



(A joint stock company incorporated in the People's Republic of China with limited liabilities under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)

## **ARTICLES OF ASSOCIATION**

Nanjing, China

**March 2018**

(Considered and approved at the Company's first extraordinary general meeting for the year 2017)

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

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## Chapter I General Provisions

**Article 1** The Articles of Association has been 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 *Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies* (the "Special Provisions"), the *Mandatory Provisions of Articles of Association of Companies that List Overseas*, the *Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong*, the *Corporate Governance Rules for Securities Companies*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the "Hong Kong Listing Rules"), the *Guidelines for the Articles of Association of Listed Companies* and other relevant provisions, in order to protect the lawful rights and interests of the Company, its shareholders and creditors, and regulate the organization and acts of the Company.

**Article 2** Huatai Securities Company Limited (the "Company") is a joint stock company with limited liabilities established in accordance with the Company Law, the Securities Law and other applicable regulations.

Following approval by China Securities Regulatory Commission (the "CSRC") (ref. Zheng Jian Ji Gou Zi [1999] 121), the Company was established converted from Huatai Securities Limited Liability Company (华泰证券股份有限公司).

The Company obtained its Business Entity License (No.: 320000000000192) from the Administration for Industry & Commerce of Jiangsu Province.

**Article 3** With the approval of the CSRC on 1 February 2010, the Company made its initial public offering of 784,561,275 shares of Renminbi (the "RMB") ordinary shares, which were listed on Shanghai Stock Exchange on 26 February 2010. With the approval of the CSRC on 21 April 2015, the Company issued 1,562,768,800 shares of overseas listed foreign shares (H shares) and listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 1 June 2015.

**Article 4** The registered name of the Company:

Chinese name: 华泰证券股份有限公司

English name: HUATAI SECURITIES CO., LTD.

**Article 5** The Company's domicile: No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province

Postal code: 210019

Telephone: 025 83387788

Facsimile: 025 83387784

**Article 6** The registered capital of the Company is RMB7,162.7688 million.

**Article 7** The Company is a joint stock company with limited liabilities in perpetual existence.

**Article 8** The Chairman of the board of Directors (the "Board") of the Company shall be the legal representative of the Company.

**Article 9** All of the assets of the Company are divided into shares of equal par value. The shareholders are responsible for the Company to the limit of the shares they have subscribed for. The Company is responsible for its debts to the limit of all of its assets.

The Company may invest in other bodies including companies with limited liabilities and joint stock companies, and is responsible for their debts to the extent of the invested amount.

**Article 10** The Articles of Association has been adopted at the general meeting as a special resolution, and shall become effective on the date on which the overseas listed foreign shares (H share) issued by the Company are listed on Hong Kong Stock Exchange. The original Articles of Association shall become null and void on the date the Articles of Association enter into effective.

From the date on which it becomes effective, the Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and its shareholders and between shareholders *inter se*, and is binding upon the Company and its shareholders, Directors, Supervisors, president and other senior management officers. All the above persons may make claims related to Company matters in accordance with the Articles of Association. Shareholders may sue shareholders; shareholders may sue Directors, Supervisors, president and other senior management officers of the Company; shareholders may sue the Company; and the Company may sue shareholders, Directors, Supervisors, president and other senior management officers in accordance with the Articles of Association.

For the purpose of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.

**Article 11** For the purpose of the Articles of Association, the term “other senior management officers” shall include the Company’s vice president, the chief financial officer, the chief compliance officer, the general counsel, the chief risk compliance officer, the secretary to the Board and such other personnel to actually fulfill aforesaid duties.

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

**Article 12** The operational objectives of the Company: being dedicated to exploring, developing and flourishing securities business in China, expanding fund financing channels, improving socialist financial market and system, and supporting the state’s economic construction; the goals of the Company: diversifying businesses, standardizing the management, modernizing the operation and internationalizing the operation.

**Article 13** As registration with the relevant regulatory authority, the scope of business of the Company includes: securities brokerage business; proprietary trading of securities; securities underwriting business (limited to the underwriting of treasury bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy financial bonds)); securities investment consultancies; providing futures companies with intermediary referrals; margin financing and securities lending business; proxy sale of financial products; proxy sale of securities investment fund; custody of securities investment fund; agency services for gold and other precious metal spot contracts; proprietary business for spot gold contracts; stock options market making business; such other business as approved by CSRC.

Any change to the scope of business of the Company is subject to the approval of CSRC, the amendments to the Articles of Association according to the legal procedures, and the change of registration in the relevant company registrar.

**Article 14** Upon approved by the CSRC, the Company may establish a holding or wholly-owned subsidiary to engage in businesses such as securities underwriting and sponsoring and securities asset management.

The Company may establish holding or wholly-owned subsidiaries to engage in investment businesses such as direct investment or financial products in accordance with the related regulations issued by CSRC.

### **Chapter III Shares**

#### **Section 1 Issuance of Shares**

**Article 15** The stock of the Company shall take the form of stock certificates.

**Article 16** The Company shall have ordinary shares at any time; the Company may have other classes of shares according to need, upon approval by the authorities that is authorized by the State Council. Shareholder of each class shall enjoy equal rights in the distribution of dividends or any other form.

**Article 17** The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.

Shares of the same class and the same issuance shall issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares for which it or he or she subscribes for.

**Article 18** All shares issued by the Company shall be denominated in RMB and have a par value of RMB one yuan.

**Article 19** The Company may offer its shares to domestic investors and overseas investors, subject to the approval of the securities regulatory authorities of the State Council, or any other relevant regulatory authorities. For the purpose of the preceding paragraph, the term “overseas investors” means investors from a foreign country or from Hong Kong, Macau or Taiwan who subscribe for the shares of the Company and the term “domestic investors” refers to investors inside the territory of the People’s Republic of China (the “PRC”), excluding the abovementioned regions, who subscribe for the shares of the Company.

**Article 20** As approved by the competent governmental authority, the Company issued a total of 450,000,000 ordinary shares upon its establishment. The Company issued 450,000,000 ordinary shares to its promoters upon its establishment, representing 100% of the Company's outstanding ordinary shares. Names of the promoters (or shareholders) of the Company, the number of shares subscribed and the methods of capital contributions are as follows:

<b>Number</b>	<b>Names of shareholders</b>	<b>Method of capital contribution</b>	<b>Number of shares subscribed (share)</b>	<b>Percentage (%)</b>
1	Jiangsu Provincial Guo Xin Asset Management Group. Ltd. (江蘇省國信資產管理集團有限公司)	shares converted from net assets	1,393,913,526	30.9759
2	Jiangsu Communications Holdings Limited (江蘇交通控股有限公司)	shares converted from net assets	482,615,836	10.7248
3	Jiangsu High Hope International Group Co.,Ltd. (江蘇匯鴻國際集團有限公司)	shares converted from net assets	448,017,453	9.9559
4	Jiangsu Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司)	shares converted from net assets	434,267,399	9.6504
5	Guohua Energy Investment Co., Ltd (國華能源投資有限公司)	shares converted from net assets	372,048,515	8.2677
6	Jiangsu Silk Group Corporation (江蘇省絲綢集團有限公司)	shares converted from net assets	347,965,110	7.7326
7	Jiangsu Hiteker Co., Ltd. (江蘇宏圖高科技股份有限公司)	shares converted from net assets	147,618,708	3.2804
8	Nanjing Iron & Steel United Co., Ltd. (南京鋼鐵聯合有限公司)	shares converted from net assets	143,786,827	3.1953



<b>Number</b>	<b>Names of shareholders</b>	<b>Method of capital contribution</b>	<b>Number of shares subscribed (share)</b>	<b>Percentage (%)</b>
9	Heilan Group Co., Ltd. (海瀾集團有限公司)	shares converted from net assets	135,000,000	3.0000
10	Jiangsu Soho International Group Corp. (江蘇蘇豪國際集團股份有限公司)	shares converted from net assets	133,461,673	2.9658
11	Jincheng Corporation (金城集團有限公司)	shares converted from net assets	113,274,321	2.5172
12	Fubon Assets Management Company Limited (富邦資產管理有限公司)	shares converted from net assets	84,023,685	1.8672
13	Jiangsu Kaiyuan International Group Light Industrial Product Import and Export Co., Ltd. (江蘇開元國際集團輕工業品進出口股份有限公司)	shares converted from net assets	54,348,010	1.2077
14	Jiangsu Sainty International Group Limited (江蘇舜天國際集團有限公司)	shares converted from net assets	52,921,227	1.1760
15	Jiangsu Sanfangxiang Group Co., Ltd. (江蘇三房巷集團有限公司)	shares converted from net assets	45,345,980	1.0077
16	Jiangsu Huaxicun Co., Ltd. (江蘇華西村股份有限公司)	shares converted from net assets	45,345,980	1.0077
17	Jiangsu Overseas Group Co., Ltd. (江蘇省海外企業集團有限公司)	shares converted from net assets	19,693,538	0.4376
18	Guizhou Chitianhua Group Co., Ltd. (貴州赤天化集團有限責任公司)	shares converted from net assets	18,912,999	0.4203
19	Nanjing State-owned Assets Investment Management Holdings (Group) Co., Ltd. (南京市國有資產經營(控股)有限公司)	shares converted from net assets	14,510,688	0.3225

<b>Number</b>	<b>Names of shareholders</b>	<b>Method of capital contribution</b>	<b>Number of shares subscribed (share)</b>	<b>Percentage (%)</b>
20	Shanghai Meishan Mining Co., Ltd. (上海梅山礦業有限公司)	shares converted from net assets	7,255,454	0.1612
21	Jiangsu Jinsheng Industry Co., Ltd. (江蘇金盛實業投資有限公司)	shares converted from net assets	3,627,616	0.0806
22	Jiangsu Provincial Foreign Trade Corporation (江蘇省對外經貿股份有限公司)	shares converted from net assets	2,045,455	0.0455
	Total		4,500,000,000	100

**Article 21** The total number of the issued ordinary shares of the Company is 7,162,768,800 shares, among which 5,443,723,120 shares held by the holders of domestic shares and 1,719,045,680 shares held by the holders of overseas listed foreign shares.

