thereof within 60 days from the date on which such resolution is resolved. The provision for disputes settlement in these Articles shall be applicable to disputes involving holders of foreign shares.

**Article 57** In the event of any loss caused to the Company as a result of violation of applicable laws, regulations or these Articles by the directors or senior management when performing their duties, any of the shareholders who holds 1% or more of the shares individually or jointly for no

less than 180 consecutive days shall have the right to request the supervisory committee in writing to initiate litigation before the People's Court. In the event of any loss caused to the Company as a result of violation of applicable laws, regulations or these Articles by the supervisory committee when performing its duties, any of the shareholders may request the board of directors in writing to initiate litigation before the People's Court. The provision for disputes settlement in these Articles shall be applicable to disputes involving holders of foreign shares.

In the event that the supervisory committee or the board of directors dismisses the written request of any of the shareholders as specified in the preceding paragraph, or withholds from instituting litigation within 30 days of the receipt of the request, or that the failure to institute litigation immediately may otherwise cause irreparable damage to the interest of the Company in an urgent circumstance, such shareholder(s) as mentioned in the preceding paragraph shall have the right to initiate litigation before the People's Court in the name(s) of such shareholder(s) in the interest of the Company. The provision for disputes settlement in these Articles shall be applicable to disputes involving holders of foreign shares.

In the event of any infringement by a third party to the Company's legitimate rights and interest, resulting in losses to the Company, such shareholders as mentioned in the first paragraph of this article may initiate litigation before the People's Court in accordance with the preceding two paragraphs.

**Article 58** In the event that any director or senior management violates applicable laws, regulations or these Articles to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court. The provision for disputes settlement in these Articles shall be applicable to disputes involving holders of foreign shares.

**Article 59** The holders of ordinary shares of the Company shall have the following obligations:

- (1) that each holder shall comply with the laws, regulations and these Articles;
- (2) that each holder shall make the payment in respect of the shares subscribed for and the method of subscription;
- (3) that each holder may not claim the share capital in respect of its shares, unless otherwise specified by the laws or regulations;
- (4) that each holder shall not abuse rights of shareholder to the detriment of the interest of the Company or other shareholders, or abuse the Company's independent legal person status or the limited liability of the shareholders, to the detriment of the interest of the creditors of the Company;

In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's right, such shareholder shall be liable for compensation in accordance with laws.

In the event of any material damage caused to the interest of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts.

(5) that each holder shall assume other obligations imposed by laws, regulations and these Articles.

Each of the shareholders is not obligated to undertake the obligations of any additional share capital except the conditions agreed upon while subscribing for the shares.

**Article 60** Any shareholder holding 5% or above of the voting shares of the Company, who pledges its shares, shall immediately report to the Company in writing on the day of effectiveness of such pledge of shares.

**Article 61** The controlling shareholder and the beneficial owner of the Company shall not take advantage of their association relationship to harm the interest of the Company. Any damage caused to the Company accordingly shall be indemnified by such controlling shareholder and/or beneficial owner of the Company.

**Article 62** The controlling shareholder and the beneficial owner of the Company shall bear the fiduciary duty to the Company and the public shareholders of the Company. The controlling shareholders shall strictly abide by the laws in exercising the investor's rights and shall not infringe the legitimate rights of the Company and the public shareholders by way of profit distribution, asset reorganization, external investment, use of capital and guarantee for borrowings, and shall not exploit his/her controlling position to harm the interest of the Company and the public shareholders.

In addition to the obligations required by laws and regulations or the securities regulators of the place in which the shares of the Company are listed, a controlling shareholder shall not exercise its voting rights in respect of the following matters to the detriment of the interest of all or any of the shareholders of the Company:

- (1) to remove a director or supervisor, unless acting honestly in the best interest of the Company;
- (2) to approve any director or supervisor to deprive the Company of any of its properties, including (but not limited to) any opportunity in favour of the Company, for the benefit of such director or supervisor or of any other person;
- (3) to approve any director or supervisor to deprive any other shareholder of any of its legitimate right, including (but not limited to) right to distributions and voting right (save as pursuant to a restructuring approved by the shareholders at general meeting in accordance with these Articles), for the benefit of such director or supervisor or of any other person.

## **Section 2 General Rules of Shareholders' General Meeting**

**Article 63** The shareholders' general meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to determine the operating policies and investment plans of the Company;
- (2) to elect and replace any of the directors and supervisors other than those held by staff representatives, and to determine the remuneration of the directors and of the supervisors;
- (3) to consider and approve the reports of the board of directors;

- (4) to consider and approve the reports of the supervisory committee;
- (5) to consider and approve the annual financial budget and final account of the Company;
- (6) to consider and approve the profit distribution plans and plans of deficit coverage of the Company;
- (7) to approve resolutions on increase or reduction of registered capital of the Company;
- (8) to resolve on the issuance of bonds of the Company;
- (9) to resolve on matters such as merger, division, dissolution, liquidation or change of nature of the Company;
- (10) to amend these Articles;
- (11) to resolve on the appointment, removal or non-retention of any accounting firm;
- (12) to consider and approve any guarantee issue set forth in Article 64;
- (13) to consider any purchase or disposal of material assets by the Company of an aggregate value exceeding 30% of the Company's latest audited total assets in a year;
- (14) to consider and approve any change of the use of proceeds raised;
- (15) to consider and approve major investments, the total investment amount of which (or the total value of any disposal of assets), at one time or accumulative in four months equals no less than 10% of the latest audited net assets of the Company or 5% of the latest audited assets of the Company, whichever is lower;
- (16) to consider and approve connected transactions which required to be approved by shareholders' general meeting in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange or the Hong Kong Listing Rules;
- (17) to consider and approve long-term incentive scheme;
- (18) to consider and resolve on the proposal submitted by any shareholder(s) jointly or individually holding no less than 3% in aggregate of the Company's shares; and
- (19) to deal with such other matters to be resolved at shareholders' general meeting as required by the laws, regulations, requirement of securities regulatory authorities in the listing place of the Company or by these Articles.

Matters to be resolved at shareholder's general meeting as required by the laws, regulations, requirements of the securities regulatory authority in the listing place of the Company and by these Articles shall be considered and approved at shareholders' general meeting to safeguard the shareholders' discretion in respect of such matters.

**Article 64** The Company shall not directly or indirectly provide financing or guarantee for any of its shareholders or their related parties. The provision of any of the following guarantee for any external party by the Company shall be considered and resolved at shareholders' general meeting:

(1) any guarantee provided by the Company and its subsidiaries since the total amount of guarantee provided for external parties by the Company and/or its subsidiaries has equalled no less than 50% of the latest audited net assets of the Company;

(2) any guarantee provided by the Company since the total amount of guarantee provided for external parties by the Company has equalled no less than 30% of the latest audited total assets of the Company;

(3) any guarantee provided for any such entity as has a gearing ratio of more than 70%; and

(4) any single guarantee the value of which equals more than 10% of the latest audited net assets of the Company.

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

**Article 65** Shareholders' general meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held at least once every year within six months following the end of the previous financial year.

**Article 66** The Company shall hold an extraordinary general meeting within two months subsequent to the occurrence of any of the following events:

(1) that the number of incumbent directors is less than the number required by the Company Law, or is less than two thirds (2/3) of the number specified by these Articles, i.e. eight (8) directors;

(2) that the uncovered loss is no less than one third (1/3) of the Company's total paid-up share capital;

(3) that any of the shareholders individually or jointly holding no less than 10% of the Company's voting shares make(s) any request in writing;

(4) that the board of directors or more than one-third (1/3) of the directors consider it necessary;

(5) that the supervisory committee proposes to convene such meeting; and

(6) such other circumstances as specified by the laws, rules, regulations or by these Articles.

The number of shares held by the shareholders as mentioned in paragraph (3) above shall be such number of the shares as of the date on which the written request is submitted.

In the event that the Company fails to convene the shareholders' general meeting in a timely manner, it shall report and explain the reasons to the relevant local office of the CSRC in the place where the Company is located and relevant stock exchange(s) on which the shares of the Company are listed, and shall issue an announcement accordingly.

**Article 67** The venue for the shareholders' general meeting shall be the Company's location or such other place as designated by the board of directors.

A venue shall be arranged for the shareholders' general meeting by way of physical meeting. The Company will also facilitate the shareholders to participate in the meeting by way of teleconference or by other means of communication, as the case requires. Any shareholder who participates in the meeting by such means shall be deemed present at the meeting.

**Article 68** The Company shall engage a legal counsel to issue a legal opinion on the following matters in respect of shareholders' general meeting, and make an announcement accordingly:

- (1) whether the convention and procedure of the meeting are in compliance with the laws, regulations and these Articles;
- (2) whether the attendees and the convener of the meeting are legally and validly eligible, respectively;
- (3) whether the voting procedure and results at the meeting are legitimate and valid;
- (4) preparation and issue of a legal opinion on such other matters as required by the Company.

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

**Article 69** Any independent director may propose to the board of directors to convene an extraordinary general meeting, and the board of directors shall reply in writing in response to such proposal, whether consent or not, within 10 days upon receipt of the proposal in accordance with the laws and regulations and these Articles.

If the board of directors consents to the proposal, a notice convening such meeting shall be issued within five days following the date of such resolution of the board of directors. If the board of directors rejects the proposal, the board shall provide an explanation and make relevant announcement.

**Article 70** The supervisory committee may propose in writing to the board of directors to convene an extraordinary general meeting. The board of directors shall reply in writing in response to such proposal, whether consent or not, within 10 days upon receipt of the proposal in accordance with the laws and regulations and these Articles.

If the board of directors consents to the proposal, a notice convening such meeting shall be issued within five days following the date of such resolution of the board of directors, provided that any change to the proposal made in notice is subject to approval of the supervisory committee.

If the board of directors rejects the proposal or withholds from responding for 10 days following receipt of the proposal, the board of directors shall be deemed failing to perform the duty of convening a shareholders' general meeting. In such case, the supervisory committee may convene and preside over the meeting.

**Article 71** Any shareholder who requests to convene an extraordinary general meeting or a class shareholders' general meeting, shall abide by the following procedures.

Any of the shareholders individually or jointly holding no less than 10% of the Company's shares may propose in writing to the board of directors to convene an extraordinary general meeting. The board of directors shall reply in writing in response to such proposal, whether consent or not within 10 days upon receipt of the proposal in accordance with laws and regulations and these Articles.

If the board of directors consents to the proposal, a notice convening such meeting shall be issued within five days following the date of such resolution of the board of directors, provided that any change to the proposal made in the notice is subject to approval of the relevant shareholders.

If the board of directors rejects the proposal or withholds from responding for 10 days following the receipt of the proposal, such shareholder(s) individually or jointly holding no less than 10% of the shares of the Company may propose to the supervisory committee in writing to convene an extraordinary general meeting.

If the supervisory committee consents to the proposal, a notice convening such meeting shall be issued within five days following receipt of the proposal, provided that any change to the proposal made in the notice is subject to approval of the relevant shareholder(s).

If the supervisory committee has not issued any notice convening such meeting within the prescribed period following receipt of the proposal, it shall be deemed that the supervisory committee will not convene and preside over the general meeting. Such shareholder(s) individually or jointly holding 10% or above of the Company's shares for more than 90 consecutive days shall have the right to convene and preside over an extraordinary meeting.

**Article 72** If the supervisory committee or any such shareholder(s) convene(s) an extraordinary meeting, the board of directors shall be notified in writing, and the meeting shall be registered with the local office of the CSRC in the place in which the Company is located and the stock exchange(s).

Such shareholder(s) convening the shareholders' general meeting shall hold no less than 10% of the shares of the Company prior to the announcement of any resolution approved at the shareholders' general meeting.

Such convening shareholder(s) shall submit relevant evidence to the local office of the CSRC in the place in which the Company is located and the stock exchange(s), when issuing the notice of shareholder's general meeting and announcement of any resolution approved at the general meeting.

**Article 73** The board of directors and its secretary shall cooperate with the supervisory committee or such shareholder(s) convening the meeting. The board of directors shall provide the register of shareholders as of the record date.

**Article 74** Any such expense necessary to convene the meeting, incurred by the supervisory committee or such shareholder(s) as a result of failure of the board of directors to duly convene a meeting shall be reimbursed by the Company, and any sum so reimbursed shall be deducted from the amount payable by the Company to the defaulting directors.

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

**Article 75** Any proposal of a resolution shall be limited to the power of the general meeting, and shall have definitive and specific subject matters, subject to laws, regulations and these Articles.

**Article 76** As a shareholders' general meeting is convened, the board of directors, supervisory committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose any resolution to the Company.

Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convention of the shareholders' general meeting. The convener shall then send a supplemental notice to the shareholders to announce the interim proposal, within two (2) days upon receipt of such proposal.

Unless as provided in the above paragraph, the convener shall not make any change in the notice of general meeting to the existing proposals or add any new proposal after the publication of the notice.

Any proposal other than those set forth in the notice of shareholders' general meeting and in compliance with the requirements set out in Article 75, shall not be put forward for voting at a shareholders' general meeting.

**Article 77** When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days before the date of the meeting to notify all shareholders in the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply to the Company 20 days before the date of the meeting.

The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting from the 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 one-half or above of the Company's total voting shares, the Company may convene the meeting. Otherwise, the Company shall within five days notify the shareholders again by public notice of the matters to be considered, the place, the date and time for the meeting. The Company may convene the meeting after the publication of such public notice.



**Article 78** The notice of shareholders' general meeting shall be in written form and include the following information:

(1) the time, place and duration of the meeting;

(2) matters and resolutions to be considered in the meeting. The notice and supplementary notice of general meeting shall fully and completely disclose all the contents of all resolutions. In the event that the matters to be discussed require the advices from independent directors, the independent directors' advices and reasons shall also be disclosed in the notice or supplementary notice of the meeting;

(3) materials and explanations required for the shareholders to make decision on matters to be considered, including (but not limited to) the conditions and contracts of the proposed transaction in details (if any) and the explanation of the reasons and consequences of the matter in relation to the merger, repurchase of shares, capital reorganization or other restructuring proposals of the Company;

(4) a disclosure of the nature and extent, if any, of the material interest of any director, supervisor, General Manager (President) and other senior management in the matters to be considered and the difference of the effects of the proposed matters on them in their capacity as shareholders from the effects on other shareholders of the same class, if any;

(5) full text of any special resolution to be proposed at the meeting;

(6) delivery time and place for lodging proxy forms for the meeting;

(7) a conspicuous statement that a shareholder entitled to attend and vote may appoint proxy to attend and vote on behalf of him/her and such proxy need not to be a shareholder of the Company;

(8) the record date of the shareholders entitled to attend the shareholders' general meeting;

(9) name and telephone number of the contact person for the meeting; and

(10) the time and procedures for voting by online voting or other methods shall be explicitly stated in the notice of shareholders' general meeting if the online voting or other methods of voting are adopted.

The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 working days. Once determined, the shareholding record date shall not be changed.

Online voting or other voting methods shall commence no earlier than 3:00 p.m. of the day prior to the date of the shareholders' general meeting but no later than 9:30 a.m. on the date of the shareholders' general meeting and it shall not terminate earlier than 3:00 p.m. on the date of conclusion of the shareholders' general meeting.

**Article 79** Unless otherwise provided in these Articles, the notice of a shareholders' general meeting shall be served to shareholders (whether or not entitled to vote at the meeting) by hand or prepaid mail to their addresses as shown in the register of shareholders. For holders of domestic shares, the notice of meeting may be served by public notice.

The public notice of shareholders' general meetings mentioned above shall be published in one or more newspapers designated by the CSRC in a period between 50 and 45 days before the date of the meeting. Upon the publication of the notice, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting.

**Article 80** Subject to the applicable laws, regulations and the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, the notice of a shareholders' general meeting may be published on the website of the Hong Kong Stock Exchange in a period between 50 and 45 days before the date of the meeting instead of delivery by hand or prepaid mail to the holders of overseas listed foreign shares.

**Article 81** Where the election of directors and supervisors will be discussed at shareholder's general meeting, the notices of the shareholders' general meeting shall, in compliance with laws, regulations and the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, contain the details of the proposed directors and supervisors, including at least the following particulars:

- (1) personal particulars such as education background, working experience and con-current positions;
- (2) whether there is any connected relationship with the Company or the controlling shareholders and actual controller of the Company;
- (3) shareholding in the Company; and
- (4) whether there are any penalties or punishments imposed by the CSRC and other authorities or stock exchanges.

The election of each director and supervisor shall be proposed by separate resolutions except that the election is carried out by cumulative voting.

**Article 82** Once the notice of shareholders' general meeting is issued, the meeting shall not be postponed or cancelled and the resolutions proposed in the notice shall not be withdrawn without proper reasons. In the event of postponement or cancellation, the convener shall announce and explain the reasons within two working days before the original date of meeting.