**Article 22** The shares issued by the Company to domestic investors and other qualified investors to be subscribed for in RMB shall be referred to as “domestic shares”. The shares issued by the Company to overseas investors to be subscribed for in the currency approved by securities regulatory authorities of the State Council and the listing place shall be referred to as “foreign shares”. The foreign shares that are listed overseas shall be referred to as “overseas listed foreign shares”.

The foreign shares issued by the Company that are listed on the Hong Kong Stock Exchange shall be referred to as “H Shares”. H Shares are shares that have been permitted to list on the Hong Kong Stock Exchange, with par values denominated in RMB, and are subscribed for and traded in the currency approved by securities regulatory authorities of the State Council and the listing place.

Subject to the approval of the securities regulatory authorities of the State Council, the holders of domestic shares of the Company may transfer the shares held by them to the overseas investors and such shares may be listed on or traded in the overseas stock exchange. The transferred shares listed on or traded in an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of the relevant overseas securities markets. The trading of such shares on an overseas stock exchange is not subject to the approval of the class meeting of the shareholders.

**Article 23** After the plan of the Company for the offering of overseas listed foreign shares and domestic shares has been approved by the securities regulatory authorities of the State Council, the Board may arrange for implementation of such plan by means of separate issues.

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

**Article 24** If the Company offers overseas listed foreign shares and domestic shares within the total number of shares specified in the offer plan, each such offering shall be fully subscribed for in one time, or if any special circumstances make it impossible for each such offering to be fully subscribed for in one time, the shares may be offered in installments, subject to the approval of the securities regulatory authorities of the State Council.

**Article 25** The equity shares held or controlled by the Company's Directors, Supervisors, president and other senior management officers or staff pursuant to the medium-term and long-term incentive plans shall be subject to the approval at the general meeting of the Company and shall be approved by or filed with the CSRC or its delegated authorities pursuant to laws.

## **Section 2 Increase, Decrease and Buyback of Shares**

**Article 26** Based on its operation and development requirements, in accordance with the relevant laws and regulations, and subject to the resolution at the general meeting, the Company may increase its share capital by any of the following methods:

- (1) a public offering of shares;
- (2) a private placement of shares;
- (3) allotment of new shares to existing shareholders;
- (4) bonus issue to existing shareholders;
- (5) conversion of funds in the capital common reserve to share capital; or
- (6) any other means permitted by laws and administrative regulations or approved by the relevant regulatory authorities.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided for in relevant state laws and administrative regulations after such increase has been approved in accordance with the Articles of Association.

**Article 27** The Company may reduce its registered capital. The reduction of registered capital shall be made in accordance with the Company Law and other relevant regulations as well as procedures stipulated in the Articles of Association.

The Company shall prepare a balance sheet and a list of its property when decreasing its registered capital.

The Company shall notify all its creditors within 10 days following the resolution approving to decrease the registered capital and shall publish the same in newspaper within 30 days. The creditors shall be entitled to require the Company to pay their debts or provide corresponding securities for repayment within 30 days of receiving the written notice, or within 45 days of the date of the public announcement for those who have not received the written notice.

The Company's registered capital shall not, upon the decrease of capital, fall below the statutory minimum.

**Article 28** The Company may, in the following circumstances, buy back its issued shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

- (1) cancellation of shares in order to reduce of its registered capital;
- (2) mergers with other companies holding shares of the Company;
- (3) grant of shares to employees of the Company as an incentive;
- (4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares; and
- (5) other circumstances permitted by laws and administrative regulations.

The Company shall not trade its shares unless in the aforesaid circumstances.

**Article 29** The Company may redeem its issued shares by any of the following ways:

- (1) offering to buy back shares to all shareholders on a pro rata basis;
- (2) buying back through open transaction on the stock exchange;
- (3) buying back through agreement outside the stock exchange; and
- (4) other forms approved under laws, administrative regulations and by relevant competent authorities.

**Article 30** The purchase by the Company of its own shares for a reason specified in items (1) to (3) of Article 28 of the Articles of Association shall require a resolution of the general meeting. After the Company buying back the shares pursuant to the provisions of Articles 28, such shares shall be cancelled within 10 days from the date of buyback under the circumstance as described in Article 28(1); such shares shall be either transferred or cancelled within six months if it is under the circumstances as described in Articles 28(2) and (4).

The number of shares bought back by the Company in accordance with Article 28(3) of the Articles of Association will not exceed 5% of the entire issued shares of the Company, and the funds used for such purchase shall be paid from the Company's after-tax profits; the shares bought back shall be transferred to employees within one year.

Upon the cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for the registration of the change in registered capital. The amount of the Company's registered capital shall be reduced by the total par value of the cancelled shares.

**Article 31** When buying back shares through agreement outside the stock exchange, the Company shall obtain prior approval at general meetings in accordance with the Articles of Association. Upon obtaining prior approval of the shareholders at the general meeting in the same manner, the Company may terminate or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purpose of the preceding paragraph, contracts for the buyback of shares shall include but not limited to agreements whereby buyback obligations are undertaken and buyback rights are acquired. The Company shall not transfer a contract for the repurchase of its own shares or any of its rights thereunder.

In respect of the redeemable shares that the Company has the right to buy back, if the buyback is to make in a manner other than through the market or by tender, the price must be limited in a maximum price; if the buyback is to be made by tender, such offer shall be made available to all shareholders equally on the same terms.

**Article 32** Unless the Company has entered into the liquidation stage, it must comply with the following provisions in buying back its outstanding shares:

- (1) where the Company buys back shares at the par value, the payment shall be deducted from the book balance of distributable profits and/or from the proceeds of a new share offer made to buy back the old shares;

- (2) where the Company buys back its shares at a price higher than their par value, the portion corresponding to the par value shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new share offer made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  1. where the shares bought back were issued at the par value, the remaining payment shall be deducted from the book balance of distributable profits of the Company; and
  2. where the shares bought back were issued at a price higher than their par value, the remaining payment shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new share offer made to buy back the old shares; provided that the remaining payment deducted from the proceeds of the new issue of shares shall not exceed the total premiums obtained at the time of issuance of the old shares nor exceed the amount in the Company's premium account (including the premium from the new share offer) at the time of buyback;
- (3) payments by the Company for the following purposes shall be made out of the Company's distributable profits:
  1. acquisition of the right to buy back its own shares;
  2. amendments to any contract for the buyback of its own shares; and
  3. release from any of its obligations under any buyback contract.
- (4) after the aggregate par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profits and used to buy back shares at the par value of the bought back shares shall be included in the Company's capital reserve account.

Where the laws, regulations, rules, normative documents and relevant provisions of the securities regulatory authorities at the place where the Company's shares are listed have any other provisions in respect of the financial arrangement relating to the aforesaid share buyback, such provisions shall prevail.

### Section 3 Transfer of Shares

**Article 33** Save as otherwise specified by the state laws, administrative regulations, and relevant provisions of the securities regulatory authorities at the place where the Company's shares are listed, shares of the Company may be transferred freely and without any liens. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registrar designated by the Company.

**Article 34** All the overseas listed foreign shares listed on the Hong Kong Stock Exchange for which the share capital has been paid in full may be transferred freely in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without stating any reason unless the following conditions are satisfied:

- (1) payment as required by the Hong Kong Listing Rules has been made to the Company for the purpose of registering the instrument of transfer and other documents relating to or which may affect the title to the shares; such payment shall not exceed the maximum amount stipulated by the Hong Kong Listing Rules from time to time;
- (2) the instrument of transfer only involves the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;
- (6) the relevant shares are free from all liens of any company.



Where the Board refuses to register the transfer of shares, the Company shall deliver a notice to the transferor and transferee, informing them of such refusal of the registration of share transfer, within two (2) months from the date on which the application for the transfer of shares is officially filed.

**Article 35** All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an general or ordinary form or in any other forms acceptable to the Board (including the standard transfer format or form of transfer that Hong Kong Stock Exchange may provide from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house (the "Recognized Clearing House") as defined by relevant regulations in Hong Kong laws from time to time, or any of its agents, the transfer form may be signed manually or mechanically printed.

All instruments of transfer shall be maintained at the statutory address of the Company or such places as the Board may designate from time to time.

**Article 36** The Company shall not accept its own shares as the subject matter of a pledge.

**Article 37** The shares of the Company held by the promoters shall not be transferred within one year from the date of the incorporation of the Company. Shares already issued by the Company before the public offering shall not be transferred within one year from the date of the shares of the Company are listed on a stock exchange.

The Directors, Supervisors and senior management officers of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office (unless otherwise caused by enforcement of law or by inheritance, bequest or lawful division of property); the shares they hold in the Company shall not be transferred within one year from the date that the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 38** If the Company's Directors, Supervisors, senior management officers, and shareholders holding 5% or above shares of the Company sell shares within six months after buying the same or buy shares within six months after selling the same, the earnings arising there from shall belong to the Company and the Board shall recover such earnings. However, the six-month restriction shall not be applicable to any sale of shares by a securities company holding 5% or above of the Company's shares as a result of its underwriting and purchase of the untaken shares after offering.

If the Company's Board does not comply with the provision of preceding paragraph, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.

If the Company's Board does not enforce the provision of the first paragraph of this Article, the responsible Directors shall assume joint and severally liable in accordance with the laws.

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

**Article 39** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or prospective purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertake obligations as a result of purchasing the Company's shares.

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or releasing their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 41 of the Articles of Association.

**Article 40** For the purposes of this chapter, the term “financial assistance” mentioned in the Articles of Association shall include (but not limited to) the financial assistance in the forms set out below:

- (1) any gift;
- (2) any guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company’s own fault) or release or waiver of any of the rights;
- (3) provision of any loan or conclusion of any other contract under which the Company has to perform its obligations prior to the obligations of the other party to the contract, or the amendment to, or the transfer of rights under such loan or contract;
- (4) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company’s net assets.

For the purposes of this Article, the term “undertake obligations” shall include the undertaking of an obligation by the obligor by concluding a contract or making an arrangement or by changing its financial position in any other way, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person.

**Article 41** The acts listed below shall not be regarded as the acts prohibited under Article 39 of the Articles of Association:

- (1) the financial support is given genuinely in the interests of the Company, and the main purpose of the financial assistance is not the purchase of shares of the Company, or the financial assistance is an incidental part of some overall plan of the Company;
- (2) the Company distributes its property in form of dividends in accordance with law;
- (3) the Company distributes its dividends in the form of shares;

- (4) the Company reduces its registered capital, repurchases its outstanding shares, or adjusts its shareholding structure in accordance with the Articles of Association;
- (5) the Company provides loan within its scope of business and in the ordinary course of its business (provided that it shall not reduce the net assets of the Company, or if although it constitutes a reduction, the financial assistance shall be paid out of the distributable profit of the Company); and
- (6) the Company provides money to its employee shareholding scheme (provided that the same shall not reduce the net assets of the Company, or if although it constitutes a reduction, the financial assistance shall be paid out of the distributable profit of the Company).

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

**Article 42** The share certificates of the Company shall be registered, and shall clearly state the following information:

- (1) the name of the Company;
- (2) the date on which the Company was established;
- (3) the class of shares, par value and the number of shares represented by the share certificate;
- (4) the serial numbers of the shares certificate;
- (5) other information to be recorded on the share certificate as required by the Company Law and the securities regulatory authorities in the place where the Company's shares are listed;
- (6) where shares without voting rights are included in the share capital of the Company, the name of such shares shall carry the tag "non-voting"; and
- (7) where shares with different voting rights are included in the share capital of the Company, the name of each class of the shares (excluding shares with most preferred voting rights) shall carry the tag "restricted voting" or "limited voting".

The overseas listed foreign shares issued by the Company may take the form of certificate of deposit or other derivative forms of stock pursuant to the local laws or the local practices of securities registration and deposit.

**Article 43** During the listing of the H shares in Hong Kong, the Company shall ensure that the following statements are enclosed in the H share documents and shall instruct and procure its share registrar to reject the registration of the subscription, purchase or transfer of shares in the name of any individual holder unless and until the individual holder submits the properly signed form relating to such shares to the share registrar and the form shall include the following statements:

- (1) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations, and the Articles of Association.
- (2) the purchaser of the shares agrees with the Company and each of the shareholders, Directors, Supervisors, president and other senior management officers of the Company, and the Company, acting on behalf of itself and each of Directors, Supervisors, president and other senior management officers of the Company, agrees with each of the shareholders that, they will refer to the arbitration for settling all disputes and claims arising from the Articles of Association, or of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and any reference to arbitration shall be deemed as the authorization to the arbitration tribunal to conduct an open hearing and to publish its arbitration award. Such arbitration shall be final and conclusive.
- (3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferred by the holders.
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his or her behalf with each of the Directors, president and other senior management officers, pursuant to which the Directors, president and other senior management officers would undertake to observe and perform their duties responsible to the shareholders under the Articles of Association.

**Article 44** The share certificates shall be signed by the Chairman. Where the signatures of the general manager or other senior management officers of the Company are required by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed, the share certificates shall also be signed by such general manager or other senior management officers. The share certificates shall become effective after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company's seal on the share certificates shall require the authorization of the Board. The signature of the Chairman, general manager or such other senior management officers on the share certificates may also be in printed form. In the circumstance of paperless issuance and trading of the shares of the Company, provisions provided by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed shall apply.

**Article 45** The Company shall maintain a shareholders' register in which the following particulars shall be recorded:

- (1) names (companies' names), addresses or domicile, occupations or nature of each shareholder;
- (2) the class and number of shares held by the shareholders;
- (3) amount paid or payable for the shares held by the shareholders;
- (4) serial numbers of the shares certificate held by each shareholder;
- (5) date on which each shareholder is registered as a shareholder;
- (6) date on which each shareholder ceases to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of a shareholder's shareholding in the Company.

**Article 46** The Company may, pursuant to any understanding or agreement reached between the securities regulatory authorities of the State Council and a foreign country, keep its register of holders of overseas listed foreign shares outside the PRC, and authorize a foreign agency to manage the same. The original of the register of holders for foreign shares listed in the Hong Kong Stock Exchange shall be stored in Hong Kong.

The Company shall keep the duplicate of the register of holders for the overseas listed foreign shares at the domicile of the Company, and the foreign agency as authorized by the Company shall ensure the consistency between the original and the duplicate of the register of holders for the overseas listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate of the register of holders for the overseas listed foreign shares, the original shall prevail.

**Article 47** The Company shall have a complete register of shareholders, which shall comprise the following parts:

- (1) a register kept at the Company's domicile, other than that specified in subparagraphs (2) and (3) of this paragraph;
- (2) the register of holders for the overseas listed foreign shares, kept in the place of the overseas stock exchange where the shares are listed; and
- (3) a register of holders kept at such other places as the Board may consider necessary for listing of the Company's shares.

**Article 48** The various parts of the register of shareholders shall not overlap. The transfer of any shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes to and corrections of each part of the register of shareholders shall be carried out in accordance with the laws of its suits.

**Article 49** No changes due to the transfer of shares may be made to the register of shareholders, within 30 days before the general meeting of, or 5 days before the date of record set by the Company for the purpose of distribution of dividends.

Where any different provisions are put in place by the securities regulatory authorities at the place where the shares of the Company are listed, such different provisions shall prevail.

**Article 50** Any person that challenges the register of shareholders and requests that his or her name be entered into or removed from the register may apply to a court of competent jurisdiction for rectification of the register.

**Article 51** Any person that is a registered shareholder in, or any person who requests that his or her name be entered into the register of shareholders may, if his or her share certificate (the “original share certificate”) is stolen, lost or damaged, apply to the Company for issuance of a replacement certificate in respect of such shares (the “relevant shares”).

Applications for the replacement of share certificates from holders of domestic shares who had their certificates stolen, lost or damaged, shall be handled in accordance with the relevant provisions of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed foreign shares who had their certificates stolen, lost or damaged, shall be handled in accordance with the law at the place where the original register of holders for the overseas listed foreign shares is kept, the rules of the stock exchange, or other relevant rules.

Where a shareholder of the overseas listed foreign shares of the Company requests the Company to issue of a replacement certificate that has been stolen, misplaced or destroyed, such replacement shall comply with the following requirements:

- (1) the applicant shall submit to the Company an application in a standard form specified by the Company, together with a notarial certificate or statutory declaration. The notarial certificate shall state the reason for the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request registration as a shareholder in respect of the relevant shares.
- (2) the Company shall not have received any declaration from any person other than the applicant requiring his or her name to be entered into the register of shareholders in respect of the relevant shares before it decides to issue a replacement share certificate.



- (3) if the Company decides to issue a replacement share certificate, it shall publish a notice of its intention to do so in a newspaper designated by the Board; the period of the public announcement shall be 90 days, during which its publication shall be repeated at least once every 30 days.
- (4) the Company shall, prior to publishing the public announcement of its intention to issue a replacement share certificate, deliver a duplicate of the announcement to the stock exchange on which its shares are listed, and may proceed with the publication after having received a reply from the stock exchange confirming that the announcement has been displayed on the stock exchange; the announcement shall be displayed in the stock exchange for a period of 90 days.