## **Chapter 5 The Holding of Shareholders' General Meetings**

**Article 83** The board of directors of the Company and other convener shall take necessary measures to ensure the normal order of the general meeting. For any disturbance to the order of the meeting and acts infringing the lawful interests of shareholders, preventive measures shall be taken, and any such incidents shall be reported to the relevant authorities for actions.

**Article 84** All shareholders appear in the shareholders' register on the record date or their proxies shall be entitled to attend shareholders' general meetings and exercise their voting rights in accordance with laws and regulations and these Articles.

Shareholders may attend shareholders' general meetings and exercise voting rights either in person or by proxies.

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

(1) the right of the shareholder to speak at the meeting;

(2) the right to demand a poll alone or jointly with others;

(3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

**Article 85** The instrument appointing a proxy shall be in writing and signed by the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person or any other institution, such instrument shall be under its seal or signed by its legal representative or the proxy duly authorized.

Individual shareholders attending the meeting in person shall present their identity cards or other valid documents or certificates, or stock account cards as a proof of their identities. Proxies attending the meeting on behalf of shareholders shall present their valid identity cards and power of attorney.

A corporate shareholder shall attend the meeting by its legal representative or by proxies appointed by the legal representative, the board of directors or other decision-making body. The legal representative presenting at the meeting shall produce his/her identity card and valid proof showing the his/her status, and the proxy presenting at the general meeting shall present his/her identity card and the power of attorney in writing issued by the legal representative, the board of directors or other decision-making bodies of the corporate shareholder in accordance with the laws.

If a shareholder is recognized as a clearing house or its nominee according to the relevant laws of the place where the shares of the Company are listed ("recognized clearing house"), the shareholder is entitled to authorize one or more person(s), as it thinks fit, to act as its proxy at any general meeting or any class meeting of shareholders. However, if more than one person is authorized, the proxy form shall set out the number and class of shares represented by each of the persons so authorized. The power of attorney shall be signed by the authorized personnel of the recognized clearing house. A person so authorized may attend meetings (without presenting any share certificate, notarized authorization and/or other evidence indicating that he/she has been duly authorized) and exercise the right on behalf of the recognized clearing house (or its nominee), as if he/she was an individual shareholder of the Company.

**Article 86** The proxy form that a shareholder issues to appoint another person to attend a general meeting on his/her behalf shall contain the following particulars:

- (1) the name of the proxy;
- (2) whether the proxy has voting right;
- (3) the instruction on voting for or against or abstaining from voting for each of the matters listed on the agenda of the general meeting;
- (4) the issuing date and effective period of the proxy form;
- (5) the signature (or seal) of the principal. For a corporate shareholder, the proxy form shall be affixed with corporate seal.

**Article 87** The proxy form shall be deposited at the address of the Company or other place as specified in the notice of meeting 24 hours before the meeting to discuss the matters that the proxy is appointed to vote for or 24 hours before the designated voting time. If the proxy form is signed by a person authorized by the principal, a notary certified copy of the power of attorney or other authorization documents shall be needed, which shall be deposited together with the proxy form at the address of the Company or other place as specified in the notice of meeting.

If the principal is a corporate shareholder, the legal representative or the person authorized by the board of directors or other decision-making bodies shall act as the principal's representative to attend the general meeting of the Company.

**Article 88** The proxy form issued to a shareholder by the board of directors of the Company for appointment of proxy shall be in blank form that the shareholder can freely instruct the proxy to vote in favor of, against or abstain from each resolution and to give instruction on each item of the business put to vote at the meeting. The form of proxy shall specify that if a shareholder fails to give instruction, the proxy may vote in such a way as he thinks fit.

**Article 89** The vote given by the proxy in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the principal, or revocation of the appointment of proxy or the authorization to sign the proxy form, or transfer of the concerned shares, provided that no notice in writing in respect of such matters as mentioned above has been received by the Company before the commencement of the relevant meeting.

**Article 90** The Company shall maintain a register of attendees. The register shall contain information such as names of attendees (or names of entities), identity card number, residential address, number of shares with voting rights held or represented, and names of persons represented (or names of entities represented).

**Article 91** The convener and the lawyer engaged by the Company shall verify the eligibility of shareholders in accordance with the register of shareholders and other valid documents provided by the securities registration and clearing institution, and shall register the name of shareholders and the number of shares with voting rights held by them.

**Article 92** Registration of attendance of the meeting shall be closed before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights held by them.

**Article 93** All directors, supervisors and the secretary to the board of directors shall attend the shareholders' general meeting. The General Manager (President) and other senior management shall also be present at the meeting.

**Article 94** A shareholders' general meeting convened by the board of directors shall be presided over by the chairman of the board of directors. If the chairman of the board of directors is unable or fails to perform his/her duties, the vice chairman of the board of directors shall preside over the meeting. Where the vice chairman of the board of directors is unable or fails to perform his/her duties, a director elected by more than one half of all directors shall preside over the meeting. In the event that the board of directors is unable or fails to perform the duties of convening shareholders' general meetings, the supervisory committee shall promptly convene and preside over the meetings. If the supervisory committee fails to convene and preside over a shareholders' general meeting, shareholders severally or jointly holding 10% or more of the Company's shares for more than 90 consecutive days shall have the right to convene and preside over the meeting. Where the shareholders fail to elect a chairman of the shareholders' general meeting, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman of the shareholders' general meeting.

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

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

During the general meeting, if the chairman of the meeting violates any of rules of procedure and shall not continue to preside over the meeting, a person shall be elected by shareholders present at the meeting carrying more than half of the voting rights to act as the chairman of the meeting to resume the meeting.

**Article 95** The Company shall formulate Rules of Procedure of Shareholders' General Meetings to specify in details the convention and voting procedures of the meeting, which shall include the notice of meeting, registration, consideration of proposals, voting, count of votes, announcement of voting results, formulation of resolution, minutes and signature thereon, and announcements, as well as the principles and scope of authorization granted to the board of directors by the general meeting, which shall be clear and specified. The Rules of Procedure of General Meeting shall be formulated by the board of directors and approved by shareholders at general meeting and as an appendix to these Articles.

**Article 96** At the annual general meeting, the board of directors and the supervisory committee shall report their respective works of the previous year. The supervisory committee shall make specific statements on the financial position and compliance of the Company. Each independent director shall also make his work report.

The board of directors and the supervisory committee shall make specific statements to the general meeting on the performance appraisal and remunerations of the directors and supervisors, respectively.

The board of directors shall make specific statements to the general meeting on the execution of duties, performance appraisal and remunerations of the senior management.

**Article 97** Directors, supervisors and senior management shall answer the inquiries and proposals made by shareholders provided that no trade secrets of the Company shall be discussed at the meeting.

**Article 98** The chairman of the meeting shall declare the total number of shareholders and proxies present thereat and the total number of shares with voting rights held by such shareholders and proxies before voting commences. The total number of shareholders and proxies present at such meeting and the total number of shares with voting rights held by them shall be based on the register of the meeting.

**Article 99** The general meeting shall have minutes which are recorded by the secretary to the board of directors and shall include the following details:

- (1) the date, time, venue and agenda of the meeting and the name of the convener;
- (2) the names of the chairman of the meeting, and the directors, supervisors, General Manager (President) and other senior management attending or appearing before the meeting;
- (3) the number of shareholders and proxies present at the meeting, total number of shares with voting rights held by them, and the percentage of shares with voting rights held by them to the total number of shares of the Company;
- (4) the discussion, key points of speech and voting results for each proposal;
- (5) any enquiries or suggestions raised by shareholders and the relevant reply or explanation;
- (6) the names of the lawyer, the vote counter and the scrutineer;
- (7) other details which shall be recorded in the minutes pursuant to these Articles.

**Article 100** The convener shall ensure that the minutes are true, accurate and complete. The directors, the supervisors, the secretary to the board of directors, the convener or his/her representative, and the chairman of the meeting shall initial on the minutes of the meeting. The minutes of meeting together with the attendance record of shareholders and the power of attorney of the proxies, and the relevant information of online voting and other means of voting shall be kept for 20 years.

**Article 101** The convener shall ensure general meeting is held without adjournment until the final resolution is reached. Where special reasons such as force majeure have led to the suspension of the meeting or failure in passing a resolution, necessary measures shall be taken to promptly resume the meeting, or to immediately close the meeting and promptly announce accordingly. The convener shall also report to the local branch of CSRC and the stock exchange in the place where the Company locates.

## Section 6 Voting and Resolutions at General Meetings

**Article 102** Resolutions of general meetings shall be classified into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by votes representing not less than half of the voting rights carried by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing not less than two-thirds of the voting rights carried by the shareholders (including proxies) present at the meeting.

**Article 103** The following matters require the passing of an ordinary resolution at general meeting:

- (1) the work reports of the board of directors and the supervisory committee;
- (2) the profit distribution plans and loss recovery plans proposed by the board of directors;
- (3) the appointment and removal of members of the board of directors and the supervisory committee, their remuneration and method of payment;
- (4) the Company's annual budgets, audited accounts, balance sheets, income statements and other financial statements;
- (5) the annual reports of the Company;
- (6) any matters other than those which are required by the laws and regulations, the requirements of the securities regulatory authorities of the places where the shares of the Company are listed or by these Articles to be passed by way of special resolution.

**Article 104** The following matters require the passing of a special resolution at general meeting:

- (1) the increase or reduction in registered capital of the Company and the issue of shares of any class, warrants and other securities;
- (2) the issue of bonds by the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) the amendment to these Articles;
- (5) purchase or disposal of material assets or provision of guarantee by the Company within 1 year of a value exceeding 30% of the Company's latest audited total assets;
- (6) repurchase of the Company's shares;
- (7) adoption of long-term incentives plan; and

(8) other matters specified by the laws, regulations, the relevant requirements of the regulatory authorities in the place where the Company's shares are listed or these Articles and matters specified by ordinary resolutions of shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

**Article 105** Shareholders (including their proxies) shall exercise their voting rights representing by the number of voting shares they represent. Each share shall have one vote.

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

Subject to the relevant regulations, the board of directors, independent directors and shareholders may solicit the voting rights of other shareholders.

**Article 106** If any shareholder is, under the Hong Kong Listing Rules, 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 in contravention of such requirement or restriction shall not be counted.

**Article 107** When a connected transaction is considered at a shareholders' general meeting, the connected shareholders shall abstain from voting. The voting shares held by connected shareholders shall not be counted in the total number of shares with voting rights. The announcement on the resolutions of the general meeting shall fully disclose the voting of the shareholders who are not connected parties.

Connected shareholders' abstention from voting and the voting procedure for connected transactions are as follows:

(1) if matters submitted to the shareholders' general meeting for consideration involve connected transactions, the convener shall promptly give a prior notice to the connected shareholders, and the connected shareholders shall promptly inform the convener of the relevant information if they are aware of the matters.

(2) if it is necessary to engage professional accountants and valuers to audit and value the connected transactions or engage independent financial advisors to express opinions on the same, the convener shall at the meeting truthfully disclose the results of the audit and valuation or the opinions of the independent financial advisors.

(3) the connected shareholders may participate in discussing connected transactions and explain and describe to the shareholders' general meeting the reasons for the connected transactions, basic information of the transactions, whether the transactions are fair and sound, etc, but they shall abstain from voting.



**Article 108** Unless a poll is particularly required by the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be conducted by a show of hands:

(1) the chairman of the meeting;

(2) at least two shareholders present in person or by proxy entitled to vote thereat;

(3) by shareholders (including proxies) holding severally or jointly 10% or more of the shares carrying voting rights.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

If a poll is required by the securities regulatory authorities of the place where the shares of the Company are listed, the chairman of the meeting may at his discretion and in good faith allow a resolution only in relation to a procedural or administrative matter to be voted by a show of hands subject to the relevant requirements.

**Article 109** Request for voting by poll shall be honoured forthwith if it is in connection with the election of the chairman of the meeting or the adjournment of the meeting. Request for voting by poll on any other matters may be honoured at such time as the chairman of the meeting thinks fit, and the meeting and other businesses at the meeting may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 110** When a poll is taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 111** The chairman of the meeting shall decide and announce whether the proposals have been passed according to the voting results and his decision shall be conclusive. The voting results on the resolutions shall be recorded in the minutes.

In the premise that lawfulness and effectiveness of the general meeting can be guaranteed, the Company may provide various ways and means, including an on-line voting platform using modern information technology, to facilitate participation in the general meeting by shareholders.

**Article 112** The Company shall not, without prior approval of shareholders in general meeting, enter into any contract with any person (other than a director, supervisor, General Manager (President) and other senior management) pursuant to which such person shall be assigned the management and administration of the whole or any substantial part of its business.

**Article 113** Candidates for directors and supervisors shall be approved by the general meeting by way of proposals.

Where shareholder(s) of the Company solely or jointly hold with their associates 50% or more of the shares of the Company or controlling shareholder(s) controlling 30% or more of the shares of the Company, the cumulative voting system shall be adopted for the election of two or more directors (including independent directors) and supervisors.

A cumulative voting system referred to in the preceding paragraph means a system of voting for the election of directors or supervisors at the general meeting in which voting rights of each share is equal to the number of directors or supervisors to be elected and the shareholder can aggregate his voting rights for voting. The board of directors shall notify the shareholders the biographies and basic information of the directors and supervisors to be elected.

**Article 114** When conducting cumulative voting, the number of votes entitled to each shareholder shall be equal to the total number of shares he holds times the number of director or supervisor candidates. Shareholders may cast all their votes to one director or supervisor candidate or to various director or supervisor candidates. The votes for each director or supervisor will be counted separately. Candidates receiving the highest votes shall be elected as director or supervisor.

**Article 115** Where conducting cumulative voting, the chairman of the meeting shall announce the adoption of cumulative voting system for the election of directors and supervisors and the counting method of votes and rules of election to the shareholders or proxies presented at the meeting before voting.

**Article 116** Where conducting cumulative voting, specific ballots shall be prepared according to the agenda of the general meeting, which shall explicitly state the purpose of cumulative voting for the election of directors and supervisors in addition to the particulars same as other types of ballots. The ballots shall also contain the following details:

- (1) name of the meeting;
- (2) names of the director and supervisor candidates;
- (3) names of shareholders;
- (4) names of proxies;
- (5) number of shares held;
- (6) number of votes in the cumulative voting;
- (7) time of voting.

**Article 117** Where conducting cumulative voting, the election of independent directors shall be separated from the election of other directors to ensure the proportion of independent directors in the board of directors of the Company.

**Article 118** Other than the cumulative voting system, the general meeting shall vote on all proposals one by one. For different proposals on the same matter, voting shall be proceeded according to the time order of these proposals. Once a proposal is passed, the remaining proposal on the same matter shall not be voted on. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the general meeting shall not stay the proposals or withhold from voting.

**Article 119** No amendment shall be made to a proposal when it is considered at general meeting. Amended proposal shall be treated as a new proposal and shall not be voted at the same general meeting.

**Article 120** The same voting right may only be exercised once in person, online or by other means. The first voting result shall prevail for any multiple votings of the same voting right.

**Article 121** Before voting on any proposal at a general meeting, two representatives of the shareholders shall be elected to participate in vote counting and scrutinizing. Any shareholder who has interests in the matter under consideration and proxies of such shareholder shall not participate in vote counting or scrutinizing.

**Article 122** When shareholders are voting on any proposals at general meeting, lawyers, shareholders' representatives, supervisors' representatives, auditors of the Company, the registrar for the overseas-listed foreign-invested shares listed in Hong Kong, and qualified external auditors shall be severally or jointly responsible for vote counting and scrutinizing. The voting results shall be announced in the meeting and recorded in the minutes.

Shareholders or their proxies who voted via the internet or other ways shall have the right to check their voting results through the relevant voting system.

**Article 123** The physical general meeting shall not be closed earlier than that held via the internet or otherwise. The chairman of the meeting shall announce the voting result of each proposal and whether the proposal is passed pursuant to voting results.

Prior to official announcement of the voting results, the Company and the vote counter, scrutineer, substantial shareholder(s), internet service provider and other relevant parties in relation to voting at the physical general meeting, meeting held via the internet or otherwise shall keep confidential of the voting results.

**Article 124** Shareholders present at the general meeting shall cast their votes in favor of or against proposals submitted for consideration, or abstain from voting.

Voting forms which are uncompleted, wrongly completed, completed with illegible writing or not cast are deemed as void and the shareholders to whom such voting forms belong shall be deemed to have abstained from voting.

If the chairman of the meeting has any doubt as to the voting result of a resolution, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder or proxy present who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

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

The minutes, shareholders' attendance records and proxy forms shall be kept at the Company's premises.

Copies of the minutes of any shareholders' meeting shall, during business hours of the Company, be open for inspection by shareholders without charge. If a shareholder requests for a copy of the minutes, the Company shall send the copy of the minutes to him/her within 7 days upon receipt of reasonable fees.