Where the consent of the shareholder registered in the register of shareholders with respect to the relevant shares is not obtained for the application for issue a replacement share certificate, the Company shall mail to such shareholder a copy of the public announcement that it intends to publish.

- (5) if, upon expiration of the 90-day period referred to in items (3) and (4) hereof, the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate in accordance with the application of the applicant.
- (6) when the Company issues a replacement share certificate pursuant to this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
- (7) all expenses of the Company for the cancellation of the original share certificate and issuance of a replacement share certificate shall be borne by the applicant. The Company has the right to refuse to take any action until a reasonable security for such cost is provided by the applicant.

**Article 52** After the Company issuing a replacement share certificate pursuant to the Articles of Association, the name of a *bona fide* purchaser of the share certificate, or the name of any shareholder who is subsequently registered in the register of shareholders as the owner of the relevant shares (if he or she is a *bona fide* purchaser) shall not be removed from register of shareholders.

**Article 53** The Company shall not be liable for any damages sustained by any person as a result of the cancellation of the original share certificate or the issuance of the new share certificate, unless the claimant can prove fraud on the part of the Company.

In case of issuing warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubts, the original warrants have been destroyed.

## **Chapter IV Shareholders and the General Meeting**

### **Section 1 Shareholders**

**Article 54** The Company shall prepare a register of shareholders and amend the Articles of Association based on the evidence provided by share registrars, the approval documents and filing documents of the CSRC or its delegated authorities, and conduct the industrial and commercial registration process according to relevant laws. Shareholders of the Company are persons lawfully holding shares of the Company, with names (companies' names) recorded in register of shareholders. A shareholder shall enjoy rights and bear obligations according to the class and quantity of his or her shares. Holders of the same class shall enjoy the same rights and bear the same obligations.

Where two or more persons are registered as joint shareholders of any shares, they shall be deemed as co-owners of such shares, and shall be subject to the following restrictions:

- (1) the Company may not register more than four persons as joint shareholders of any shares;
- (2) all joint shareholders of any shares shall be jointly and severally liable for the payment of all amounts payable for such shares;
- (3) if one of the joint shareholders of any shares should die, only the surviving joint shareholders shall be deemed by the Company as the owners of such shares; provided that for the purpose of changing the stock ledger, the Board shall have the right to request an appropriate death certificate; and

- (4) in relation to the joint shareholders of any shares, only the joint shareholder listed first on the register of shareholders shall have the right to receive the share certificate for the relevant shares, receive any notice of the Company, attend the general meeting and exercise the voting rights attaching to the relevant shares; furthermore, any notice served on the said joint shareholder shall be deemed served on all the joint shareholders of the relevant shares. Any of the joint shareholders may sign a proxy form; provided, however, where the number of the joint shareholders present in person or by proxy at a meeting is more than one, the vote cast, in person or by proxy, by the shareholder whose name appears in prior sequence shall be regarded as the sole and exclusive vote on behalf of all the rest joint shareholders. For the purpose of such voting, the shareholder's priority shall be determined in accordance with the sequence of the joint shareholders holding relevant shares as prescribed in the Company's register of shareholders.

The Company shall guarantee the contents recorded in the Articles of Association, register of shareholders, industrial and commercial documents are in line with the actual situation of the shareholders.

The Company shall enter into a share custody agreement with the share registrars, make regular inquiry about the details of the major shareholders and the changes in their shareholding (including the pledge of their equity rights) of the major shareholders and timely reflect the shareholding structure of the Company.

**Article 55** When the Company convenes a general meeting, distributes dividends, commences liquidation proceedings or engages in other activities requiring the identification of shareholders, the Board or the convener of a general meeting shall decide the date of record. The shareholders whose names appear on the register of shareholders at the close of trading on the date of record are entitled to the relevant rights of shareholders.

**Article 56** The shareholder of ordinary shares in the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to the shares they hold;
- (2) to lawfully request, convene, preside over, and attend general meetings either in person or by proxy and exercise the corresponding voting right;

- (3) to supervise, raise suggestions on or make inquiries about the operations of the Company;
- (4) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association;
- (5) to obtain relevant information in accordance with the Articles of Association, including:
  1. receiving a copy of the Articles of Association after payment of a charge to cover costs;
  2. being entitled, after payment of reasonable charges, to examine and photocopy the following:
    - (i) all parts of the register of shareholders';
    - (ii) personal information of Directors, Supervisors, managers and other senior management of the Company, including:
      - (a) current and previous names and alias;
      - (b) principal addresses (domicile);
      - (c) nationalities;
      - (d) professions and all other part time occupations and duties; and
      - (e) identification documents and their numbers;
    - (iii) the status of the Company's issued share capital;
    - (iv) a report showing the total par value, quantity, the highest and lowest prices paid for each class of shares repurchased by the Company since the end of last fiscal year, and all the expenses paid by the Company for such repurchase;

- (v) minutes of general meetings;
  - (vi) the latest audited financial statements, and reports from the Board, auditor and the Supervisory Committee;
  - (vii) the special resolutions of the general meetings and/or the Board meetings;
  - (viii) the duplicate of the latest annual report (annual return) submitted to the State Administration for Industry & Commerce or other competent authorities for filing.
- (6) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;
  - (7) to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and
  - (8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The Company shall not exercise its power to freeze or otherwise impair any right attaching to any shares by reason solely that the person that directly or indirectly holds equity in such shares has failed to disclose his or her interests to the Company.

**Article 57** The shareholder who asks to review the information mentioned in the preceding Article or make a request for information, he or she shall submit to the Company written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after authenticating his or her identity.

**Article 58** If a resolution of the general meeting or the Board violates any law or administrative regulation, the shareholder shall have the right to petition a court to invalidate the resolution.

If the convening procedure or voting method violates any law, administrative regulation or the Articles of Association, or the contents of a resolution breaches the Articles of Association, the shareholder shall have the right to petition a court to revoke such resolution within 60 days from the date on which the resolution is approved.

**Article 59** If the Director or any other senior management officer of the Company violates any law or administrative regulation or breaches the Articles of Association in performing his or her duties, causing losses to the Company, shareholders that holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Supervisory Committee in writing to institute a legal action in a people's court; if the Supervisory Committee violates any law or administrative regulation or breaches the Articles of Association in performing its duties, causing losses to the Company, such shareholders may request the Board in writing to institute a legal action in a people's court.

If the Supervisory Committee or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action in a people's court in their own names for the interests of the Company.

In the event that a third party infringes upon the legal rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this article, may institute a legal action in a people's court pursuant to the first two paragraphs hereinabove in this Article.

**Article 60** The Company shall establish an effective communication mechanism with its shareholders and shall protect the shareholders' right of information pursuant to laws.

In any of the following circumstances, the Company shall immediately notify all the shareholders in writing, and report it to the delegated authority of the CSRC where the Company is domiciled:

- (1) the Company or any of its Directors, Supervisors or senior management officers is suspected of committing any serious breach of any law or regulation;

- (2) the financial position of the Company has deteriorated to the extent that the risk control indicators are incompatible with the criteria set by the CSRC;
- (3) the Company incurs a huge loss;
- (4) the Company proposes to change any of its legal representative, the Chairman, the chairman of the Supervisory Committee, or the chief person-in-charge of the operation and management;
- (5) an emergency occurs that materially and adversely affects or may affect the interests of the Company or its clients; and
- (6) other matters that may affect the on-going operation of the Company.

**Article 61** If any Director or senior management officer violates laws, administrative regulations or the Articles of Association, thereby incurring any loss of the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 62** The ordinary shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay capital contribution as per the shares subscribed for and the method of subscription;

Where the shareholders of the Company violate laws and regulations, including false and discrepant capital contribution, withdrawal of capital or withdrawal of capital in disguised form, the Company shall report such to the delegated authority of the CSRC where the Company is domiciled within ten business days, and require the relevant shareholders to make rectification within one month.

- (3) not to make divestment unless in the circumstances stipulated by laws and regulations;

- (4) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholders' rights and thereby cause loss on the Company or other shareholders shall be liable for loss compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (5) the shareholder holding 5% or more shares and the de facto controller of the Company shall notify the Company in writing within five business days of any of the following events: 1. equity of the Company it holds or controls is subject to property preservation or other mandatory enforcement measures; 2. any shareholder who holds more than 5% of the shares of the Company changes its de facto controller; 3. he or she decides to transfer the shares of the Company it holds or controls; 4. he or she entrusts another person to exercise his or her shareholder's rights, or reaches an agreement with another person with respect to the exercise of his or her shareholder's rights; 5. he or she changes his or her name; 6. it or he or she engages in any merger or division; 7. he or she 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; 8. he or she is imposed upon administrative penalties or criminal punishments due to serious violation of laws or regulations; 9. he or she encounters any other circumstances that may lead to transfer of the shares he or she holds or controls or that may affect the Company's operation.

The Company shall, within five business days from the day on which any of the foregoing events is known, report such to the delegated authority of the CSRC where the Company is domiciled. (If such shareholder is a Recognized Clearing House as defined by the relevant laws and regulations of the location where the Company's shares are listed, the provisions of this Article shall not apply to such Recognized Clearing House).



- (6) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to as a subscriber of the relevant shares on subscription.

**Article 63** Where a shareholder holding more than 5% of voting shares of the Company pledges any of his or her shares, he or she shall report the same to the Company in writing on the day on which he or she pledges his or her shares. The Company shall, within five business days from the day on which any of the foregoing events is known, report to the delegated authority of the CSRC where the Company is domiciled.

Any entity or individual is prohibited from directly or indirectly holding or actually controlling more than 5% (inclusive) of the shares in the Company without the approval of the CSRC. Otherwise, such act shall be rectified in due course and the relevant shares will not carry voting rights before such rectification.

**Article 64** The Company shall not have the following connections with its shareholders (or their connected persons):

- (1) holding equity shares of the shareholders, unless otherwise permitted by laws, administrative regulations or CSRC;
- (2) conferring improper benefits to shareholders by means of purchasing shares held by those shareholders;
- (3) allowing illegal appropriation of assets of the Company by shareholders;
- (4) engaging in any other actions as prohibited by laws, administrative regulations or CSRC.

**Article 65** The controlling shareholder(s) or the de facto controller(s) shall not use their controlling positions or abuse their rights to impair the legal interests of the Company, other shareholders of the Company and the clients of the Company. They shall be liable for damages if, as a result of violating a regulation, they cause the Company, other shareholders of the Company and the clients of the Company to sustain a loss.

The controlling shareholders and the de facto controllers of the Company bear the fiduciary duty toward the Company and retail shareholders. The controlling shareholder shall exercise his or her rights as an investor in strict compliance with relevant laws. It may not use such means as a profit distribution, assets restructuring, investment in a third party, appropriation of funds, loan security, etc..

The controlling shareholders of the Company shall not appoint and dismiss any Director, Supervisor or senior management officer of the Company without the approval of the general meeting and the Board. The shareholders and de facto controllers of the Company may not interfere the operation and management of the Company, by violating any requirement stipulated by laws, administrative regulations or the Articles of Association.

**Article 66** Save for the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange where the shares of the Company are listed, the controlling shareholders of the Company shall not vote, in exercising his or her shareholder powers, on the following with prejudice to the interests of all or part of the shareholders:

- (1) releasing a Director or Supervisor of the responsibility to act honestly in the best interests of the Company;
- (2) approving that a Director or Supervisor (for his or her own or another person's benefit) deprive the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company; or
- (3) approving that a Director or Supervisor (for his or her own or another person's benefit) deprive other shareholders of their individual rights or interests, including but not limited to rights to distributions and voting rights, but excluding a restructuring of the Company submitted to the general meeting for adoption in accordance with the Articles of Association.

**Article 67** The business, institutions, assets, finance and place of business of the Company shall be strictly separated from those of the shareholders, de facto controllers or other connected persons. The operations and accounting shall be independent, and they shall assume the liabilities and risks independently. Staff of the shareholders of the Company who concurrently take positions in the Company shall comply with laws, administrative regulations and the requirements of the CSRC.

The controlling shareholders and de facto controller of the Company and their connected persons shall adopt effective measures to avoid engaging in competitive business with that of the Company. In case of controlling other securities companies, the Company shall not impair the interests of the securities companies under its control.

The connected transactions of the shareholders, de facto controllers of the Company and their connected persons shall not impair the legal interests of the Company and its customers.

Appropriation of the Company's funds is strictly restricted in the operating fund transactions of the Company with controlling shareholders and other connected persons. Controlling shareholders and other connected persons shall not require advance payment of periodic expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; nor shall they undertake each other's cost and other expenditures.

The Company is not allowed to directly or indirectly provide funds to the controlling shareholders and other connected persons in the following manners:

- (1) providing funds of the Company to the controlling shareholders and other connected persons with or without compensation;
- (2) providing entrusted loans to controlling shareholders and other connected persons through banks or non-banking financial institutions;
- (3) entrusting the controlling shareholders or other connected persons to carry out investment activities on its behalf;
- (4) issuing bank or trade acceptance bills without a real transaction background for its controlling shareholders and other connected persons;
- (5) repaying debts for its controlling shareholders and other connected persons; and
- (6) other manners recognized by the CSRC.

The Company shall, after the end of each financial year, engage the accounting firm with the securities qualification to conduct a specific audit on any appropriation and illegal guarantee of the Company's funds by the controlling shareholder and other connected persons. Independent Director(s) shall, in case of disagreement to the audit result, be entitled to propose to the Board of the Company the engagement of another accounting firm for re-auditing.

Once the controlling shareholders and de facto controllers misappropriate the Company's assets and impair interests of the Company and public shareholders, the Board shall immediately apply for judicial freezing of the equity interest of the Company, so that if a compensation in cash is not effected, the misappropriated assets shall be compensated through realization of equity interests, and the controlling shareholders shall assume the responsibilities for making compensation.

In the event that the Directors, Supervisors, president and other senior management officers of the Company violate the requirements in the Articles of Association and assist the controlling shareholder or other connected persons in misappropriating the assets of the Company, the Company will impose penalties, including warning, fine, demotion, removal, dismissal and others, on the person directly in charge, depending on the severity. The Company shall submit the case to the general meeting for dismissing the Directors and Supervisors who assume serious responsibilities. Where it constitutes a criminal offence, it shall be referred to judicial organs.

## **Section 2 General Provisions for General Meetings**

**Article 68** The general meeting, as the organ of authority of the Company, shall have the following functions and powers in accordance with law:

- (1) to decide on the business policies and investment plans of the Company;
- (2) to elect and replace a Director or Supervisor who is not an employee representative, and decide on the amount and payment method of to his or her remuneration;
- (3) to consider and approve the report of the Board;
- (4) to consider and approve the report of the Supervisory Committee;
- (5) to consider and approve the annual financial budgets and the final accounts of the Company;
- (6) to consider and approve the profit distribution plans and the plans for making up losses of the Company;
- (7) to pass resolutions on any increase or decrease of the Company's registered capital;
- (8) to pass resolutions on the issue of corporate bonds;
- (9) to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;
- (10) to amend the Articles of Association;

- (11) to pass resolutions on the engagement and dismissal of any accounting firm by the Company;
- (12) to consider and approve matters relating to guarantees under Article 69 of the Articles of Association;
- (13) to consider and approve matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company's audited total asset of the Company as at the most recent period;
- (14) to consider and approve any change in the use of offer proceeds;
- (15) to consider and approve any share incentive scheme;
- (16) to consider and approve any proposal by the shareholders that hold, individually or collectively, 3% or more of shares with the voting rights in the Company;
- (17) to listen to specific explanations, made by the Board and the Supervisory Committee, on the performance appraisal and remunerations of the Directors and Supervisors;
- (18) to listen to the specific explanations, made by the Board, on the implementation of duties, performance appraisal and remunerations of the senior management officers;
- (19) to examine and approve other matters as required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association to be approved at a general meeting.

The functions and powers of the general meeting mentioned above shall not be delegated through authorization to the Board or any other body or individual.

**Article 69** The following external guarantees given by the Company shall be examined and approved by the general meeting:

- (1) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%; and
- (2) one item of security the amount secured by which exceeds 10% of the audited asset as at the most recent period.

The amount of the external guarantees provided by the Company shall not exceed 20% of the latest audited net assets of the Company.

Guarantees to be provided by the Company to the connected persons, regardless of the amount, should be examined and approved at the general meeting after the consideration and approval of the Board meeting. The Company shall not provide guarantee to the shareholders or the shareholders' connected persons.

**Article 70** The general meeting are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be called once a year, within six months following the end of the previous fiscal year. If the meeting has to be postponed for special reasons, the Company shall report to the delegated authority of the CSRC where the Company is domiciled in a timely manner, and explain the reasons for the postponement.

**Article 71** An extraordinary general meeting shall be called, within two months from the date of the occurrence of any of the following circumstances:

- (1) the number of Directors is less than the minimum number specified in the Company Law, or less than two thirds of the number specified in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one third of its total paid in the share capital;

- (3) shareholders that hold, individually or collectively, more than 10% of the shares in the Company request to hold such meeting (number of shares held shall be calculated according to the number of shares held as at the date of the submission of the written request);
- (4) the Board considers it necessary;
- (5) the Supervisory Committee proposes to hold such a meeting; or
- (6) other circumstances under relevant laws, administrative regulations, departmental rules or the Articles of Association.

**Article 72** The venue of the general meeting shall be the domicile of the Company.

A general meeting shall be in the form of physical meeting with the meeting place prepared in advance. In addition, the Company will provide online attendance and other approaches for the shareholders' convenience. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed as being present.

Where online voting is adopted for the general meeting, all shareholders whose names appear on the register of directors on the record dates are entitled to confirm their identity and participate in the voting through the online voting system of the general meeting.