The resolution of the general meeting shall be announced promptly. The announcement shall set out the number of shareholders and proxies attending the meeting, the total number and the ratio of the total number of voting shares held by such shareholders and proxies to the total number of voting shares of the Company, the total number of shares which shall abstain from voting in favour of any particular resolution as required by the securities regulatory authorities of the place where the shares of the Company are listed and/or the total number of shares which shall abstain from voting (if any), the voting method, the voting result of each proposal, the detailed content of each of the resolutions passed and the identity of the scrutineer.

If a proposal is not passed, or if the resolution passed by the preceding general meeting is changed by the current general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.

**Article 125** Where a general meeting has passed the proposals for electing directors or supervisors, unless otherwise specified in the resolutions, the newly elected directors and supervisors shall fill their positions after the relevant voting results are announced.

**Article 126** Where any proposals in relation to the distribution of profits, issue of bonus shares or capital increase by way of realization of capital reserve are passed at the general meeting, the Company shall implement the specific plan within 2 months from the closing of the general meeting.

## **Section 7 Special Procedures for Voting by Class Shareholders**

**Article 127** Shareholders holding different class of shares shall be class shareholders.

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

Except for holders of shares of other classes, the holders of domestic shares and overseas-listed foreign shares are different classes of shareholders.

Any non-voting shares in the share capital of the Company shall bear the wording “non-voting right” in their designation.

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

**Article 128** Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution of a shareholders’ general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with the provisions of Articles 129 to 134, respectively.

**Article 129** The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

(1) increase or decrease in the number of shares of that class, or increase or decrease in the number of shares of another class having the same or more rights in voting, distribution or other privileges;

(2) conversion of all or part of the shares of that class into shares of other classes, or conversion of all or part of the shares of other classes into shares of that class or granting rights of such conversion;

(3) removal or reduction of the entitlement and rights to receive and retain dividends attributable to shares of that class;

(4) reduction or removal of the priority of the shares of that class to receive dividends or distribution of in the event of liquidation;

(5) increase, removal or reduction of the right of conversion, options, voting rights, the right to transfer, priority in placement of shares and the right to acquire securities of the Company attached to shares of that class;

(6) removal or reduction of the right to receive sums payable by the Company in particular currencies attached to shares of that class;

(7) creation of a new class of shares having the same or more rights in voting, distribution or other privileges;

(8) imposing or strengthening the restriction on the transfer of or the ownership of the shares of that class;

(9) issue of rights to subscribe for or convert into shares of that class or other classes;

(10) increase in the rights and privileges of shares of other classes;

(11) proposed restructure of the Company which shall result in different classes of shareholders having to assume disproportionate liabilities; and

(12) alteration or cancellation of the provisions of this Chapter.

**Article 130** Shareholders of the affected class, whether or not having the right to vote at shareholders' general meetings, shall have the right to vote at the class meeting in relation to any of the matters under circumstances (2) to (8) and (11) to (12) mentioned in Article 129, but interested shareholders shall not be entitled to vote at the relevant class meeting.

(An) interested shareholder(s) shall mean:

(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of open transaction on a stock exchange pursuant to Article 28, a "controlling shareholder" defined in Article 292;

(2) in the case of a repurchase of shares by an over-the-counter agreement pursuant to Article 28, a holder of the shares to which such agreement relates;

(3) in the case of a proposed restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 131** A resolution of a class meeting shall be passed by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting according to Article 130.

**Article 132** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 45 days before the date of the class meeting. Such notice shall include the matters to be considered, the place, date and time of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company 20 days before the date of the meeting, excluding the date of the meeting. In the event that the number of shares (carrying voting rights) held by shareholders who intend to attend the meeting equals to or more than half of the total class shares with voting rights at the meeting, the Company may convene the class meeting; otherwise, the Company shall within five days notify the shareholders again, by way of public announcement, of the matters to be considered and the place, date and time of the meeting. The Company may then proceed to hold the meeting.

If there is any requirement by the laws and regulations in the place where the shares of the Company are listed, such requirements shall apply.

**Article 133** Notice of class meetings shall only be served on shareholders entitled to vote thereat. Unless otherwise provided by these Articles, class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of these Articles relating to the manner for the conduct of general meetings shall be applicable to class meetings.

**Article 134** The special procedures for voting by class shareholders shall not apply in the following circumstances:

(1) pursuant to a special resolution of shareholders' general meeting, the Company issues domestic shares and overseas-listed foreign shares in a period of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas-listed foreign shares;

(2) issue of domestic shares and overseas-listed foreign shares upon establishment of the Company pursuant to a plan approved by the CSRC within 15 months from the date of approval; and

(3) conversion of unlisted shares into foreign shares of the Company and trading in an overseas stock exchange pursuant to approval from the securities regulatory authority under the State Council.

## **Chapter 5 Directors and the Board of Directors**

### **Section 1 Directors**

**Article 135** Directors of the Company shall have their qualifications recognized by CSRC before assuming office. The Company shall not appoint any personnel who has not obtained the qualification of director and shall not violate the provision by authorizing unqualified personnel to effectively act as director.

General Manager (President) or other senior management may concurrently serve as a director (other than independent directors), provided that the aggregate number of internal directors who concurrently serve other positions in the Company shall not be more than one half of all directors of the Company.

**Article 136** The directors of the Company shall:

(1) be faithful and honest;

(2) be familiar with securities laws, rules and regulations, and have the necessary operation and management capacity to perform their duties;

(3) have sufficient experience in the fields of securities, finance, economics, laws and accounting as required by the CSRC;

(4) have the academic qualification as required by the CSRC;

(5) fulfill other conditions required by the laws, rules, regulations and these Articles.

At least one independent director of the Company shall be an accounting professional (accounting professionals refer to those who hold senior titles or qualifications as a certified public accountant) who possess over five years of accountancy experience. Independent directors shall carry out their duties honestly and faithfully, safeguard the Company's interest and in particular prevent encroachment of the rights and interests of public shareholders. Independent directors shall ensure the sufficient representation of the interests of all shareholders.

**Article 137** Non-employee representative directors shall be elected or replaced by shareholders' general meetings. Employee representative directors shall be elected or replaced by the Company's employees at the employee representatives' meetings, general meeting of employees or by other democratic means. The term of office of a director shall be three years and is eligible for re-election upon the expiration of the term. A director shall not be removed without reason from his/her office by shareholders' general meeting or employee representatives' meeting (including employee meeting or otherwise) before the expiration of his/her term. If a director is removed by shareholders' general meeting or employee representatives' meeting (including employee meeting or otherwise) of the Company, relevant explanation shall be provided. The director being removed shall be entitled to speak at the shareholders' general meeting or the employee representatives meeting (including employee meeting or otherwise), the CSRC or its local offices. Subject to full compliance with the relevant laws and regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiry of his/her term of office (but without prejudice to such director's right to claim damages based on any contract).

Written notice of intention to nominate a candidate for the post of director and the candidate's agreement to be nominated as director shall be given to the Company seven days prior to the convening of the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which such election shall be conducted and no later than seven days prior to the shareholders' general meeting). The notice of nomination and acceptance of the nomination by the Company shall be no less than seven days.

The employees' representatives in the board of directors are elected by the employees of the Company through employee representatives' meeting, employee meeting or otherwise by democratic election and shall assume office directly.

The directors shall not be required to hold shares of the Company.

**Article 138** The directors shall comply with the laws, regulations and these Articles and shall faithfully perform their following obligations to the Company:

- (1) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (2) not to misappropriate the money of the Company;
- (3) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;



- (4) not to violate these Articles and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the shareholders' general meetings or the board;
- (5) not to enter into contracts or transactions with the Company in violation of these Articles or without approval of the shareholders' general meeting;
- (6) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the shareholders' general meeting;
- (7) not to accept commissions in relation to transactions between any third party and the Company;
- (8) not to disclose the secrets of the Company without consent;
- (9) not to use their connections to harm the interests of the Company; and
- (10) to be bound by other obligations stipulated by the laws, rules, regulations and these Articles. Income received by any directors in violation of this article shall be forfeited by the Company. Any directors who act in violation of this article shall be liable for compensation for any losses caused to the Company.

**Article 139** The directors shall diligently perform their following obligations to the Company in compliance with laws, regulations and these Articles:

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

**Article 140** Where no re-election is made upon expiry of the term of or resignation of a director resulting in the number of members of the board of directors falls below the statutory number, the leaving director shall, prior to a new director is elected and assume office, continue to perform his/her duties as a director in accordance with the laws, regulations and these Articles.

A director may resign before the expiry of his/her tenure. The resigning director shall submit to the board of directors a written resignation. The board of directors shall disclose the relevant information within two days.

Except the circumstances specified in this article that the resignation of a director resulted in the number of members of the board of directors fall below the statutory number, the resignation of a director shall be effective when the written resignation is served to the board of directors.

Subject to the relevant laws and regulation, as well as regulatory rules of the local authority where the Company is listed, if the board of directors appoints a new director to fill a vacancy or as an additional director, the tenure of the appointed director shall expire at the next shareholders' general meeting of the Company. Upon expiry of tenure, the director shall be eligible for re-election.

**Article 141** Within 10 days upon the resignation or the expiry of the tenure of a director, such director shall duly complete all handover. Upon the resignation or expiry of his/her tenure, the faithful duties owed by such director to the Company and the shareholders shall not be released. The obligation of confidentiality of such director in relation to any commercial secrets of the Company shall remain effective after his/her tenure and shall terminate until such commercial secrets become public. The duration of other obligations shall be determined on the principle of fairness and depends on the length of time between the occurrence of the incident and the resignation, as well as the conditions and circumstances under which the director terminates his/her relationship with the Company.

**Article 142** Any director who fails to attend board meetings in person and has not entrusted other directors to attend the meeting on his/her behalf for two consecutive times shall be deemed as unable to perform his duties. The board of directors shall propose to the shareholders' general meeting to remove such director.

**Article 143** No director shall act for the Company or the board of directors without authorization by these Articles or the board of directors. Where a director acts in his/her own name in a situation where a third party may reasonably believes that such director is acting for the Company or the board of directors, such director shall declare in advance his/her stance and capacity.

**Article 144** Where a director violates any laws, regulations or these Articles when performing his/her duties and causes losses to the Company, such director shall be liable for compensation.

**Article 145** Unless these Articles stipulated otherwise, the means and procedures of nomination of directors are:

(1) candidates for directorship may be nominated by the board of directors subject to a maximum number stipulated by these Articles based on the number of directors to be elected;

(2) the shareholder(s) individually or jointly holding not less than 3% of the Company's shares may nominate candidate(s) for directorship, but the number of candidates shall not exceed the number stipulated in these Articles and the number of directors to be elected;

(3) a candidate for directorship shall make a written undertaking prior to the convening of the Company's shareholders' general meeting to confirm his/her provided acceptance of nomination and further undertake that his/her information contained in the nomination is true and complete and that he/she shall earnestly perform the director's duties if elected;

(4) the written notice of the intent to nominate a candidate for directorship and the written notice by the candidate of his/her willingness to be elected shall be given to the Company 7 days prior to the date of the shareholders' general meeting convened for the election;

(5) the period allowed for the submission of nomination, notices and documents by the nominator and nominee shall be no less than 7 days from the next day after the notice of the shareholders' general meeting is issued.

**Article 146** The Company may maintain a necessary director liability insurance policy to mitigate any risks incurred by the directors when performing their duties in due course.

## **Section 2 Independent Directors**

**Article 147** The provisions of this section shall apply to independent directors. For matters not covered in this section, the provisions on directors in these Articles shall also apply to independent directors.

**Article 148** Independent directors refer to the directors who hold no position in the Company other than the position of director and have no relationship with the Company and its major shareholder(s) that may prevent them from making objective and independent judgment.

**Article 149** The board of directors of the Company shall have independent directors. One third or more of all members of the board of directors shall be independent directors.

The board of directors, supervisory committee or shareholders individually or jointly holding more than 1% of the issued shares of the Company may nominate independent director candidate for election by the shareholders' general meeting.

**Article 150** Subject to the qualification requirement for directors in these Articles, an independent director shall have the following qualification:

(1) He/she shall have not less than five years of experience in the areas of securities, finance, legal or accounting;

(2) He/she shall have the basic knowledge of the operation of a financial institution and be well-acquainted with the relevant laws, rules and regulations;

(3) He/she shall have the necessary time and effort to perform his/her duties as an independent director;

(4) He/she shall be at least a university graduate and possess at least a bachelor's degree; and

(5) He/she shall have the independence required by the CSRC.

**Article 151** The following persons shall not act as independent directors:

(1) Persons who are specified in Article 131 of the Securities Law;

(2) Persons who are employed by the Company or its subsidiaries and their lineal relatives and affiliates with close social relationship (lineal relatives refer to, among others, spouses, parents and children, while affiliates with close social relationship refer to, among others, brothers and sisters, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, brothers-in-law and sisters-in-law);

(3) Persons who are employed by corporate shareholder(s) directly or indirectly holding 5% or more of the Company's shares or other companies which have business relationship with the Company or the top five corporate shareholders of the Company and their lineal relatives and affiliates with close social relationship;

(4) Natural person shareholders who directly or indirectly hold 1% or more of the Company's shares and the top 10 natural person shareholders of the Company and their lineal relatives;

(5) Persons who provide financial, legal or consultation services to the Company or any of its subsidiaries and their lineal relatives;

(6) Persons who had been the persons under categories 2 to 5 in the past one year;

(7) Persons who are employed by securities companies in a capacity other than independent directors;

(8) Other persons specified by the laws, regulations, listing rules in the place the Company's shares are listed and these Articles; and

(9) Persons considered unfit by the relevant regulatory bodies in the place the Company's shares are listed or by resolution of the shareholders' general meeting of the Company.

**Article 152** The tenure of the independent directors is the same as those of other directors of the Company but shall not serve for more than six years. The Company shall file the relevant information of the independent directors with the securities regulatory bodies.

**Article 153** The board of directors shall promptly propose to the shareholders' general meeting for the termination or removal of an independent director if the independent director:

(1) is under one of the circumstances as stipulated in Article 151 in these Articles during his/her office;

(2) fails to attend in person for three consecutive board meetings.

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

An independent director may resign before the expiry of his/her tenure. A written resignation shall be submitted to the board of directors containing explanation on the matters related to his/her resignation or any other matters which, in his/her opinion, shall be brought to the notice of the shareholders and creditors of the Company. If the resignation of an independent director result in the proportion of independent directors of the board of directors to fall below the proportion required by these Articles, such independent director shall continue to perform his/her duties in accordance with the laws, regulations and these Articles until a new independent director is appointed and assume office. The board of directors of the Company shall convene a shareholders' general meeting to re-elect an independent director for replacement within two months. If no shareholders' general meeting is convened upon expiry of the period, such independent director may cease performing his duties.

**Article 154** Where an independent director resigns or is dismissed or removed during his tenure, he/she and the Company shall report respectively to the local office of the CSRC in the place where the Company locates and the shareholders' general meeting together with a written explanation.

**Article 155** In addition to the powers conferred by the relevant laws and regulations, the independent directors shall have the following powers:

(1) to give their independent opinions on the major connected transactions of the Company; to review major connected transaction before recommending for discussion by the board; to retain intermediaries to prepare an independent financial advisor's report before making judgment;

(2) to propose the appointment and termination of accounting firms to the board;

(3) to propose the convening of extraordinary shareholders' general meetings to the board;

(4) to propose the convening of board meetings;

(5) to engage external auditing firms or consultancy firms independently;

(6) to publicly solicit proxies from shareholders before shareholders' general meetings; and

(7) to perform other duties as stipulated by the applicable laws, rules, regulations and listing rules in the place where the Company's shares are listed and these Articles.

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

Where the above proposals are not accepted or the above powers cannot be duly exercised, the Company shall disclose accordingly.

Independent directors shall perform their duties in accordance with the laws, administrative regulations and requirements of the CSRC, and submit work reports at the annual general meeting of shareholders.

Any independent director who fails to perform his duties shall undertake the corresponding responsibilities.

**Article 156** To ensure that independent directors shall be able to perform their duties effectively, the Company shall provide the necessary assistance to the independent directors. The Company shall grant allowances to independent directors. The allowances shall be proposed by the board of directors for review and approval by the shareholders' general meeting. The independent directors shall not receive other undisclosed benefits from the Company and its major shareholders or other related entities or persons.

The appointment, rights and obligations and specific work procedures of independent directors shall be formulated by the Company.

### **Section 3 The Board of Directors**

**Article 157** The Company shall have a board of directors accountable to the shareholders' general meeting.

**Article 158** The board of directors consists of 11 directors, including four independent directors. At least one independent director shall be a senior accountant or certified public accountant and at least one independent director shall be a representative of the employees. The board of directors shall have a chairman and may have a vice chairman.