**Article 73** During the general meeting, the Company will retain an attorney to issue legal opinions on the following matters and publish the same:

- (1) whether the procedures of convening and holding the meeting comply with relevant laws or administrative regulations and the Articles of Association;
- (2) whether the qualifications of the attendants and the convener are lawful and valid;
- (3) whether the voting procedure and results are lawful and valid; and
- (4) on other relevant issues as required by the Company.



### **Section 3 Assembling of General Meetings**

**Article 74** The independent Directors shall have the right to propose to the Board to call an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the independent Directors to call such meeting.

If the Board agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement.

**Article 75** The Supervisory Committee shall have the right to propose to the Board in writing to hold an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the independent Directors to call such meeting.

If the Board agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the Supervisory Committee shall be secured if any change is to be made in the notice to the original request.

If the Board disagrees to hold an extraordinary general meeting or fails to give a response within 10 days after the receipt of the proposal, the Supervisory Committee may convene and preside an extraordinary general meeting on its own.

**Article 76** Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to request in writing the Board to hold an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the abovementioned shareholders to call such meeting.

If the Board agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholders shall be secured if any change is to be made in the notice to the original request.

If the Board disagrees to hold an extraordinary general meeting or fails to give a response within 10 days after the receipt of the proposal, the relevant shareholders may propose to the Supervisory Committee to hold an extraordinary general meeting.

If the Supervisory Committee agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholders shall be secured if any change is to be made in the notice to the original request.

If the Supervisory Committee fails to issue the notice calling such meeting within the period specified hereinabove, it shall be deemed to have failed to convene and preside over such meeting. The shareholders that hold, individually or collectively, 10% of the shares in the Company for 90 days or more consecutively may convene and preside such meeting.

**Article 77** The Supervisory Committee or the shareholders that decide to hold a general meeting by itself or themselves must notify the Board thereof in writing, and file it with the delegated authority of the CSRC and the stock exchange where the Company is located.

The shareholders that convene the general meeting shall hold at least 10% of the shares in the Company prior to the publish of the resolutions of such meeting.

Upon issuing the notice of the general meeting and the resolutions of such meeting, the convening shareholder shall provide relevant supporting documents to the delegated authority of the CSRC and the stock exchange where the Company is located.

**Article 78** If the Supervisory Committee or shareholders itself/themselves convene a general meeting, the Board and the secretary to the Board shall provide cooperation. The Board shall provide the register of shareholders as of the date of record.

**Article 79** The necessary expenses of the general meeting convened by the Supervisory Committee or the shareholders itself/themselves shall be borne by the Company from the outstanding payment for the any negligent Director.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 80** The substance of the motion proposed shall fall within the functions and powers of the general meeting. It shall have a clear subject of discussion and a specific resolution, and shall be in compliance with laws, administrative regulations and the relevant requirements set forth in the Articles of Association.

**Article 81** The Board, the Supervisory Committee and shareholders that hold, individually or collectively, 3% or more of the shares in the Company shall have the right to propose motions to the Company at the general meeting.

Shareholders that hold, individually or collectively, 3% or more of the shares in the Company may submit *extempore* motions in writing to the convener 10 days prior to the date of such meeting. The convener shall, within two days after receipt of the motion, issue a supplementary notice of the general meeting and make a public announcement of the contents of such *extempore* motion.

Unless in the circumstance hereinabove, the convener may not, after publishing the notice of the general meeting, make any change to the motions set forth in such notice or add any new motions.

Any proposal that is not stated on the notice of the general meeting or that is incompliant with Article 80 of the Articles of Association will not be considered or approved by the general meeting.

**Article 82** When the Company is to hold a general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be considered at and the date and place of the meeting. Any shareholder that intends to attend such meeting shall, within 20 days before the day on which the meeting is to be held, give to the Company a written reply stating that his or her will attend the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

**Article 83** The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days thereafter, notify the shareholders once again of the matters to be considered at and the date and place of the meeting in form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.

The extraordinary general meeting shall not decide on matters not stated in such notice.

**Article 84** A notice of general meeting shall be made in writing and include the following contents:

- (1) specifying the time, place and duration of the meeting;
- (2) matters and motions submitted to the meeting for consideration. The notice and the supplementary notice, if any, of the general meeting shall disclose, fully and completely, the contents of all the motions. Where the opinion of any independent Director is required in relation to any matter to be considered at the meeting, the opinion and the reason of the independent Director shall also be disclosed in the notice and the supplementary notice, if any, of the general meeting;

- (3) the notice shall provide shareholders with such information and explanation as necessary for the shareholders to make an informed decision on the matters to be discussed; without limiting the generality of the foregoing, when the Company propose a merger, repurchase of the shares of the Company, reorganization of the share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;
- (4) the notice shall contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, the general manager or any other senior management officers, and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such Director, Supervisor, the general manager or other senior management officer in his or her capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (5) the notice shall contain the full text of any special resolution proposed to be passed at the meeting;
- (6) the notice shall specify the time and place for lodging a power of attorney for voting by proxy;
- (7) containing conspicuously a statement that all shareholders have the right to attend and vote at the general meeting either in person or by proxy in writing, and that such proxy need not be a shareholder of the Company;
- (8) the date of record for shareholders entitled to attend the general meeting;
- (9) the name and telephone number of a contact person for the meeting; and

(10) if a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.

There shall be not more than 7 business days between the date of record and the date of the general meeting. The date of record shall not be changed once determined.

**Article 85** Unless stipulated otherwise in the Articles of Association, the notice of the general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by hand or prepaid mail at the recipient's address shown in the register of shareholders. As for domestic shareholders, the notice of the general meeting may also be given by way of a public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.

Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publications on the website of the Company or the websites designated by Hong Kong Stock Exchange or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of delivering the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.

**Article 86** Where the notice of the general meeting is not given to a shareholder that is entitled to receive such notice, or where such shareholder fails to receive the notice, due to any accidental omission, this shall not invalidate the meeting or any adopted resolution in the meeting.

**Article 87** Where the general meeting proposes to consider the election of a Director or Supervisor, the notice of the meeting shall fully disclose the details of Director or Supervisor nominees, which shall at minimum include the following:

- (1) personal information, such as their education background, working experiences and concurrent positions, etc.;
- (2) whether they have a connected relationship with the Company or its controlling shareholder or de facto controller;
- (3) the number of their shares in the Company;
- (4) whether they have been punished by the CSRC or other related administrative departments or been reprimanded by any stock exchange; and
- (5) disclosable information in relation to the new appointment, re-election or re-designation of Directors or Supervisors as required by the Hong Kong Listing Rules.

Except the election of Directors and Supervisors by means of cumulative voting, election of each Director and Supervisor candidate shall be conducted by a separate proposal.

**Article 88** Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two business days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.

## **Section 5 Convening of General Meetings**

**Article 89** The Board and other conveners shall take necessary measures to ensure the normal order of the general meeting. It/they will take measures to halt acts that disrupt the general meeting, seek to cause trouble or infringe upon the lawful rights and interests of shareholders and promptly report the same to the relevant authorities to investigate and deal with the matters.

**Article 90** The shareholder that has the right to attend and vote at the general meeting shall be entitled to appoint one or more persons (who need not be shareholders) as his or her proxy to attend and vote at the meeting on his or her behalf. Such proxy may exercise the following rights in accordance with his or her appointment by the shareholder:

- (1) speak at the meeting on behalf of the shareholder;
- (2) demand or join in the demand for a poll; and
- (3) vote by show of hands or by poll, provided that if the shareholder has appointed more than one proxy, such proxy may only vote by poll.

The shareholder shall appoint a proxy in writing, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its Director or duly authorized agent.

**Article 91** An individual shareholder that attends the meeting in person shall produce his or her own ID card or other valid documents or proof evidencing his or her identity and his or her stock account card. If her or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.



Shareholders that are legal persons shall be presented at a meeting by their legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own ID card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own ID card and the power of attorney issued by the legal representative of the shareholder as a legal person.

Where the shareholder is a Recognized Clearing House defined in local laws or regulations at the place where the shares of the Company are listed, or its agent, the Recognized Clearing House may authorize one or more persons that it deems suitable to attend on its behalf any general meeting or any class meeting of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the appointment of each such person and be signed by a person empowered by the Recognized Clearing House. The person so appointed may exercise the rights (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) of the Recognized Clearing House (or its agent) as if he, she or they was or were (an) individual shareholder(s) of the Company.

**Article 92** The instrument of appointment by which a shareholder appoints another person to attend the general meeting on his or her behalf shall include:

- (1) the name of the proxy;
- (2) whether the proxy has voting rights;
- (3) separate instructions as to whether to vote for “for” or “against” or “abstained” from voting on, each item on the agenda of the general meeting as an item for consideration thereat;
- (4) the date of issuance and terms of validity of the instrument of appointment; and
- (5) the signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

**Article 93** The power of attorney that the Board gives to a shareholder shall allow the shareholder to freely direct his or her proxy to vote “for” or “against” or “abstained”, and to give separate instruction with respect to the voting for each item on the agenda. The power of attorney shall note that where no direction from the shareholder is available, the proxy may vote at his or her own discretion.

**Article 94** The proxy form for voting shall be placed at the domicile of the company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is entrusted to vote or 24 hours before the scheduled voting time. Where such a proxy form for voting is signed by a person authorized by the principal, the power of attorney for authorized signature or other authorization documents shall be notarized. The power of attorney or other authorization documents upon notarized shall, together with the proxy form for voting, be placed at the Company’s domicile or such other location as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision-making bodies shall attend the general meeting of the Company.

**Article 95** Notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the relevant shares, the vote of the proxy pursuant to the power of attorney shall remain valid as long as the Company does not receive written notice thereof prior to the date of the meeting to be held.

**Article 96** The attendance register of persons attending the meeting in person shall be made by the Company. The register shall specify the attendants’ names (or the name of his or her entity), ID numbers, home addresses, number of voting shares held or represented, and the names of the proxies’ principals (or the names of the principals’ entities), if any.

**Article 97** The convener and the attorney retained by the Company shall verify the legal qualification of shareholders according to the register of shareholders provided by the securities registrations and clearing organizations, and register the names of the shareholders and the numbers of voting shares. The registration process shall end before the chairman of the meeting announces on site the number of shareholders and proxies that attend the meeting, and the number of their voting shares.

**Article 98** All Directors, Supervisors and secretary to the Board shall attend general meetings of the Company, and the president and other senior management shall attend the meeting as non-voting participants.

**Article 99** Where the general meeting is convened by the Board, the Chairman shall preside over the meeting. If the Chairman is unable to perform his or her duties or fails to perform his or her duties, the vice chairman (and in case of two or more vice chairmen in the Company, the vice chairman elected by more than half of Directors shall preside over the meeting) shall preside over the meeting. If both the Chairman and the vice chairman are unable to perform his or her duties or fails to perform his or her duties, more than half of Directors shall jointly elect one Director to preside over the meeting.

If the Board is unable or fails to perform the duties of convening a general meeting, the Supervisory Committee shall timely convene and preside over the meeting. If the Supervisory Committee fails to convene and preside over a general meeting, shareholders severally or jointly holding 10% or above of the Company's shares for 90 consecutive days or above shall have the right to convene and preside over the meeting. Where the shareholders fail to elect a chairman of the general meeting for any reasons, the shareholder (including his or her proxy) present in person or by proxy who holds the largest number of voting shares shall be the chairman of the general meeting.

The chairman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman of the Supervisory Committee cannot or does not fulfill his or her duties, the vice chairman of the Supervisory Committee shall preside over the general meeting. If both the chairman and vice chairman of the Supervisory Committee cannot or does not fulfill his or her duties, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as chairman and continue the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

**Article 100** The Company shall formulate the rules of procedure for the general meeting to provide details on the convening and voting procedures, including notification, registration, consideration of proposals, voting, vote counting, the announcement of the voting results, the adoption of resolutions, the minutes, and the signing and publication, as well as the principles for the authorization of the Board by the general meeting (where the contents of authorization shall be explicit and specific). However, the functions and powers to be exercised by the general meeting as specifically stipulated in the Company Law shall not be authorized to the Board. The rules of procedure for the general meeting, as an Annex to the Articles of Association, shall be drafted by the Board and adopted by the general meeting.

**Article 101** At the annual general meeting, the Board and the Supervisory Committee shall report on their work over the previous year, and disclose the implementation of duties of the Directors and Supervisors in the annual report, including the number of presence of Directors and Supervisors at the Board meetings and the meetings of the Supervisory Committee, the voting results and others. Each independent Director shall give a report on the performance of his or her duties.

**Article 102** The Directors, Supervisors and senior management officers of the Company shall answer and explain inquiries and proposals made by shareholders at the general meeting.

**Article 103** The chairman of the meeting shall, before voting begins, announce the number of attending shareholders and proxies and the total number of their voting shares according to the register of the meeting.

**Article 104** Minutes shall be kept of the general meeting and the secretary to the Board shall be responsible therefore. The meeting minutes shall record the following particulars:

- (1) the time, place, agenda for, the meeting, and the name of the convener;
- (2) the names of the chairman of the meeting, and of Directors, Supervisors, the president and other senior management officers in attendance or present in a non-voting capacity;
- (3) the number of attending shareholders and proxies, and the total number of their voting shares and percentages to the total shares of the Company;
- (4) the deliberations on each proposal, the main points of each speaker's statements in respect of thereof, and the voting result;
- (5) the queries or suggestions from shareholders, and the relevant replies or explanations;
- (6) the names of the attorney, vote counters and counting Supervisors; and
- (7) other information to be entered into the minutes pursuant to the Articles of Association.

**Article 105** The convener shall ensure that the minutes of a meeting are true, accurate and complete. The minutes shall be signed by attending Directors, Supervisors, the secretary to the Board, the convener or his or her representative, and the chairman of the meeting. The minutes shall be kept for 15 years, together with the book of signatures of the attending shareholders, the power of attorney for shareholders that attend the meeting by proxy, and effective information concerning voting online or by other such means.

**Article 106** The convener shall ensure that the general meeting continues until a final resolution is reached. Where the general meeting is interrupted or fails to reach a resolution due to force majeure or any other exceptional cause, the convener shall take necessary actions to restore the meeting as soon as practicable, or terminate the meeting immediately with a timely publication, in which circumstance, the convener shall report it to the local CSRC agency where the Company is located and the stock exchange.

### **Section 6 Voting and Resolutions at General Meetings**

**Article 107** Resolutions of the general meeting include ordinary resolutions or special resolutions.

Ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 108** The following shall be passed by an ordinary resolution of the general meeting:

- (1) the work report of the Board or the Supervisory Committee;
- (2) the profit distribution plan and plans for making up losses drafted by the Board;

- (3) the appointment or dismissal and the remuneration of the members of the Board or the members of the Supervisory Committee and the method of payment of the remuneration;
- (4) the annual budget plan, final accounts, balance sheet, profit statement and other financial statements of the Company;
- (5) the annual report of the Company; and
- (6) matters other than those to be passed by a special resolution of the general meeting under relevant laws, administrative regulations and the Articles of Association.

**Article 109** The following shall be passed by a special resolution of the general meeting:

- (1) the increase or reduction of the registered capital, or the issue of any class of shares, warrants or other similar securities by the Company;
- (2) the issuance of corporate bonds;
- (3) the division, merger, change in the form of the Company, dissolution or liquidation of the Company; or
- (4) any amendment to the Articles of Association;
- (5) the purchase or sale by the Company within one year of (a) material asset(s) exceeding, alone or in aggregation, 30% of the audited total assets of the Company as at the most recent period;
- (6) any share incentive scheme; and

- (7) other matters which laws, administrative regulations or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**Article 110** A shareholder (including his or her proxy) shall vote based on the number of his or her voting shares, with one share representing one vote.

When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company's shares which also 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 attending a general meeting.

The Board, independent Directors and shareholders who meet the relevant requirements may collect votes from shareholders. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 111** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the voting of non-connected shareholders.



**Article 112** Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders for attending the general meeting through various methods and ways, preferably providing modern information technologies such as an online voting platform.

**Article 113** Unless a poll is required pursuant to the rules of the local securities regulatory authority at the place where the stock of the Company is listed, or any of the following persons requests a poll before or after voting by hand, votes at the general meeting shall be taken by show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or proxies with voting rights; and
- (3) one or several shareholders (including their proxies) that hold, individually or collectively, more than one tenth (inclusive) of the shares carrying the right to vote at the meeting;

Unless a poll is requested, the chairman of the meeting may declare the result of voting by show of hands, and whether the proposal concerned has been passed or not, and have the information included in the minutes of the meeting as the final evidence, without proving the number or percentage of votes in favor or against the proposal concerned.

The demand for a poll may be withdrawn by the person who made it.

**Article 114** If the matter demanded a poll is the election of the chairman or the adjournment of the meeting, a poll shall be taken immediately. If a poll is demanded for other matters, such poll shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the poll shall still be regarded as a resolution passed at that meeting.

**Article 115** When a poll is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way as “for”. “against” or “abstain”.

If votes for and against a resolution are equal, either by show of hands or by poll, the chairman shall be entitled to give an additional vote.

**Article 116** The chairman of the general meeting shall decide whether any resolution of the meeting is approved according to the voting result. The decision shall be final, and the voting result shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 117** Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into a contract with any person other than a Director, a Supervisor, the president or other senior management officers of the Company, according to which the Company entrusts its business, wholly or essentially, to such person, unless this is approved at the general meeting in a special resolution.

**Article 118** The list of candidates for Directors and Supervisors shall be submitted to the general meeting for voting by way of proposal.