**Article 159** The board of directors shall perform the following duties:

- (1) to convene shareholders' general meetings and to report to shareholders' general meetings;
- (2) to implement the resolutions of Shareholders' general meetings;
- (3) to determine business operation plans and investment plans of the Company;
- (4) to formulate annual preliminary and final financial budgets of the Company;
- (5) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (6) to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (7) to formulate plans for any substantial acquisition by the Company, repurchase of the Shares or merger, division, dissolution and change of the form of the Company;
- (8) to decide on matters relating to the Company's external investments, acquisitions or disposal of assets, mortgage of assets, external guarantees, entrusted wealth management and connected transactions as authorized by Shareholders' general meetings;

- (9) to formulate the implementation plans on the long-term incentive schemes for the Company's directors, supervisors and senior management and employees;
- (10) to decide on the establishment of the Company's internal management structure;
- (11) to appoint or dismiss the Company's General Manager (President), secretary to the Board and Chief Compliance Officer and, based on the nominations of General Manager (President), to appoint or dismiss Deputy General Manager (Vice President), Chief Finance Officer and other senior management and to determine their remuneration and penalties;
- (12) to formulate the basic management policies of the Company;
- (13) to formulate proposals for any amendments to the Articles of Association;
- (14) to manage the disclosure of information of the Company;
- (15) to propose to Shareholders' general meetings the appointment or change of the accounting firm acting as the auditors of our Company;
- (16) to submit report disclosing the duty performance of directors, including their attendance and voting at board meetings during the reporting period, to the annual general meetings;
- (17) to hear the work report of the Company's General Manager (President) and to review the work of the Company's General Manager (President);
- (18) to monitor, review and evaluate the establishment and implementation of the Company's internal control system and to be ultimately responsible for the effectiveness of the internal control system;
- (19) to review and approve the Company's fundamental risk management and compliance policies and the risk evaluation reports and compliance reports, to hear the report of Chief Compliance Officer and to monitor the implementation of risk management and compliance policies;
- (20) to prepare proposals the amount and distribution method of the emoluments of directors for approval of the general meeting; and
- (21) any other powers as conferred by the laws and regulations and the Articles of Association.

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

**Article 160** The board of directors shall explain to the shareholders' general meeting regarding the non-standard auditors' advice given by a chartered accountant in relation to the financial report of the Company.

**Article 161** The board of directors shall formulate the Rules of Procedure of Board Meetings to ensure the implementation by the board of directors of the resolutions of shareholders' general meeting, to improve efficiency and to make decision in a systematic manner. The rules of procedure of board meetings shall be annexed to these Articles after approval by the shareholders' general meeting.

**Article 162** The board of directors shall have a strategic and development committee, a risk management committee, a nomination and remuneration committee and an audit committee. The members of the committees shall be directors and shall be accountable and report to the board of directors. The members of the committees shall possess relevant professional knowledge and experience relevant to their duties under the committees. The composition, responsibilities and rights and their exercise are set out as below:

(I) The strategic and development committee shall consist of at least three directors with a chairman acted by the chairman of the board of directors. The members of the committee shall be nominated by the nomination and remuneration committee and approved by the board of directors. The primary duties of the strategic and development committee are:

1. to review the strategic development plans and to make recommendations to the board of directors;
2. to carry out information exchange and research within the industry, to understand and master the development and trend of macro economy and securities industry and to prepare specific strategic reports;
3. to conduct preliminary review of the Company's annual operation plans and financial budget and to make recommendations to the board of directors;
4. to review the Company's strategic capital allocation plans and to make recommendations to the board of directors;
5. to evaluate the balanced development of various business lines and to make recommendations to the board of directors;
6. to review the major organizational restructuring and organizational structure plans and to make recommendations to the board of directors;
7. to conduct preliminary review of the Company's major investment, assets disposal and financing plans and to make recommendations to the board of directors;
8. to study other major issues affecting the development of the Company and to make recommendations to the board of directors; and
9. other matters as authorized by the board of directors.

The committee may make proposals to the board of directors on matters within the above scope of duties.



(II) The risk management committee shall consist of at least three directors with a chairman. The members of the committee shall be nominated by the board of directors and the nomination and remuneration committee. Director who concurrently acts as the General Manager (President) of the Company can be a member of the committee but shall not serve as the chairman. Candidate of the chairman shall be nominated by the chairman of the board of directors and approved by more than one half of the committee members. The appointment of committee chairman and members shall be subject to approval of the board of directors. The primary duties of the committee are:

1. to review the Company's risk management policies and standards, as well as the fundamental concepts and scope of compliance management;
2. to review and provide comment on the overall target and basic policy of the compliance and risk management;
3. to supervise and monitor the development of risk and compliance management system of the Company;
4. to formulate the Company's corporate governance policies, to monitor its implementation and to make recommendations to the board of directors;
5. to review and provide comment on the organizational structure and responsibilities of the Company's compliance and risk management;
6. to review the Company's compliance reports and risk assessment reports that need to be reviewed by the board of directors, and to make proposals on the improvement of the Company's compliance and risk management;
7. to review and monitor the training and continuous professional development of the directors and senior management;
8. to review and monitor the Company's policies regarding compliance with laws and regulatory rules as well as with its implementation;
9. to formulate, review and monitor the Professional Practice Code and Compliance Manual (if available) of the employees and Directors;
10. to monitor the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules, together with the disclosure in the Corporate Governance Report;
11. to monitor the effective implementation of the risk and compliance management by the management of the Company and to evaluate the performance of the responsible senior management;
12. to be responsible for organizing the drafting and preliminary review of the authorization matrix, namely the authorization by Shareholders' General Meeting to the board of directors, by the Board to the Chairman and by the board of directors to the General Manager (President) and to assess the delegation and its effectiveness by the General Manager (President);

13. to evaluate and opine on the risk of major decision making and solutions to the major risks of the Company that need to be reviewed by the board of directors; and

14. other matters as authorized by the board of directors.

The committee may make proposals to the board of directors on matters within the above scope of duties.

(III) The nomination and remuneration committee shall consist of at least three directors with a majority of independent directors. It shall have a chairman served by an independent director. The members of the committee shall be nominated by the chairman of the board of directors, more than half of the independent directors or more than one-third of the directors. The chairman of the committee shall be nominated by the chairman of the board of directors and approved by more than one half of the committee members. The appointment of committee chairman and members shall be subject to approval of the board of directors. The primary duties of the committee are:

1. to make recommendations to the board of directors on the size and composition of the board of directors and the Board committees based on the Company's operation, total amount of assets and equity structure;

2. to make recommendations to the board of directors on the number and composition of the senior management based on the Company's requirements of business operation, as well as the requirements of the regulatory authorities;

3. to review the selection criteria and procedures for the directors and senior management and to make recommendations to the board of directors; to conduct evaluation on the structure, size and composition (including skills, knowledge and experience) of the board of directors at least once a year and to make recommendations on any proposed changes to the board of directors for the purpose of implementing the corporate strategy;

4. to study and formulate the selection criteria and procedures of the members of the committees under the board of directors, and to make recommendations to the Board on the appointment, re-appointment and succession plans of directors (especially for the chairman and the General Manager (President));

5. to search broadly for qualified individuals as candidates for directors and senior management;

6. to conduct preliminary review of the qualifications and conditions (including the independence of the independent directors) of the candidates for directors (including independent directors) based on the selection criteria and procedures and to make recommendations to the board of directors;

7. to review the qualifications and conditions of the candidates for General Manager (President), Chief Compliance Officer and secretary to the board of directors nominated by the chairman, as well as the Vice General Manager (Vice President) and senior management, including Chief Financial Officer, as nominated by the General Manager (President) based on the selection criteria and procedures and to make recommendations to the board of directors;

8. to make recommendations to the board of directors on the candidates for the members of other committees under the board of directors;
9. to formulate development plans of the senior management and training plans of key candidates and to make recommendations to the board of directors;
10. to review and provide opinion on the assessment and remuneration management system for directors and senior management;
11. to formulate the criteria and the procedure for the review of the performance of directors and senior management; to implement and provide opinion on the performance review of directors and senior management;
12. according to the policy and target set by the board of directors, to formulate incentive policy and plans for the directors (including non-executive directors) and senior management following the formal and transparent procedures and taking into consideration the salaries paid by comparable companies, responsibilities, time commitment, as well as the terms of employment of other positions of the Company (including controlled subsidiaries) and to make recommendations to the board of directors;
13. to make recommendations to the board of directors on the special remuneration packages (including non-monetary benefits, pension as well as compensation for any loss or termination of office or appointment) of executive directors, supervisors and senior management;
14. to review and approve the compensation to be paid to executive directors or senior management for any loss or termination of office or appointment and to ensure it is consistent with contractual terms and is otherwise fair and not excessive;
15. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct and to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
16. to ensure that no director or his associate is involved in the determination of his own remuneration;
17. to provide opinion on the directors service agreements to be approved by the shareholders. The above-mentioned agreements include agreements with a service term of more than three years, agreements that require a notice period of more than one year or compensation in the amount of more than one year's remuneration or other payments in case of termination of the agreement by the Company, or agreements as required by the securities regulatory authorities where the shares of the Company is listed;
18. to review the Company's fundamental remuneration management system and policies and to evaluate its effectiveness; and
19. other matters as authorized by the board of directors.

The committee may make proposals to the board of directors on matters within the above scope of duties.

(IV) The audit committee shall consist of at least three non-executive directors with a majority of independent directors. It shall have a chairman served by an independent director. At least one of the committee members who is an independent director shall be an accounting professional (accounting professional refers to person with senior title or qualification of certified public accountant) and has over five years of accounting experience. The members of the committee shall be nominated by the nomination and remuneration committee. Candidate for the chairman of the committee shall be nominated by the chairman of the board of directors and approved by more than one half of the committee members. The appointment of committee chairman and members shall be subject to approval of the board of directors.

A former partner of the external accounting firm retained for audit of the accounts of the Company shall not act as a member of the audit committee within one year from the date of his ceasing:

1. to be a partner of the external accounting firm; or
2. to have any financial interest in the external accounting firm,

whichever is later.

The primary duties of the committee are:

1. to review the disclosure of the Company's accounting information and its major issues, to review the critical accounting policies and their implementation, to monitor the implementation of the Company's major financial decisions and annual budget, to monitor the truthfulness, accuracy and integrity of the Company's financial reports, as well as the effectiveness of the procedures for the management to implement the financial reports, to monitor the integrity of the Company's financial statements, annual reports, accounts, half yearly reports and quarterly reports and to review the significant opinions regarding financial filing contained in the statements and reports;

Before submitting the relevant statements and reports to the board of directors, the committee shall particularly review the following matters:

- (1) any changes in accounting policies and practices;
- (2) matters related to material judgement;
- (3) material adjustments resulted from audit matters;
- (4) the going concern assumption of the enterprise and any qualified opinions;
- (5) whether it is in compliance with accounting standards;
- (6) whether it is in compliance with the Hong Kong Listing Rules and legal requirements regarding financial reporting;

The committee shall liaise with the board of directors and senior management in regard to the above matters and meet, at least twice a year, with the external audit firm. The committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the staff of the Company responsible for financial reporting and internal audit function or external audit firm;

2. to monitor the annual audit and make judgment on the truthfulness, accuracy and integrity of the audited information contained in the financial reports, and to submit to the board of directors for review;

3. to control and manage connected transactions under the leadership of the board of directors, to analyze and identify connected persons, to monitor connected transactions to ensure compliance and to organize the decision-making process of major connected transactions;

4. to review and evaluate the Company's internal control;

(1) to review and evaluate the soundness and effectiveness of the financial control, internal control and risk management systems of the Company;

(2) to review and evaluate the implementation of internal control rules and systems by the departments and branches of the Company. The evaluation results will be important reference and basis for annual performance assessment;

(3) to discuss with the operation management and ensure an effective internal control system was in place. The discussion shall include the adequacy of resources, qualification and experience of employees, training of employees and the relevant budget in accounting and financial reporting;

(4) to study the important investigation results of internal supervisory and control issues and feedback of the management on the investigation results voluntarily or under the instructions of the board of directors;

(5) if the Company has an internal audit department, to coordinate internal audit and external audit firm to ensure the internal audit department has adequate resources and rights, and to inspect and supervise the effect of internal audit;

(6) to review the financial and accounting policies and practices of the Company (including its subsidiaries);

(7) to review the audit notes by external audit firm to the management, any material enquiry raised by the auditor to the management on accounting records, financial accounts or monitoring system and feedback of the management;

(8) to ensure the prompt reply by the board of directors to the issues raised in the audit notes of the external audit firm to the management;

(9) to report to the board of directors on matters as stipulated in the Hong Kong Listing Rules;

(10) to review the system and arrangement for employees to anonymously report any irregularities in financial reporting, internal control and other aspects of the Company. The committee shall ensure appropriate arrangements are in place to allow the Company to carry out fair and independent investigations and appropriate actions on such matters;

(11) to coordinate the relationship between the Company and external audit firms.

5. to formulate the Company's internal audit development plans, to approve the annual audit plans and to file such plans with the board of directors;

6. to review, monitor and evaluate the Company's internal audit, to monitor the Company's internal audit system and the implementation of audit plans, and to review and evaluate the procedure and effectiveness of the work of internal audit departments;

7. to review the internal audit and management system, the annual budget, the internal organizational structure plans of the audit department and the composition of the full-time audit team proposed by the management;

8. to nominate the general manager and vice general manager of the internal audit department and to report to the board of directors for appointment according to the procedure as specified in the Company's rules in respect of the appointment of personnel;

9. to conduct annual review on the performance of the responsible persons of the internal audit departments according to the applicable regulations;

10. to review the Company's internal audit reports, audit brief, annual bulletin as well as management proposal;

11. to approve that the Company's audit department temporarily freezes the related materials and assets of the entities audited;

12. to make recommendations to the board of directors on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and the terms of appointment of the external auditors and to deal with any relevant issues regarding the resignation or removal of external auditors;

13. to supervise the performance of the external auditors, and review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit procedure in accordance with applicable standards. The audit committee should discuss the nature and scope of the audit and the related filing responsibilities with the auditors before the commencement of audit;

14. to develop and implement the policy on engaging external auditors to provide non-audit services. The external auditors include any entity that is under the same control, ownership or management with the audit firm, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board of directors, identifying and making recommendations on any matters where action or improvement is needed;

15. to monitor the Company to ensure that the internal audit departments have sufficient resources and to coordinate between the internal audit departments and the external auditors;

16. to oversee the implementation of the rectifying measures by the management in response to the audit opinion and to monitor the implementation of the audit opinions by the management;

17. to lead the internal audit departments in collecting, summarizing and looking into the materials relating to the responsibility of material mistakes in the information disclosure of the annual reports and to investigate and provide solutions for implementation after the board of directors' review and approval; and

18. other matters as authorized by the board of directors.

The committee may make proposals to the board of directors on matters within the above scope of duties.

The committees shall formulate their working procedure and perform their duties accordingly. The working procedure will be effective upon approval by the board of directors.

The committees may engage external professionals to provide services at reasonable cost to be borne by the Company.

The responsible person (convener) of the nomination and remuneration committee and audit committee shall be served by independent directors.

The board of directors shall seek advice of the committees before making any decision on matters related to the duties of the committees.

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

**Article 163** The board of directors shall formulate stringent examination and approval system for external investment, acquisition and disposal of assets, assets pledge, provision of guarantees to third parties, entrusted wealth management and connected transactions of the Company. Specialists or professionals shall be retained to evaluate major investment projects and report to shareholders' general meeting for approval.

The Company may establish subsidiaries to invest in financial products other than those listed in the List of Investment Products of Proprietary Trading by Securities Companies. According to the laws and regulations as well as the relevant rules of the CSRC, the Company may also establish wholly-owned subsidiaries to engage in direct investment business.

Subject to the laws and regulations and requirement of the listing rules in the place where the Company is listed, the board of directors of the Company shall have the right to make decision on the following matters:

(1) the disposal of assets not require to be approved by shareholders' general meeting in accordance with Article 63 of these Articles;

(2) the provision of guarantee not require to be approved by shareholders' general meeting in accordance with Article 64 of these Articles;

(3) the investment or de-investment of a value not more than 10% of the latest audited net assets or 5% of the latest audited total assets of the Company, whichever is the lower in a single transaction or in transactions in four consecutive months; and

(4) the connected transactions which shall be determined by the board of directors according to the disclosure requirements of the listing rules in the place where the Company is listed.

The board of directors shall perform duties related to compliance management, risk management and internal control in accordance to the laws and regulations and these Articles and shall be responsible for the effectiveness of the compliance management, risk management and internal control systems of the Company.

**Article 164** When disposing fixed assets, the board of directors shall not, without prior approval of shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected consideration for the proposed disposal and the proceeds from any such disposal of any fixed assets of the Company completed within four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet considered by the shareholders' general meeting.

For the purposes of this article, disposal of fixed assets includes the transfer of interest in assets but does not include the charge of fixed assets as security.

The validity of a disposal of fixed assets by the Company shall not be affected by any breach of the first paragraph of this article.

**Article 165** The chairman and the vice chairman shall be elected and removed by more than half of all members of the board of directors. The chairman and vice chairman shall be entitled to be re-elected upon expiry of their terms of office.

The chairman shall have the following qualification:

(1) He/she shall have not less than three years of experience in securities, or not less than five years of experience in areas of financial, legal or accounting activities, or not less than 10 years of experience in economic activities;

(2) He/she shall be at least a university graduate or possess at least a bachelor's degree; and

(3) He/she shall have passed the qualification verification recognised by the CSRC.

**Article 166** The chairman of the board shall perform the following duties:

(1) to preside over shareholders' general meetings and to convene and preside over board meetings;

(2) to supervise and examine the implementation of resolutions passed by the board;

(3) to execute share certificates, bonds and other marketable securities of the Company;



(4) to execute important documents of the board and other documents that shall be executed by the legal representative of the Company;

(5) to perform the duties of legal representatives;

(6) to exercise discretion in dealing with matters of the Company in compliance with legal requirements and in the interests of the Company in case of force majeure events such as extraordinary natural disasters and report to the board and the shareholders' general meeting thereafter; and

(7) to perform other duties entrusted by the laws, regulations, statutory documents and listing rules of the place where the Company's share are listed and the board.

**Article 167** The vice chairman shall assist the chairman in performing his/her duties and shall perform the duties of the chairman when the chairman is unable or fails to perform his/her duties. If the vice chairman is unable or fails to perform his/her duties, a director shall be elected by more than half of the directors to take up his/her duties.

**Article 168** Board meetings shall be held at least four times a year at approximately quarterly intervals. A fourteen days' written notice of meeting shall be given to all directors and supervisors.

**Article 169** The chairman of the board of directors shall convene an extraordinary board meeting within 10 working days in one of the following circumstances:

(1) considered necessary by the chairman;

(2) jointly proposed by not less than one-third of the directors;

(3) proposed by the supervisory committee;

(4) proposed by shareholders holding not less than one-tenth of the voting rights;

(5) proposed by more than half of the independent directors;

(6) proposed by the General Manager (President);

(7) proposed by special committees; and

(8) when a board meeting is required by the laws, regulations and relevant requirements of the securities regulatory authorities in the place where the shares of the Company are listed or required by the securities regulatory authorities.

**Article 170** A notice of extraordinary board meeting shall be given to all directors, supervisors and General Manager (President) in writing two working days before the meeting. In case of emergency, the board of directors may give notice of extraordinary board meeting by telephone, facsimile or email, and the convener shall give explanation on the meeting correspondingly. Material events which need be decided by the shareholders' general meeting shall not submit to the extraordinary board meeting for consideration in general.

**Article 171** A notice of meeting of the board of directors shall include the following information:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the form of meeting;
- (4) the matters for discussion (proposals of the meeting);
- (5) the convenor and chairman of the meeting, proposer of the extraordinary meeting and his/her written proposals;
- (6) the materials necessary for voting of directors;
- (7) the requirement that the directors shall attend the meeting in person or by proxy;
- (8) contact person and methods of contact;
- (9) date of the notice.

Verbal notice of meeting shall at least include items (1) and (3) above and the explanation of the emergency need to convene an extraordinary board meeting.

**Article 172** A meeting of the board shall be held only when over half of the directors attend the meeting. Unless otherwise provided by these Articles, resolutions of the board shall be passed by more than half of all directors.

Any resolution made by the board of directors on the provision of guarantee within its scope of authority shall be approved by more than half of all the directors and more than two-thirds of the attending directors.

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

**Article 173** If any director has connection with the entity involved in the resolution of a board meeting, the director shall abstain from voting on the resolution and shall not vote on behalf of other director. The board meeting may be held when more than half of the attending directors have no connection with the entity. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the shareholders' general meeting for approval.

**Article 174** Board meeting shall be convened physically in principal. As long as the directors can express their opinions, an extraordinary board meeting may be convened through video conference, phone conference and fax upon the approval from the convenor (chairman) and proposer. On-site meeting together with other means of method can be used to convene such meeting.

For non on-site meeting, directors who shown up in video conference, directors who expressed their opinions in phone conference and fax received within specified period with effective votes, or directors with confirmation letters submitted consequently for attendance shall be deemed as the attending directors.

For board meeting held in form of video conference and phone conference, it shall ensure that the attending directors can receive opinions of other directors clearly and shall guarantee normal communication.

Voting in board meeting shall be made by poll, show of hands or fax. Each director has one vote. For on-site meeting, voting shall be made by poll or show of hands. For board meeting with video conference or phone conference, voting shall be made by poll and the attending directors shall deliver their signed original copy of vote to the board within the effective period provided in the notice of meeting. For board meeting with fax communication, voting shall be made by fax and directors participating voting afterward shall also deliver their signed original copy of vote to the board within the effective period provided in the notice of meeting.

**Article 175** Directors shall attend board meetings in person. Where a director is unable to attend board meeting, he or she may authorize in writing another director to attend on his behalf. The instrument of proxy shall specify the name of the proxy, the matters to be authorized, scope of authorization and the validity period. The appointor shall sign on or affix a chop to such instrument. Any director who is unable to attend a board meeting and does not appoint a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

**Article 176** The board shall keep minutes of the matters discussed. The attending directors, the secretary to the board and secretary of the meeting shall initial on the minutes of the meeting. They shall be responsible for the resolutions of the board. Where a resolution of the board violates the laws, regulations, the resolution of the shareholders' general meetings or these Articles and causes losses to the Company, the directors who take part in the resolution shall be liable to compensation. However, if a director can prove that he has expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability.

Where a resolution of the board violates the laws, administrative regulations and requirements stipulated by the CSRC, the supervisory committee shall request the board of directors to rectify and the senior management shall refuse to implement.

The minutes of board meeting shall be kept by the secretary of the board as records of the Company. The minutes of board meeting shall be filed by the Company after one year and shall be kept for 20 years.

**Article 177** The minutes of board meeting shall include the followings:

- (1) the session, date, place and method of the meeting;
- (2) the issue of the notice of the meeting;
- (3) the convener and chairman of the meeting;

- (4) the attendance of the directors in person or by proxy;
- (5) the agenda and explanation for convening the meeting;
- (6) the proposals considered in the meeting, the key points of the speeches and main opinions of each director (including objections and doubts raised by the directors), and his/her vote intention of the proposals;
- (7) the voting methods and results of each proposal (including the numbers of affirmative votes, dissenting votes and abstention votes);
- (8) other matters determined by the attending directors to be recorded in the minutes.

#### **Section 4 Secretary to the Board of Directors**

**Article 178** The Company shall have a secretary to the board of directors and concurrently act as the spokesperson for the Company. The secretary is a senior management of the Company and shall report to the Company and the board of directors.

The secretary to the board of directors shall have the requisite professional knowledge and experience and shall be appointed by the board of directors. The circumstances specified in Article 215 to prohibit a person from being a director of the Company shall also apply to the secretary to the board of directors. The working rules of the qualification and procedures for appointment and termination of the secretary to the board of directors shall be separately formulated by the board of directors.

**Article 179** The secretary to the board of directors shall mainly perform the following duties:

- (1) to maintain communication between the Company and investors, securities trading departments, securities registration departments, securities services entities, the media and securities regulatory authorities and to maintain relationship between the Company and investors;
- (2) to prepare and submit reports and documents required by the relevant authorities of China on behalf of the board of directors and shareholders' general meeting and to provide information required by the laws;
- (3) to organize and prepare shareholders' general meetings and board meetings in accordance with the legal procedures, and to take minutes of the meetings and maintain the documents and records of the meetings;
- (4) to take charge of the information disclosure and publication of the Company and to procure the Company to establish and implement information disclosure system and internal report system for significant information and enable the Company and the relevant persons to discharge the obligation of information disclosure in accordance with the laws;
- (5) to ensure that constitutional documents and records of the Company are complete;

- (6) to ensure that reports and documents of the Company required by competent authorities are prepared and delivered in accordance with the laws;
- (7) to ensure that the Company's registers of shareholders are properly maintained and to be responsible for the management of shareholders information;
- (8) to provide relevant information as required by regulations or relevant entities or individuals, such as the CSRC and its local offices and shareholders, in accordance with the laws and to ensure that persons entitled to access the Company's records and documents are promptly furnished with such records and documents;
- (9) to ensure the effective communication between the directors and the compliance of the policies and procedures of the board of directors;
- (10) to provide opinions regarding corporate governance to the board of directors through the chairman and/or General Manager (President);
- (11) to arrange orientation training and professional development for directors;
- (12) to perform other duties entrusted by the board of directors.

**Article 180** The Company shall facilitate the secretary to the board of directors to perform his/her duties. The directors, supervisors, other senior management and relevant staff shall support and cooperate with the secretary to the board of directors.

**Article 181** A director or senior management of the Company may concurrently act as the secretary to the board of directors. The accountant of the certified public accounting firm and the lawyer of the law firm hired by the Company shall not act as the secretary to the board of directors.

**Article 182** The secretary to the board of directors shall be nominated by the chairman and appointed and dismissed by the board of directors. Where a director concurrently acts as the secretary to the board of directors and an act is required to be done by a director together with the secretary, such person shall not act in both capacities as a director and a secretary.

## **Chapter 6 General Manager (President) and Other Senior Management**

**Article 183** The Company shall have one General Manager (President) who shall be appointed and dismissed by the board of directors. The Company shall have certain vice general managers (vice presidents) to assist the General Manager (President). The appointment and dismissal of vice general managers shall be recommended by the General Manager (President) for approval by the board of directors.

The members of executive committee, General Manager (President), vice general managers (vice presidents), secretary to the board of directors, chief financial officer, chief compliance officer of the Company and other persons who play significant roles in the Company and are identified by the regulatory authorities or confirmed by the resolution of the board of directors of the Company are the senior management of the Company.

The senior management shall have the qualifications recognized by the CSRC or the local office of the CSRC. Persons without such qualifications shall not be authorized to perform the duties of the senior management.

**Article 184** The General Manager (President) and other senior management shall have the following qualifications:

(1) They shall not be prohibited by the laws and regulations to act as the senior management of securities companies;

(2) They shall have passed the qualification verification by the CSRC and shall be qualified to serve as the senior management of securities companies;

(3) They shall be at least university graduates or possess at least bachelor degrees;

(4) They shall be faithful and have good integrity;

(5) They shall be familiar with the laws and regulations related to the operation and management of securities companies, and have the operation and management capacity necessary to perform the duties of the senior management;

(6) They shall be licensed to practice in the securities business;

(7) They shall have no less than three years of experience in securities business or no less than five years of experience in the areas of financial, legal or accounting activities;

(8) They shall have not less than two years of experience of in charge of a department in a securities company or not less than four years of experience of in charge of a department in financial institutions such as funds management, futures, banking and insurance or of comparable management experience.

The appointment of any General Manager (President) or other senior management in violation of the provisions hereunder shall be invalid.

The provisions under Article 138 in relation to the fiduciary duties of directors and provisions (4) to (6) under Article 139 in relation to the due diligent obligations shall be applicable to the senior management.

**Article 185** A person who holds an office other than that of a director of the Company's controlling shareholder or actual controller shall not act as a senior management of the Company.

The senior management of the Company may at most hold the office of director or supervisor concurrently in two companies in which the Company has shareholding but shall not hold an office other than those aforesaid. They shall not engage themselves concurrently in any other profit-making organizations or other operation activities.

Senior management members who hold positions in subsidiaries wholly or partially owned by the Company shall not be subject to the second paragraph of this article but shall comply with relevant regulations of the CSRC.

**Article 186** The General Manager (President) and vice general managers (vice presidents) are appointed for a tenure of three years and may be re-appointed upon expiry of the tenure.

**Article 187** The General Manager (President) shall be accountable to the board of directors and exercise the following duties:

(1) to be in charge of the Company's operation and management, to organize the execution of the resolutions of the board of directors and to report his/her work to the board of directors;

(2) to prepare and implement the Company's annual operation plan and investment plan;

(3) to implement the financial budget plan of the Company;

(4) to establish the Company's basic management system;

(5) to formulate rules and regulations for the Company;

(6) to recommend the appointment or dismissal of senior management to the board of directors other than those required to be nominated by the chairman;

(7) to appoint or dismiss management members other than those required to be appointed or dismissed by the board of directors;

(8) to decide on the appointment and dismissal of the employees of the Company;

(9) to propose the convening of extraordinary board meetings;

(10) to implement the risk control system of the Company and to ensure the Company satisfies the risk control indicators required by the CSRC;

(11) to perform other duties commissioned by these Articles or the board of directors.

The General Manager (President) may present at the board meetings but shall have no voting right if he/she is not a director.

The General Manager (President) may present at the board meetings but shall have no voting right if he/she is not a director.

**Article 188** The General Manager (President) shall report to the board of directors or supervisory committee on the execution of material contracts, application of funds and assets as well as profit and loss of the Company as requested by the board of directors or supervisory committee. The General Manager (President) shall ensure the truthfulness of the report.

The General Manager (President) shall consider the opinions of the labour union and staff representatives committees before making decisions relating to benefits of the employees, such as wages, benefits, occupational safety as well as labour protection, labour insurance and employment contracts.

**Article 189** The working rules of the General Manager (President) shall be prepared by the General Manager (President) for approval by the board of directors.

**Article 190** The working rules of the General Manager (President) shall include the following:

- (1) the conditions, procedures and attendees for convening a meeting by the General Manager (President);
- (2) the respective duties and division of responsibilities between the General Manager (President) and other senior management;
- (3) the limitation of his power in respect of the application of the Company's funds and assets, execution of material contracts and the requirement for reporting to the board of directors and the supervisory committee;
- (4) other matters as the board of directors may think necessary.

**Article 191** The Company shall establish an executive committee which report to the board of directors.

The members of the executive committee shall be the senior management of the Company and to be recommended and nominated by the chairman or the General Manager (President) for appointment and dismissal by the board of directors. The executive committee shall have a manager.

The executive committee shall perform the following duties:

- (1) to implement the Company's operational policies confirmed by the board of directors and to decide on the major issues relating to the Company's operation and management;
- (2) to prepare the Company's financial budget plans;
- (3) to prepare the financial statements and the proposals on profit distribution and recovery of losses;
- (4) to prepare the proposals of the change of the registered capital of the Company and issuance of bonds;
- (5) to prepare the proposals of the merger, spin off, reorganisation and dissolution of the Company;
- (6) to formulate the Company's operational plans and plans of investment, financing and assets disposal for approval by the board of directors subject to the authorization;
- (7) to propose the management structure of the Company;
- (8) to prepare and approve the proposals on remuneration, reward and punishment of employees; and
- (9) other duties commissioned by the board of directors.



The meeting of the executive committee shall be convened and presided over by the chairman of the executive committee. If the chairman of the executive committee is unable to convene and preside over the meeting for certain special purposes, he/she may assign other member to convene and preside over the meeting.

Members of the executive committee shall attend the meetings in person. If a member is unable to attend a meeting, he/she may entrust another member in writing to attend on his behalf.

The meeting of the executive committee shall resolve the matters set out in the agenda one by one by voting. Each member shall have one vote on each resolution considered in the meeting.

Resolutions of the executive committee shall be passed by simple majority of all members. Resolutions in respect of material matters shall be passed by two-third or above of the votes.

The meetings of the executive committee shall be recorded by a designated person. The minutes or resolutions of the meetings of the executive committee shall be signed by the person presiding the meeting. The records, minutes and resolutions of the executive committee shall be kept for 20 years.

The executive committee shall formulate the rules of procedure of the meetings of the committee for approval by the board of directors.

**Article 192** The General Manager (President) and other senior management may resign before the expiration of their terms of office. The resignation procedure and method for General Manager (President) and other senior management are set out in the service contracts entered into between the General Manager (President) or other senior management and the Company. The Company shall enter into service contracts with the General Manager (President) and other senior management to specify their terms of office, performance appraisal, remuneration packages, appointment and dismissal, rights and obligations of both parties and liability for breach of contract. If the General Manager (President) fails to perform his or her duties or is absent, other senior management designated by the board of directors may perform the duties on his or her behalf.

The performance-based annual remuneration of the senior management of the Company shall be determined by the board of directors in accordance with the performance appraisal results. Payment of not less than 40% of the remuneration shall be deferred for a period not less than three years. The deferred payment of remuneration shall be divided equally. Laws and regulations or provisions formulated by the state authorities shall prevail if otherwise provided.

If a senior management fails to perform duties in a diligent manner resulting in significant violation of laws or material risk exposure of the Company, the Company shall suspend the payment of all or part of his or her outstanding performance-based annual remuneration.

The General Manager (President) shall be obliged to perform his duties in good faith and diligence in accordance with the laws and regulations and these Articles.

**Article 193** The Company shall have a chief compliance officer. The chief compliance officer is a member of the senior management and shall be in charge of the compliance of the Company and shall examine, supervise and inspect the compliance of the operation, management and practice of the Company and its employees.

The chief compliance officer shall be entitled to access operation information of the Company for the performance of his duties.

The chief compliance officer shall be appointed and removed by the board of directors. The chief compliance officer shall have a term of office of three years and may be re-appointed upon expiry of his term of office. The chief compliance officer appointed by the Company shall have the qualifications required by the regulatory authorities. The Company shall not dismiss the chief compliance officer without proper reasons. Written report on the dismissal of the chief compliance officer and the reason thereof shall be submitted to the local office of the CSRC in the place of the Company within three working days from the date of dismissal.

The chief compliance officer shall be accountable to the board of directors and shall report his/her work to the board of directors and to the regulatory authorities subject to the regulations.

**Article 194** In performing their duties, the senior management of the Company shall abide by the laws, regulations and these Articles, and perform the duties faithfully and diligently.

The senior management in charge of compliance management, risk management and the audit department shall not concurrently hold the office of other position, the duties of which conflict with compliance management, risk management and auditing, and shall not concurrently take charge of the department, the functions of which conflict with compliance management, risk management and auditing.

The senior management shall provide assistance for compliance management, risk management and audit department.

If a senior management violates any laws, regulations and these Articles and infringes the lawful rights of the Company and customers, he/she shall be subject to internal punishment by the board of directors and the supervisory committee.

If a senior management violates any laws, regulations and these Articles in the course of performing his/her duties of the Company and causes losses to the Company, he/she shall be liable for compensation.

The management of the Company shall establish an organization structure to specify responsibilities and working procedures. It shall arrange risk identification and evaluations and shall set up an effective internal control system and mechanism to promptly tackle or rectify any deficiencies and problems arising from the internal control system.

The senior management shall be responsible for ineffective internal control and inability in prompt tackling or rectifying deficiencies and problems arising from the internal control system.

The senior management shall perform their duties in respect of compliance management in accordance with the laws, regulations and these Articles and shall be accountable for the effectiveness of the compliance management of the Company.

## Chapter 7 The Supervisory Committee

### Section 1 Supervisors

**Article 195** Directors, General Manager (President) and other senior management members as well as their close relatives and affiliates with close social relationship shall not hold the position of supervisors of the Company.

Prior to their appointment, supervisors of the Company shall have their qualifications be approved by the CSRC.

In addition to the basic requirements for supervisors, the chairman of the supervisory committee shall also have the following qualifications:

(1) he/she shall have not less than three years of experience in securities, or not less than five years of experience in finance, laws, or accountancy, or not less than 10 years of experience in economy;

(2) he/she shall at least be a university graduate or have a bachelor degree;

(3) he/she shall have the requisite qualification recognized by the CSRC.

**Article 196** The supervisors shall abide by the laws, regulations and these Articles and perform their duties faithfully and diligently. They shall not abuse their positions to accept bribes or other illegal income and not to misappropriate any properties of the Company.

**Article 197** A supervisor shall serve for a term of three years. Non-employees representative supervisors shall be elected or removed by the shareholders' general meeting and employees representative supervisors shall be elected or removed by the Company's employees representatives meeting, employees meeting or otherwise in a democratic manner. The term of a supervisor is renewable subject to re-election.

A supervisor shall not be removed without reason by the shareholders' general meeting or the employee representatives meeting (including employees meeting or otherwise) before the expiration of his/her term. If a supervisor is removed by the shareholders' general meetings before the expiration of his/her term, relevant explanation shall be provided. The supervisor being removed shall be entitled to make his/her statement to the shareholders' general meeting, the CSRC or its local offices.

**Article 198** If a supervisor is not re-elected or resigns before the expiration of his/her term resulting in the supervisory committee members to be less than the requisite quorum, the leaving supervisor shall perform his/her duties as a supervisor in accordance with the laws, regulations and these Articles.

A supervisor may resign prior to the expiry of his/her tenure by submitting a written resignation to the supervisory committee. Upon receipt the resignation, the supervisory committee shall announce the resignation within two days.

Except the circumstances specified above, the resignation of a supervisor shall become effective when the written resignation is served on the supervisory committee.

Subject to the applicable laws and regulatory rules of the local authorities where the Company is listed, if the supervisory committee appoints a new supervisor to fill a casual vacancy or as an additional supervisor, the tenure of the supervisor to be appointed shall expire at the next shareholders' general meeting of the Company. Upon the expiry of tenure, the supervisor shall be eligible for re-election.

Within 10 days from the resignation or the expiry of the tenure of a supervisor, the supervisor shall duly complete handover to the CSRC. Upon the resignation or expiry of his/her tenure, the faithful duties owed by such supervisor to the Company and the shareholders shall not be released. The obligation of confidentiality of such supervisor in relation to any commercial secrets of the Company shall remain effective after his/her tenure and shall terminate until such commercial secrets become public. The duration of other obligations shall be determined on the principle of fairness and depends on the length of time between the occurrence of the incident and the resignation, as well as the conditions and circumstances under which the supervisor terminates his/her relationship with the Company.

**Article 199** The supervisors shall ensure that all information disclosed are true, accurate, complete, updated and fair.

**Article 200** The supervisors may attend the board meetings and raise questions or suggestions to the resolutions at the board meetings.

Supervisors have the right to access operation information of the Company and shall keep the information confidential. The Company shall have its internal audit reports, compliance reports, monthly or quarterly financial reports, annual financial reports and other material matters be reported to the supervisory committee in a timely manner.

**Article 201** Any supervisor who fails to attend supervisory committee meetings in person for three consecutive times shall be deemed non-performance of duties and shall be removed and replaced by the shareholders' general meeting or the employee representatives meeting (including employees meeting or otherwise).

**Article 202** Supervisors shall comply with the laws, regulations and requirements of these Articles, faithfully and diligently perform the obligations and faithfully perform their supervision duties. Where a supervisor violates the provisions of any laws, regulations or these Articles in the course of executing his/her duties and causes loss to the Company, such supervisor shall be liable for compensation.

Any supervisor who fails to duly perform his/her duties when he/she is aware of or shall have been aware of any actions conducted by the directors or senior management which are in violation of the laws, administrative regulations and requirements of these Articles shall assume the relevant responsibilities.

## Section 2 Supervisory Committee

**Article 203** The Company shall have a supervisory committee. The supervisory committee shall comprise of 5 supervisors, including representatives of shareholders, representatives of employees and external supervisors. Not less than one-third of the members of the supervisory committee shall be employees representatives. The supervisory committee shall have a chairman. The election and removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over supervisory committee meetings.

The supervisory committee or shareholder(s) who hold(s), individually or jointly, not less than 3% of the shares of the Company are entitled to nominate candidates for supervisors other than representatives of employees together with the profile and general information of the candidates, and propose resolution for the appointment of supervisor to the shareholders' general meeting for voting.

If the number of directors nominated by a shareholder are not less than half of the members of the board of directors, the number of supervisors nominated by such shareholder shall not be more than one third of the members of the supervisory committee.

The employee representatives supervisor shall be elected by the employees of the Company through general meetings of staff representatives, staff general meetings or other democratic means.

The Supervisory Committee may establish the Financial Supervision and Inspection Committee and the Performance Supervision and Inspection Committee. The special committees of the Supervisory Committee shall be composed of Supervisors and shall be responsible and report to the Supervisory Committee. Members of the special committees of the Supervisory Committee shall have professional knowledge and working experience related to their duties. The composition, terms of reference and rules of procedures of each special committee shall be formulated by the Supervisory Committee.

The supervisory committee shall have a working team to organize meetings of the supervisory committee, keep meeting minutes and documents and assist supervisors in performing their duties.

**Article 204** The supervisory committee shall be accountable to the shareholders' general meeting and perform the following duties:

(1) to review the Company's periodical reports prepared by the board of directors and to provide comments in writing;

(2) to inspect the Company's financial position and to request chief finance officer of the Company to regularly and truthfully report the analysis on the financial statements to the supervisory committee;

- (3) to monitor the establishment and implementation of internal control by the board of directors;
- (4) to supervise the performance of the directors and senior management and to advise the dismissal of any director or senior management who violates the laws, regulations, these Articles or resolutions of the shareholders' general meetings;
- (5) to make enquiries on the conduct of directors and senior management;
- (6) to demand rectification of the directors and senior management personnel within a prescribed period where their conducts are in violation of laws, regulations or these Articles, and are detriment to the interests of the Company, the shareholders or customers. In the case of material detriment or absence of rectification within the prescribed period, an extraordinary general meeting shall be proposed and the issue shall be considered by way of a special proposal at the meeting;
- (7) to report to the CSRC or its local offices on any serious breach of laws and irregularities by the board of directors or senior management of the Company;
- (8) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meeting if the board of directors fails to do so as required by the Company Law;
- (9) to engage an accounting firm qualified for engaging securities related business to conduct audits on retiring or resigning senior management members;
- (10) to propose motions in a shareholders' general meeting;
- (11) to submit working report of supervisors, including their attendance and voting at supervisory committee meetings during the reporting period, to the annual general meeting;
- (12) to take legal actions against directors and senior management in accordance with Article 152 of the Company Law;
- (13) to examine the financial information such as the financial reports and distribution plans of profits to be submitted by the board of directors to the shareholders' general meetings and to investigate any queries or irregularities of the Company. If necessary the supervisory committee may engage professional institutions, such as accounting firms or law firms, to assist their work with reasonable expenses borne by the Company;
- (14) to conduct investigation whenever unusual situations of operation, financial conditions and compliance of the Company and, if necessary, to engage professional institutions, such as accounting firms and law firms, to assist their work with reasonable expenses borne by the Company;
- (15) to prepare proposals on the remuneration of supervisors and payment method for approval by the general meeting;
- (16) to perform other duties commissioned by these Articles or the shareholders' general meetings.

**Article 205** The supervisory committee may require the directors, senior management and other persons of the Company to attend meetings of the supervisory committee to answer questions.

When the supervisory committee investigates the performance of the directors or senior management of the Company, it may make enquiry to the directors, senior management and other persons of the Company who shall cooperate.

The supervisory committee shall perform its duties in relation to compliance management according to laws and regulations and these Articles to ensure effective compliance management.

**Article 206** The supervisory committee shall be held at least once in every six months. The chairman of supervisory committee shall convene the meeting and notify all supervisors in writing 10 days before the meeting.

The supervisory committee shall convene a meeting within 120 days after the expiration of the last fiscal year to review and approve the annual report, annual financial report and annual compliance report of the Company.

**Article 207** An extraordinary meeting of the supervisory committee shall be convened if so proposed by the supervisors. A written notice of the extraordinary meeting shall be served to all supervisors five days before the meeting. If an urgent extraordinary meeting is required, the convener may issue the notice of the meeting by telephone, fax or email together with an explanation of the urgency in the meeting.

**Article 208** The supervisory committee shall formulate the rules of procedure of the supervisory committee which specify the methods of discussion and voting procedure so as to ensure efficiency and to make decision in a regulated manner. The rules of procedure of the supervisory committee made by the supervisory committee shall be annexed to these Articles after approval by shareholders' general meeting.

**Article 209** A supervisory committee meeting shall be held physically. Under urgent circumstances, voting at an extraordinary meeting of the supervisory committee may be conducted by way of fax provided that the convener of the meeting (the chairman of the meeting) shall explain to the attending supervisors the urgency in details.

**Article 210** The voting procedure of the supervisory committee is as follows: voting for resolutions at on-site meetings of the supervisory committee shall be determined by the chairman of the supervisory committee by way of a show of hands or poll. The chairman of the supervisory committee shall announce if the resolution of the supervisory committee is passed at the meeting in accordance with the voting results. The voting results of the resolution shall be recorded in the minutes of the meeting.

When voting by way of telecommunications, supervisors shall, after confirming their votes by signing a written opinion on the matter considered and his/her voting intention, fax the same to the subsidiary office of the supervisory committee. Supervisors shall not only indicate the voting intention without stating the written opinion or reason for such voting intention. Supervisors participated in voting by way of telecommunications shall send the original signed votes to the supervisory committee within a period determined at the meeting.

**Article 211** Meetings of the supervisory committee shall be conducted in the following manner: a supervisory committee meeting shall not be conducted unless it is attended by two-thirds or more of the supervisors. The chairman of the supervisory committee shall preside over the meeting of supervisory committee. Each supervisor has one vote. The resolution made by the supervisory committee shall be approved by more than two-thirds of the members of the supervisory committee.

**Article 212** The resolution proposed by any supervisor shall be considered by the supervisory committee. Supervisors shall sign the resolutions of the supervisory committee and shall be responsible for the adoption of the resolutions.

**Article 213** The supervisory committee shall keep minutes of the matters discussed. The attending supervisors and the recorder shall initial on the minutes of the meeting, which shall truthfully, accurately and completely record the proceedings of the meeting, resolutions, supervisors' comments and voting results.

Each supervisor is entitled to request that an explanation of his/her comments made at the meetings shall be recorded in the minutes. The minutes of supervisory committee meetings shall be kept by a subsidiary office designated by the chairman of the supervisory committee for a period of 20 years.

**Article 214** A notice of the meeting of supervisory committee shall contain the following:

- (1) the date, venue and duration of the meeting;
- (2) the matters for discussion (proposals);
- (3) the convener and chairman of the meeting, persons submitting proposals at extraordinary meetings and the written proposals;
- (4) materials relevant to the voting by supervisors;
- (5) requirement of personal attendance by supervisors;
- (6) contact person for the meeting and his/her contact details;
- (7) issue date of the meeting notice.

Verbal notice of the meeting shall at least contain items (1) and (2) above and an explanation of the urgency of the extraordinary meeting of the supervisory committee.

## **Chapter 8 Qualifications and Duties of the Directors, Supervisors, General Manager (President) and Other Senior Management of the Company**

**Article 215** In addition to the conditions for the appointment of directors (including independent directors), supervisors and senior management as set out in Articles 136, 150, 151, 184, 193 and 195, the following persons shall not serve as directors, supervisors, General Manager (President) or other senior management of the Company:

- (1) persons without civil capacity or with limited civil capacity;



- (2) persons who have committed offences relating to corruption, bribery, embezzlement, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- (3) persons who were former directors, factory managers or general managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business licence revoked and operation closed down due to violation of the laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (5) persons who have a substantial amount of debts due and outstanding;
- (6) persons who are prohibited from entering into the securities market by the CSRC for a period which has not yet expired;
- (7) persons in charge of stock exchange, securities registration and clearing institutions or directors, supervisors, senior management of securities companies who were dismissed due to illegal or improper behaviour where less than five years have elapsed since the date of the removal.
- (8) persons who have been convicted by the competent authority for violation of securities regulations and acting fraudulently or dishonestly, where less than five years have elapsed since the date of conviction;
- (9) persons who were lawyers, certified public accountants or professionals of investment advisory institutions, financial consultancy institutions, credit rating institutions, assets evaluation or certification institutions and whose qualifications were revoked due to illegal or improper behavior, where less than five years have elapsed since the date of the revocation;
- (10) government officers and other persons who are prohibited by laws and regulations to concurrently take up posts in a company;
- (11) persons who were subject to administrative penalties by the financial regulatory authority due to illegal or improper behavior where less than three years have elapsed since the date of completion of the penalties;
- (12) persons who are disqualified by the CSRC where less than three years have elapsed since the date of disqualification;
- (13) persons who are declared to be unfit by the CSRC where less than two years have elapsed since the date of the declaration;

(14) persons who are prohibited from acting as a management member of a company by laws or regulations;

(15) persons who are not natural persons;

(16) persons who are under investigation by legal authority due to suspected improper or illegal behaviors subject to the criminal law; and

(17) other circumstances specified by the laws, rules, regulations or listing rules of the place where the shares of the Company are listed.

Any election or appointment of director and supervisor or appointment of General Manager (President) and other senior management in contravention of these Articles shall be invalid. Any director, supervisor, General Manager (President) or other senior management falling into any of the circumstances set out in this article during his/her term of office shall be dismissed by the Company.

**Article 216** The validity of the conduct of directors, General Manager (President) or other senior management who act in good faith on behalf of the Company with respect to third parties shall not be affected by any irregularity in their appointment, election or qualification.

**Article 217** In addition to the obligations imposed by the laws, regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, the directors, supervisors, General Manager (President) and other senior management of the Company shall also have the following obligations to shareholders when exercising their powers entrusted by the Company:

(1) not to cause the Company to exceed the scope of business stipulated in its business license;

(2) to act honestly in the best interests of the Company;

(3) not to expropriate the Company's properties by any means, including but not limited to opportunities advantageous to the Company; and

(4) not to expropriate the personal rights of shareholders, including but not limited to rights of distribution and voting, except the restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles.

Directors of the Company shall also faithfully and diligently perform their duties to the Company in accordance with Articles 138 and 139.

**Article 218** Each of the Company's directors, supervisors, General Manager (President) and other senior management owes the duty that in the exercise of his/her powers and discharge of his/her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in the comparable circumstances.

**Article 219** The directors, supervisors, General Manager (President) and other senior management of the Company shall perform their duties in accordance with the principle of fiduciary and shall not put themselves in a position where their duties and their interests may conflict. These principles include (but not limited to) the following:

(1) to act honestly in the best interests of the Company;

(2) to exercise powers within the scope of their powers;

(3) to exercise the discretion vested in them personally and not to allow themselves to act under the control of another and, unless and to the extent permitted by the laws, regulations or with the informed consent of shareholders at shareholders' general meeting, not to delegate to others for the exercise of their discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by these Articles or with the informed consent of shareholders at shareholders' general meeting;

(6) not to use the Company's property for their own benefit without the informed consent of shareholders at shareholders' general meeting;

(7) not to exploit their position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;

(8) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders at shareholders' general meeting;

(9) to abide by these Articles, perform their official duties faithfully and protect the Company's interests, and not to exploit their position and power in the Company for their own interests;

(10) not to compete with the Company in any way unless with the informed consent of shareholders at shareholders' general meeting;

(11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in their own name or other names for the deposit of the Company's assets and not to provide guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and

(12) unless otherwise permitted by informed shareholders at shareholders' general meeting, to keep confidential the information acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:

1. by order of the law;
2. in the interests of the public; and
3. in the interest of the relevant director, supervisor, General Manager (President) or other senior management.

**Article 220** A director, supervisor, General Manager (President) and other senior management of the Company shall not procure any of the following persons or agencies (the "Related Parties") to conduct any action which the directors, supervisors, General Manager (President) and other senior management of the Company are prohibited from:

- (1) the spouse or minor child of such director, supervisor, General Manager (President) and other senior management;
- (2) a trustee for such director, supervisor, General Manager (President) and other senior management or any person referred to in (1) above;
- (3) a partner of such director, supervisor, General Manager (President) and other senior management or of any person referred to in (1) and (2);
- (4) a company in which such director, supervisor, General Manager (President) and other senior management, alone or jointly with one or more persons referred to in above (1), (2) and (3) or with any of other directors, supervisors, General Manager (President) and other senior management of the Company, have de facto control; and
- (5) any director, supervisor, general manager and other senior management of a company referred to in (4) above.

**Article 221** The fiduciary duties of the directors, supervisors, General Manager (President) and other senior management of the Company do not cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairly required depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 222** Except otherwise specified in these Articles, a director, supervisor, General Manager (President) and other senior management of the Company may be relieved of the liability for the breaches of his/her duty by the informed consent of the shareholders' general meeting.

**Article 223** Where a director, supervisor, General Manager (President) and any other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/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 related matters under normal circumstances is subject to the approval of the board of directors.

Unless the interested director, supervisor, General Manager (President) or other senior management of the Company has disclosed his/her interest in accordance with this article to the board of directors and the contract, transaction or arrangement has been approved at a Board meeting in which the interested director, supervisor, General Manager (President) and other senior management was not counted in the quorum and has abstained from voting, such contract, transaction or arrangement may be revoked by the Company except that the counterparty is a bona fide party acting without notice of the breach of duty by the director, supervisor, General Manager (President) or other senior management concerned.

If the related party of the director, supervisor, General Manager (President) or other senior management of the Company has interests in any contract, transaction or arrangement, such director, supervisor, General Manager (President) or other senior management will be deemed to be so interested.

A director may not vote for any resolution of the Board in relation to any contract, transaction or arrangement or any other relevant proposal in which he/she or any of his/her associate(s) (as defined in the applicable Hong Kong Listing Rules in force from time to time) has material interests and he/she shall not be counted in the quorum of the meeting, except for the followings:

1. (1) any security or indemnity to the director or his/her associate(s) in respect of the loans provided to the Company or any of its subsidiaries by such director or his/her associate(s) or obligations incurred or undertaken by such director or any of his/her associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (2) any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his/her associate(s) has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or security;
2. any offer, by other persons or the Company, of shares or debentures or other securities of the Company or any other companies which the Company may promote or be interested in for subscription or purchase, where the director or his/her associate(s) is or is to be interested as a participant(s) in the underwriting or sub-underwriting of the offer;
3. any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (1) the adoption, modification or implementation of any employees share scheme or any share incentive or share option scheme from which the director or his/her associate(s) may benefit;

(2) the adoption, modification or implementation of a pension fund scheme, retirement scheme or death or disability benefits scheme which relates to the directors, their associates(s) and employees of the Company or any of its subsidiaries without providing any special rights to any director or his/her associate(s) which is not generally accorded to the persons relating to such scheme or fund;

4. any contract or arrangement in which the director or his/her associate(s) is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/her interests in shares or debentures or other securities of the Company.

**Article 224** If, prior to the entering into of such contract, transaction or arrangement, a director, supervisor, General Manager (President) or other senior management of the Company has given to the Board a notice in writing stating that, by reason of the facts specified in the notice, he/she will have interest in such contract, transaction or arrangement which may be entered into by the Company in the future, such director, supervisor, General Manager (President) and other senior management shall be deemed to have made such disclosure as stipulated in the preceding Article of this Chapter to the extent as specified in the notice.

**Article 225** The Company shall not in any manner pay taxes on behalf of a director, supervisor, General Manager (President) and other senior management of the Company.

The Company shall not pay any fines or compensations on behalf of a director, supervisor, General Manager (President) and other senior management which he/she shall be liable personally.

**Article 226** The Company shall not, directly or indirectly, make a loan or provide any guarantee for a loan to a director, supervisor, general manager and other senior management of the Company or the Company's parent company or any of their respective associates.

The prohibition mentioned in the preceding paragraph shall not apply to the following circumstances:

(1) a loan or a guarantee for a loan by the Company to its subsidiaries;

(2) a loan or a guarantee for a loan or other funds to any of its directors, supervisors, General Manager (President) and other senior management by the Company to meet expenditure incurred or to be incurred by him/her in the interests of the Company or for the purpose of enabling him/her to perform duties for the Company in accordance with the terms of an employment contract approved by the shareholders' general meeting.

**Article 227** A loan made by the Company in breach of the preceding Article shall be repaid immediately by the recipient of the loan.

**Article 228** A guarantee for a loan provided by the Company in breach of Article 226 (1) in this chapter shall not be enforceable against the Company, unless:

(1) the loan was provided to an associate of a director, supervisor, General Manager (President) and other senior management of the Company or of the Company's parent company, the lender was not aware of the relevant circumstances;

(2) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

**Article 229** For the purposes of the foregoing Articles of this Chapter, a guarantee includes an undertaking or property provided by the guarantor to ensure the performance of obligations of the obligor.

**Article 230** In addition to the rights and remedies provided by the laws and regulations, where a director, supervisor, General Manager (President) and other senior management of the Company is in breach of his/her duties to the Company, the Company has the right to:

(1) claim damages from such director, supervisor, General Manager (President) and other senior management for losses incurred to the Company as a result of his/her dereliction of duty;

(2) rescind any contract or transaction entered into by the Company with the director, supervisor, General Manager (President) and other senior management or with a third party (where such third party knows or should have known that there is a breach of duties of such director, supervisor, General Manager (President) and other senior management);

(3) require the director, supervisor, General Manager (President) and other senior management to surrender the profits made due to the breach of duties;

(4) recover any money received by the director, supervisor, General Manager (President) and other senior management which should have been received by the Company, including but not limited to commissions;

(5) require the payment of interest earned or which may have been earned by the director, supervisor, General Manager (President) and other senior management on the money that should have been paid to the Company.

**Article 231** The Company shall establish a sound and effective performance appraisal system and remuneration management system for the directors, supervisors and senior management. The performance appraisal system and remuneration management system shall fully comply with the requirements of compliance management and risk management.

The Company shall enter into written contracts with each of the directors, supervisors, General Manager (President) and other senior management, and the contracts shall contain, inter alia, the following:

(1) the directors, supervisors, General Manager (President) and other senior managements shall undertake to the Company to comply with the Company Law, Special Regulations, these Articles, the Code on Takeovers and Mergers, Share Repurchase Code and other requirements of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and shall confirm that the Company is entitled to take remedies provided in these Articles and the relevant contracts and posts shall not be transferred;

(2) the directors, supervisors, General Manager (President) and other senior management shall undertake to the Company to perform the responsibilities to shareholders in accordance with these Articles;

(3) the arbitration clauses set out in the Hong Kong Listing Rules.

The Company shall enter into written contracts on issues regarding the remuneration with the directors and supervisors, and submit such contracts to the shareholders' general meeting for approval. The abovementioned remuneration includes:

(1) remuneration for acting as the directors, supervisors, General Manager (President) or other senior management of the Company;

(2) remuneration for acting as the directors, supervisors or senior management of the subsidiaries of the Company;

(3) remuneration for other services offered for the management of the Company and its subsidiaries; and

(4) compensation for loss of position as a director or supervisor or for retirement from such positions.

Except otherwise provided in the abovementioned contracts, the directors and supervisors shall not take the legal action against the Company due to the foregoing issues.

The Company shall disclose the remuneration management information of the directors, supervisors and the senior management, which shall at least include:

(1) the basic system and decision-making procedures for remuneration management;

(2) the total annual remuneration and distribution among directors, supervisors and the senior management;

(3) deferred payment and non-cash payment of the remuneration.

**Article 232** The contract regarding remuneration entered into between the Company and the directors or supervisors shall stipulate that when the Company becomes a target of acquisition, the directors or supervisors shall have the right to obtain compensation or other funds for the loss of their positions as directors or supervisors or for retirement, subject to prior approval of the shareholders' general meeting. Acquisition of the Company mentioned above shall be one of the following situations:

(1) a tender offer to all shareholders;

(2) a tender offer with an aim of making the offeror a controlling shareholder.



If the director or supervisor concerned violates the provisions of this article, any funds due to them shall be attributable to persons who accept the tender offer for their shares and such director or supervisor shall bear the costs incurred for the distribution of such funds on pro rata basis. Such costs shall not be deducted from the funds.

## **Chapter 9 Financial and Accounting Systems, Profit Distribution and Audit**

### **Section 1 Financial and Accounting Systems**

**Article 233** The Company shall establish its financial and accounting systems in accordance with the laws and regulations and the requirements of the relevant governmental authorities.

**Article 234** The Company shall prepare and submit its annual financial reports within four months after the end of each accounting year, its interim financial reports within two months after the end of the first six months of each accounting year, and quarterly financial reports within one month after the end of the first three months and first nine months of each accounting year respectively to the local office of CSRC and the stock exchange(s).

The abovementioned financial reports shall be prepared in accordance with the relevant laws and regulations and published according to the requirements of the securities regulatory authority of the place where the shares of the Company are listed.

**Article 235** The board of directors shall submit the financial reports as required by the laws and regulations to the shareholders at the annual general meetings.

**Article 236** The financial reports of the Company shall be available for inspection by shareholders at the place of the Company 20 days before the date of the annual general meeting. Shareholders of the Company shall be entitled to obtain a copy of the financial reports specified in this chapter.

Unless otherwise provided herein, the Company shall send to each shareholder of overseas listed foreign-invested shares by hand, prepaid post or other means as permitted by the stock exchange of the place where the shares of the Company are listed at the address registered in the register of shareholders the aforesaid reports or the report of the directors together with its balance sheet and income statement not less than 21 days before the date of annual general meeting.

**Article 237** In addition to the PRC accounting standards and regulations, the financial statements of the Company shall also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the notes of the financial statements. Distribution of after-tax profits shall be based on the lower of the after-tax profits shown in the financial statements.

**Article 238** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and relevant laws and regulations as well as international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed.

**Article 239** The Company shall not keep accounts other than those required by law. The assets of the Company shall not be kept under the name of any individual.

**Article 240** The Company can use profit before tax next year to offset loss for the current year; if the profit before tax of the next year is insufficient to offset the loss, the remaining loss may be carried forward to next subsequent years; loss carried forward period that exceeds the statutory pre-tax offset period can be offset by profit after income tax. For the year that the Company realizes the profit after tax (after offset loss, the same as below), the Company will appropriate the profit after tax in the following order: statutory surplus reserve, general risk reserve, transaction risk reserve and distribution to shareholders. 10% of the realized profit after tax of that year will be contributed to statutory surplus reserve fund. When the aggregate statutory surplus reserve fund has reached 50% or more of the Company's registered capital, the Company may cease to make any further contribution. 10% of the realized profit after tax of that year shall be contributed to the general risk reserve. Not less than 10% of the realized profit after tax of that year shall be contributed to the transaction risk reserve.

Subject to resolution of shareholders' general meeting, the Company may also appropriate fund to discretionary surplus reserve from profit after tax. The remaining profit after tax after recovery of losses and appropriation of reserve fund and all reserves shall be distributed to shareholders in proportion to their shareholdings. If a general meeting violates the provisions in the preceding paragraph of this article and profits are distributed to the shareholders before the Company making up losses and making allocations to the statutory reserve fund, the profits distributed in violation of the provisions shall be returned to the Company. No profit shall be distributed in respect of the shares of the Company which are held by the Company. The gain in fair value of the Company's distributable profit shall not be distributed to shareholders by cash. If the standard required by the relevant laws and regulations (such as net capital debt ratio) not being met, no profit can be distributed to shareholders. If the undistributed profit is negative, no profit can be distributed to shareholders. If the capital reserve is negative, no cash distribution can be made to shareholders.

**Article 241** The reserves of the Company shall be applied to make up accumulated losses, to expand the production and operation of the Company or to increase the capital of the Company, provided that the capital reserve shall not be applied to make up losses of the Company.

The statutory surplus reserve after capitalization shall not be less than 25% of the registered capital of the Company before the capitalization.

**Article 242** Capital reserves shall include:

- (1) premium on shares issued at premium;
- (2) any other income required to be allocated to the capital reserve by the finance regulatory department of the State Council.

**Article 243** The profit distribution policy of the Company is based on the following principles:

- (1) The Company shall attach high importance to the return to investors and distribute dividends to shareholders on a yearly basis in a fixed proportion out of the distributable profit of the parent company for the year;

(2) The profit distribution policy of the Company shall be consistent and stable, while taking into account the long-term interests of the Company, the entire interests of shareholders as a whole, and the sustainable development of the Company;

(3) The Company shall distribute its profit by way of cash dividend as priority.

**Article 244** The specific policies of profit distribution of the Company are as follows:

(1) The Company may distribute dividends in cash, shares or in a combination of cash and shares. The Company shall prioritize profit distribution by way of cash dividend if it satisfies the relevant conditions. If the relevant conditions are satisfied, interim profit distribution may be made by the Company.

(2) Save for any significant capital expenditure arrangement of the Company or other special circumstances approved at the general meeting, if the Company makes profit for the year and its accumulative undistributed profit is positive, the profit to be distributed in cash per annum should not be less than 10% of the distributable profit of the parent company realized in that year.

The Board shall take into account various factors such as features of the industries where the Company operates, stage of development, its own business model, profitability and whether there is significant capital expenditure arrangement, to distinguish the following situation and put forward differentiated policies of cash dividend policy in accordance with the procedures as required by the Articles of Association.

1. If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made.

2. If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made.

3. If the Company is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made.

4. If it is difficult to distinguish the Company's stage of development but if it has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

Significant capital expenditure includes major investment and other significant capital expenditure. Major investment refers to the one-off total investment (or total disposed assets) or total accumulative investment (or total disposed assets) within four months reaches 10% of the Company's latest audited net assets, or 5% of the Company's latest audited own assets (whichever reaches first); other significant capital expenditure refers to other one-off total expenditures reach 10% of the Company's latest audited net assets, or 5% of the Company's latest audited own assets (whichever reaches first).

(3) In formulating the plan of profit distribution, full consideration shall be given to whether the net capital of the Company after profit distribution conforms to the provisions of the *Measures for the Administration of Risk Control Indicators of Securities Companies* (《證券公司風險控制指標管理辦法》) with respect to the risk control indicators of net capital. If any alert from risk control indicators arises due to profit distribution, the profit proportion shall be adjusted.

(4) Where the Company is under a good operating condition, and the Board considers that the share price of the Company does not reflect its share capital size and distributing dividends in shares will be in the interest of all Shareholders of the Company as a whole, the Company may carry out profit distribution through payment of dividends in shares taking into account genuine and reasonable factors such as the cash flow position, business growth and net asset value per share of the Company.

If the Company does not carry out profit distribution or adjust its proportion due to the circumstances described in (2) and (3) of this article, it shall be approved by way of special resolution at the general meeting of the Company.

**Article 245** The Company's profit distribution plan shall be carried out according to the following review procedures:

(1) The Company's profit distribution plan shall be submitted to the Board for consideration by the general manager (the president). The Board shall thoroughly discuss its rationality, seek opinions widely from Shareholders, independent directors and supervisors, and form a special resolution on the basis of providing continuous and stable returns to all shareholders and submit it to the general meeting for consideration upon expressing views by independent directors.

(2) When convening the general meeting for purpose of considering the profit distribution plan, the Company shall take the initiative to communicate and exchange ideas with shareholders, in particular with the minority shareholders, through various channels (including but not limited to communication through telephone, fax and email or inviting minority shareholders to attend meetings), and fully listen to the opinions and appeals from minority shareholders and respond to the questions which they are concerned about promptly.

(3) If the Company fails to determine its plan of profit distribution of the year to which it relates according to the established policies or the lowest proportion of cash dividends under special circumstances, the Company shall disclose the specific reasons, purposes and plan for the use of the retained capital that has not been applied for cash dividends distribution in announcements of the Board resolution and annual report of the Company, and independent directors shall express their independent opinions on the rationality of no cash dividends or lower proportion of cash dividends. In such case, the profit distribution plan for the year shall be submitted to the general meeting by way of special resolution.

(4) The board of supervisors shall supervise the implementation of the profit distribution policies by the Board and the management as well as the plan of shareholders' return and the decision-making processes.

**Article 246** After the profit distribution plan has been adopted at shareholders' general meeting, the board of directors shall complete the dividend (or share) distribution within two months after the end of the general meeting.

**Article 247** In case of force majeure, such as wars and natural disasters, changes in the external business environment resulting in material impacts on the operation of the Company, or significant changes of the operation of the Company, the Company may change its profit distribution policy.

The board of directors shall explain the change of profit distribution policy and give the reasons thereof by a report for consideration by independent directors before submitting to the shareholders' general meeting for approval by way of a special resolution. Online voting shall be allowed for the resolution of the change of profit distribution policy.

**Article 248** Any amount paid up on any shares before the date of a call confirmed by the Company shall bear interest thereon. However, the shareholder shall not be entitled to any dividends on such pre-paid share capital before the date of the call.

Subject to the relevant laws and regulations, the Company may forfeit unclaimed dividends after the expiry of the applicable term of validity commencing from the date of declaration of relevant dividends.

If dividend warrants have been left uncashed on two consecutive occasions, the Company is entitled to stop sending dividend warrants to holders of overseas listed foreign-invested shares by post. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

For bearer warrant, no new warrant shall be issued to replace the destroyed or lost warrant unless the Company is reasonably convinced that the original warrant has been destroyed or lost.

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

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

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

**Article 249** The Company shall appoint receiving agents in Hong Kong on behalf of the holders of overseas listed foreign-invested shares to receive and keep on behalf of the relevant shareholders the dividends declared and all other monies, and make the payment to such shareholders.

The receiving agents appointed by the Company shall comply with the laws or relevant requirements of the stock exchange of the place where the shares of the Company are listed.

The receiving agents appointed for holders of overseas listed foreign-invested shares listed in the Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

**Article 250** The Company shall formulate relevant compensation and benefits systems in accordance with the relevant requirements of China and shall determine and pay employee compensation in accordance with labor contracts.

The Company may include a certain amount of incentives in the total employee compensation. Long-term incentive plan may also be established for executives and key staff as well as employees who have significant contributions to the Company in accordance with relevant requirements of China and resolutions of the board of directors.

## **Section 2 Internal Audits**

**Article 251** The Company shall adopt an internal audit system and designate auditors to supervise the internal audits of incomes and expenses as well as the business activities of the Company.

**Article 252** The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the board of directors. The person in charge of audits shall be accountable to and report to the board of directors.

## **Section 3 Appointment of Accounting Firm**

**Article 253** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of China to audit the financial statements, verify the net assets, audit the risk control indicators and provide other relevant consultancy services.

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

**Article 254** The accounting firm appointed by the Company shall have the following rights:

(1) to review the books, financial statements, records and vouchers of the Company, and to require the directors, General Manager (President) and other senior management of the Company to supply relevant information and explanations;

(2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of the duties of accounting firm;

(3) to attend general meetings and to receive all notices of, and other information relating to, any general meeting, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 255** If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting, subject to approval by the next annual general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

**Article 256** The general meeting may by ordinary resolution remove the accounting firm of the Company before the expiration of its term of office, but without prejudicing the accounting firm's right to claim for damages of its removal.

**Article 257** The Company shall ensure the truthfulness and the completeness of the accounting documents, books of accounts, financial reports and other accounting information provided to the accounting firm appointed without any omission, concealment or false statement.

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

**Article 258** The appointment, removal or non-further appointment of an accounting firm by the Company shall be decided by the general meeting. The resolution shall be filed with the CSRC.

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

If a resolution at a general meeting is to be passed for the appointment of another accounting firm to fill a vacancy, the reappointment of an accounting firm that was appointed by the board of directors to fill a vacancy, or the dismissal of an accounting firm before the expiration of its term of office, the following provisions shall be applied:

(1) A copy of the appointment or removal proposal shall be sent to the accounting firm which is proposed to be appointed or dismissed or which has left its post in the relevant fiscal year before issuing the notice of the general meeting to the shareholders.

The leaving of an accounting firm may refer to the removal, resignation or retirement of such firm.

(2) If the leaving accounting firm makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received after the prescribed time) take the following actions:

1. in any notice of general meeting given to shareholders, state the fact that the accounting firm has made such representations;
2. attach a copy of the representations to the notice and deliver it to shareholders in the manner as stipulated in these Articles.

(3) If the Company fails to send out the representations of the accounting firm in the manner set out in sub-paragraph (2) above, such accounting firm may require the representations be read out at the general meeting and may make a further appeal.

(4) The leaving accounting firm shall be entitled to attend the following meetings:

1. the general meeting at which its term of office would otherwise have expired;
2. the general meeting at which the vacancy is proposed to be filled caused by its removal;
3. the general meeting which convened as a result of its resignation.

The leaving accounting firm shall be entitled to receive all notices of, or other information relating to, any such meeting, and to speak at any such meeting which concerns it as a former accounting firm of the Company.

**Article 259** If an accounting firm resigns from its position, it shall make representations to the general meeting whether there has been any improprieties on the part of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the legal address of the Company. Resignation of the accounting firm shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement as mentioned in the sub-paragraph (2) of Article 259, a copy of such statement shall be placed at the Company for the inspection of shareholders. Unless otherwise provided herein, the Company shall also send a copy of such statement by prepaid mail or other ways as permitted by the listing rules of the place where the shares of the Company are listed to all shareholders of overseas listed foreign-invested shares at the addresses registered in the register of shareholders.

If the notice of resignation of accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.



## **Chapter 10 Labor and Personnel Management and Labor Union**

**Article 260** Matters such as the recruitment, dismissal, resignation, compensation, leaves, social security, benefits, incentive and penalty, labor safety, labor disciplines and labor contracts with the employees of the Company shall be dealt with in accordance with the Labor Law of People's Republic of China and other relevant laws and regulations.

**Article 261** The Company may enter into a labor contract with each of its employees or enter into a collective labor contract with the labor union of the Company. The draft of the collective labor contract shall be submitted to the worker congress or despatched to all employees for approval.

**Article 262** The labor union of the Company and its activities shall abide by the Trade Union Law of the People's Republic of China and other relevant laws and regulations.

## **Chapter 11 Notices and Announcements**

### **Section 1 Notices**

**Article 263** Notices of the Company shall be delivered by the following means:

(1) by hand;

(2) by mail;

(3) by fax or email;

(4) subject to laws, regulations and the listing rules of the place in which the shares of the Company are listed, by publishing information on the website of the Company or any such website as designated by the stock exchanges;

(5) by announcement;

(6) by other means agreed by the Company or the addressees in advance or other means as ratified by the addressees after receipt of the notices;

(7) by other means recognized by regulatory authorities of the place in which the shares of the Company are listed or required by these Articles.

**Article 264** Where a notice is served by way of announcement, upon the publication of such announcement, all relevant persons shall be deemed to have received the notice. The requirement of the regulatory authorities of the place in which the Company's shares are listed shall apply, if such requirement specifies otherwise.

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

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

In order to prove that such notices, documents, information or written statements have been already delivered to the Company, shareholders or directors shall provide evidence to prove that such notice, document, information or written statement have been delivered within the prescribed time by ordinary post or prepaid mail to the correct address of the Company.

Notwithstanding the aforesaid requirement on the provision of written corporate communication to shareholders, if the Company has obtained shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by mail, the date of delivery shall be the second working day upon the delivery to the post office. For any notice delivered by announcement, the date of delivery shall be the day on which such announcement is first published.

**Article 265** If a notice of meeting is accidentally omitted to send to a person who is entitled to receive the notice or if such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void thereby.

## **Section 2 Announcements**

**Article 266** The Company shall issue an announcement and disclose information to holders of domestic shares on newspapers and websites designated by the laws, regulations or the CSRC for information disclosure. If the Company is required to make public announcements to the holders of overseas listed foreign shares pursuant to these Articles, the announcement shall also be published in such manner as required by the Hong Kong Listing Rules.

## **Chapter 12 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 267** The merger or division of the Company shall be proposed by the board of directors and the proposal shall be submitted to the shareholders' general meeting for approval in accordance with the procedures set out in these Articles. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

**Article 268** Merger of the Company may take the form of absorption or establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

**Article 269** The merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the merger resolution and shall publish an announcement in newspapers or by other means within 30 days of the date of the merger resolution. The creditors may, within 30 days after receipt of notice or, if the creditors do not receive such notice, within 45 days of the announcement, demand the Company to repay in full or to provide a guarantee.

**Article 270** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 271** Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall execute a division agreement and prepare a balance sheet and inventory of assets. The Company shall notify its creditors within 10 days of the date of the division resolution and shall publish an announcement in newspapers or by other means within 30 days of the date of the division resolution.

**Article 272** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by the surviving companies after division.

**Article 273** Where the Company proposes to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution for reduction of capital and shall publish an announcement in the newspapers or by other means within 30 days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

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

**Article 274** The Company shall, in accordance with the laws, apply for change in its registration with the company registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

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

## **Section 2 Dissolution and Liquidation**

**Article 275** The Company shall be dissolved and liquidated according to the laws upon the occurrence of any of the following events:

- (1) a resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is required due to the merger or division of the Company;
- (3) the Company's business license is revoked in accordance with the laws;
- (4) the Company is de-registered or is ordered to close down in accordance with the laws;
- (5) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss in shareholders' interests, and no solution can be found through any other channel, shareholders representing more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company;
- (6) the Company is declared bankrupt due to its failure to repay debts due; and
- (7) other reasons for dissolution as specified in these Articles.

**Article 276** Upon the occurrence of the situation described in sub-paragraph (7) of Article 275 in these Articles, the Company may continue to exist by amending these Articles.

Amendments to these Articles pursuant to the preceding paragraph shall be subject to the approval of shareholders representing more than two-thirds of the voting rights present at the shareholders' general meetings.

**Article 277** Where the Company is dissolved pursuant to sub-paragraphs (1), (3), (5) or (7) of Article 275, a liquidation committee shall be set up in accordance with the laws within 15 days after the liquidation is approved by the CSRC. Members of the liquidation committee shall be determined by shareholders' general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee to proceed with the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (3) of Article 275, the Company shall apply to the CSRC with reasons for dissolution and debt settlement plan. The Company shall be dissolved after obtaining the approval from the CSRC.

Where the Company is revoked and dissolved pursuant to sub-paragraph (4) of Article 275 in accordance with the laws, the CSRC shall de-register the Company and form an administrative liquidation committee comprising selective professional agencies, such as law or accounting firms, to process the administrative liquidation in accordance with the required procedures.

Where the Company is ordered to close down and be dissolved in accordance with sub-paragraph (4) of Article 275, administrative liquidation, if necessary, shall be implemented in the same manner as for those being de-registered.

Where the Company is dissolved in accordance with sub-paragraph (6) of Article 275, the people's court shall, according to the applicable laws, order the formation of a liquidation committee comprising members from the CSRC, shareholders, relevant authorities and professionals to process the liquidation in accordance with the applicable bankruptcy law.

**Article 278** Where the board of directors resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a shareholders' general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

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

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

**Article 279** The liquidation committee shall perform the following duties:

- (1) to check the Company's assets and prepare a balance sheet and an inventory of assets;
- (2) to notify the creditors by notice or announcement;
- (3) to deal with and settle the outstanding affairs of the Company;

- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to settle all credits and debts;
- (6) to dispose of the remaining assets of the Company after the settlement of debts; and
- (7) to represent the Company in any civil proceedings.

**Article 280** The liquidation committee shall notify the creditors within 10 days from the date of its establishment and make public announcement on newspaper(s) or through other channels within 60 days of its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

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

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

**Article 281** After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for confirmation by shareholders' general meetings or the people's court.

The remaining properties of the Company, after payment of liquidation expenses, wages, social insurance contribution and statutory compensation of staff, and taxes and debts of the Company, shall be distributed in proportion to the shareholdings of shareholders.

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

**Article 282** If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to settle its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 283** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be audited by PRC certified public accountants before being submitted to the shareholders' general meeting or relevant competent authorities for approval.

The liquidation committee shall submit the aforesaid documents to the company registration authority, apply for de-registration of the Company, and announce the termination of the Company within 30 days after approval is obtained from the relevant competent authorities.

**Article 284** The members of the liquidation committee shall perform their duties with due diligence and in accordance with the laws.

The members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company in any way.

The members of the liquidation committee shall be liable to compensate the Company or creditors any loss caused by intentional misconduct or gross negligence.

### **Chapter 13 Amendments to these Articles**

**Article 285** The Company may amend these Articles in accordance with the laws, regulations and these Articles.

**Article 286** The Company shall amend these Articles in any of the following situations:

(1) there is a conflict between these Articles and the laws and regulations after the amendment to the Company Law or applicable laws and regulations;

(2) there are changes in the Company rendering these Articles incorrect; and

(3) the shareholders' general meeting resolves to amend these Articles.

**Article 287** Where the amendments to these Articles passed by the shareholders' general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval.

**Article 288** Any amendment to these Articles involving the Mandatory Provisions for the Articles of Association of Companies Listed Overseas shall become effective upon approval by the approving authority authorized by the State Council and the CSRC. If the amendment involves any registered particulars, application shall be made for change of registration in accordance with the laws.

**Article 289** The Board shall amend these Articles in accordance with the resolution to amend the Articles passed at the shareholders' general meeting and opinions from relevant authorities.

**Article 290** Where amendments to these Articles constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments in accordance with applicable provisions.

## Chapter 14 Settlement of Disputes

**Article 291** The Company shall follow the following rules for settlement of disputes:

(1) All disputes and claims between shareholders of overseas-listed foreign-invested shares and the Company, between shareholders of overseas-listed foreign-invested shares and the Company's directors, supervisors, General Manager (President) and other senior management, or between shareholders of overseas-listed foreign-invested shares and other shareholders arising from these Articles or any rights or obligations conferred or imposed by the Company Law or any other applicable laws and regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration.

The dispute or claim shall be referred to arbitration as a whole. All parties which have the same subject matter, or are required to participate for the settlement of the dispute or claim, such parties shall be subject to the arbitration if such parties are the Company or the shareholders, directors, supervisors, General Manager (President) or other senior management of the Company.

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

(2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with subparagraph (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and regulations.

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

## Chapter 15 Miscellaneous

**Article 292** Definition

(1) Controlling shareholder refers to the one who possesses one of the following conditions:

1. such person acting individually or collectively with others can elect over 50% of the directors;
2. such person acting individually or collectively with others that is entitled to exercise no less than 30% of the voting power of the total number of shares of the Company, or control the exercise of no less than 30% of the voting power of the total number of shares of the Company;



3. such person acting individually or collectively with others hold no less than 30% of the total number of outstanding shares of the Company;

4. such person acting individually or collectively with others is in actual control of the Company by other means.

(2) Actual controller refers to the person who is not the shareholder of the Company, but could actually control the act of the Company through investment, agreement or other arrangement.

(3) Affiliated relation refers to the relation between the controlling shareholder of the Company, actual controller, directors, supervisors, General Manager (President) and other senior management and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Company. However, the relation between fellow state-controlled enterprises shall not be deemed as affiliated relation merely because they are both controlled by the State.

**Article 293** The board of the directors may formulate by-laws in accordance with these Articles, provided that such by-laws shall not be in violation of these Articles.

**Article 294** These Articles are prepared in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles approved by and registered with the State Administration for Industry and Commerce of the People's Republic of China shall prevail.

**Article 295** The expressions of "above" and "within" used in these Articles shall include the original number, while the expressions of "exceeding", "less than" and "more than" shall not include the original number.

**Article 296** The terms of reference of the shareholders' general meetings, board meetings and meetings of supervisory committee are enclosed with these Articles as appendices. In case of any inconsistency between the appendices, including terms of reference of the shareholders' general meetings, board meetings and meetings of supervisory committee, and these Articles, these Articles shall prevail. In case of any inconsistency between these Articles and the mandatory provisions of laws and regulations and the listing rules of the place where the shares of the Company are listed, the laws and regulations and the listing rules of the place where the shares of the Company are listed shall prevail.

**Article 297** The interpretation of these Articles shall be vested to the board of directors of the Company.

**Article 298** These Articles have been approved by the shareholders' general meeting and the CSRC and shall come into effect on the date of the initial public offering and listing of the Company's shares.

The original articles of association of the Company shall automatically lapse from the date when these Article take effect.