The approach and procedures for nomination of candidates for Directors and Supervisors are as follows:

- (1) shareholder(s) severally or jointly holding more than 3% of the total outstanding issued voting shares of the Company may propose to the Board of the Company about the candidates for Directors (not being employee representatives) or propose to the Supervisory Committee about the candidates for Supervisors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the laws and the provisions of the Articles of Association, and shall not exceed the number to be elected. While any of the shareholders shall nominate Directors for more than half of the members of the Board, the Supervisor nominated by them shall not exceed one-third of the members of the Supervisory Committee. The Board and the Supervisory Committee shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;

- (2) pursuant to the requirements of laws, regulations and the Articles of Association and based on the proposed number of candidates to be elected, the current Chairman may propose a list of recommended candidates for Directors (not being employee representatives), which shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board. Pursuant to the requirements of laws, regulations and the Articles of Association and based on the proposed number of candidates to be elected, the current chairman of the Supervisory Committee may propose a list of recommended candidates for Supervisors (not being employee representatives), which shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Supervisory Committee.
- (3) the approach and procedures for nomination of independent Directors should be made in accordance with the laws, regulations and the relevant requirements of the securities regulatory authorities.

The nominator shall obtain the undertakings, in written form, of the candidates prior to nominating such candidates for Directors and Supervisors, to confirm that they accept the nomination and undertake the truthfulness and completeness of the disclosed information regarding the candidates for Directors and Supervisors, and guarantee to faithfully performing the duties of Directors and Supervisors.

As for the shareholders of the Company severally or jointly hold more than 50% equity interest of the Company with connected persons or for resolutions in respect of the election of more than two Directors (not being staff representatives) and Supervisors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.

The “cumulative voting system” as referred to in the preceding paragraph means that when a general meeting elects Directors or Supervisors, each share carries a number of voting rights equivalent to the number of Directors or Supervisors to be elected, and a shareholder may cluster his or her voting rights.

The Implementation Rules of Cumulative Voting System means that during the election of Directors and Supervisors with the cumulative voting system, each shareholder is entitled to one vote, which shall set out the number of shares held by the shareholders, the number of Directors or Supervisors to be elected as well as the list of candidates to satisfy the function of the cumulative voting system. A shareholder may freely allocate its or his or her votes among the candidates for Directors (or Supervisors), either to allocate to a number of persons, or to vote all in favor of one person. Votes in favor of one candidate for Director (or Supervisor) could be more or less than the number of votes held by them, which do not need to be integral multiples of the number of the shares. However, the accumulative number of the votes for all candidates for Directors (or Supervisors) shall not exceed the total number of the effective voting rights they are entitled to. Upon completion of voting, all the candidates for Directors (or Supervisors) shall be elected in descending order according to the number of votes they received and capped by the number of Directors (or Supervisors) to be elected.

Under the cumulative voting system, independent Directors and other members of the Board shall be elected separately.

**Article 119** In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be put aside nor denied at the general meeting.

**Article 120** When considering a proposal, the general meeting shall not revise it; otherwise such amendments shall be deemed as a new proposal and may not be voted on during the current meeting.

**Article 121** The same vote may only be cast once at the location of a general meeting, or by online voting or other means. Where the same vote is cast for two or more times, the first cast shall hold.

**Article 122** At any general meeting, voting shall be conducted by open poll.

**Article 123** Before the general meeting votes on a proposal, two shareholders' representatives shall be elected to participate in the vote counting and vote scrutiny. When a shareholder has a material interest in a matter being considered, he or she and his or her proxies may not participate in the vote counting or vote scrutiny. When votes are cast on proposals at the general meeting, attorneys, representatives of the shareholders and the representative of Supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes.

Shareholders of the listed company or their proxies, who have cast their votes by online voting or by other means, shall have the right to check the voting results in the way in which they have cast their votes.

**Article 124** The ending time of a general meeting shall not be earlier than that of online or other access to the meeting. The chairman of the meeting shall announce the outcome and results of the vote on each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

Prior to the formal announcement of voting results, the relevant parties from the listed company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, the person in charge of the relevant internet service provider involved in relation to voting at the general meeting, online or by other means, shall be obliged to keep the status of voting confidential.

**Article 125** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. Save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of Shares under the Stock Connect between Mainland and Hong Kong and the nominal holder of some H Shares makes reporting in accordance with the instruction of the de facto holders of relevant shares.

If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as “abstained”. Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

**Article 126** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he or she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance book for shareholders’ signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company.

**Article 127** The resolution of the general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.

**Article 128** A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes within seven days of receipt of the reasonable payment therefore.

**Article 129** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 130** Where a resolution on the election of Directors or Supervisors is passed at the general meeting, the term of office of the newly-elected Director or Supervisor shall commence immediately after the relevant resolution is passed at the general meeting.

**Article 131** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.

#### **Section 7 Special Procedures for Voting by Classes of Shareholders**

**Article 132** Shareholders holding different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy the rights and assume the obligations in accordance with the laws, administrative regulations and the Articles of Association.

Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

**Article 133** The Company shall not proceed to change or abrogate the shareholders' rights of a class of shares unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the shareholders of the class of shares so affected in accordance with Articles 135 to 139.

**Article 134** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to convert all or part of the shares of such class into shares of another class, or to convert all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (3) to remove or reduce of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (6) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;



- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (10) to increase the rights and privileges of the shares of another class;
- (11) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;
- (12) to amend or delete provisions in this section.

**Article 135** Shareholders of the affected class, whether or not having the rights to vote at general meetings originally, shall have the right to vote at shareholders class meetings in respect of matters referred to in subparagraphs (2) to (8) and (11) to (12) in Article 134 hereof, except that interested shareholders shall not vote at such shareholders class meetings.

The term “interested shareholders” in the preceding paragraph shall have the following meanings:

- (1) in case of a buyback of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 29 hereof, the controlling shareholders as defined in Article 305 of the Articles of Association shall be the “interested shareholders”;

- (2) in case of a buyback of shares by the Company by an over the counter agreement in accordance with Article 29 hereof, holders of shares in relation to such agreement shall be the “interested shareholders”;
- (3) in case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other shareholders of that class shall be the “interested shareholders”.

**Article 136** Resolution of a shareholders class meeting shall be passed only by two-thirds or above of the total voting rights being held by the shareholders of that class, who are entitled to do so, present and vote at the shareholders class meeting in accordance with Article 135.

**Article 137** When the Company is to convene a shareholders class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.

In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class, the Company may convene a shareholders class meeting of shareholders. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders class meeting.

**Article 138** Notice of the shareholders class meeting shall be served only on the shareholders entitled to vote thereat.

The shareholders class meeting shall be held according to the procedure, to the extent possible, as that applicable to a general meeting, unless otherwise specified in the Articles of Association, the provisions of the Articles of Association of the Company relevant to the procedure for the holding of a general meeting shall be applicable to a shareholders class meeting.

**Article 139** The special procedure for voting by class shareholders shall not apply under the following circumstances:

- (1) with the approval by a special resolution at a 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 its respective numbers of each of the issued and outstanding domestic shares and overseas listed foreign shares;
- (2) the Company completes the issue of domestic shares and overseas listed foreign shares within fifteen months from the date of approval pursuant to the plan approved upon its establishment by the securities regulatory authority of the State Council;
- (3) with approval of the securities regulatory authority of the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors and list and trade the said shares on overseas stock exchanges.

## **Chapter V Board of Directors**

### **Section 1 Directors**

**Article 140** Directors shall be elected or replaced at the general meeting. A Director shall serve a term of 3 years, and may seek re-election upon expiry of the said term, provided that an independent Director shall not hold office for a period over 6 years. The general meeting shall not remove a Director without any reason prior to the expiry of his or her term of office. Where the general meeting of the Company removes a Director from office prior to the expiration of his or her term of office, it shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.

Subject to the relevant laws and administrative regulations, a Director can be removed by an ordinary resolution passed at a general meeting before the expiry of his or her term of office (such removal does not prejudice the Director's claim for damages pursuant to any contract).

A written notice on the intention to nominate a Director candidate and the candidate's presentation of being willing to accept the nomination shall be issued to the Company at least 7 days prior to the general meeting.

The period for submitting the notice mentioned in the preceding paragraph shall commence from the date when the notice of convening a general meeting for such election is given by the Company and end not later than 7 days before the date of the general meeting (or earlier).

Directors shall obtain the professional qualifications from the CSRC or a delegated authority of the CSRC before taking the positions. Directors shall meet the following requirements:

- (1) being of honesty, integrity and good behavior;
- (2) being familiar with securities laws, administrative regulations, rules and other normative documents and having the operation and management ability necessary for performing the duties;
- (3) engaging in the work of securities, finance, law and accounting for more than 3 years, or the work of economy for more than 5 years;
- (4) having a college degree or above; and
- (5) other requirements stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his or her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director assumes the office.

The president and other senior management officers may serve concurrently as Directors (other than the independent Directors), provided that the total number of such Directors who concurrently serve as the president or other senior management officers and the employee representatives shall not exceed 1/2 of the total number of the Directors of the Company.

The Board may comprise one employee representative. The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting or the staff meeting or by other democratic means, and become a member of the Board directly.

Save as independent Directors shall be otherwise replaced due to the limitation of their term of office, the number of replaced or re-elected Directors shall not exceed one-third of the total number of members of the Board per annum.

A standardized and transparent procedure for election of Directors shall be in place to ensure the openness, fairness and impartialness of the election:

- (1) the Company shall disclose detailed profiles of the candidates for Directors prior to the general meeting to make sure that shareholders have obtained adequate information of such candidates when they cast their votes.
- (2) engagement contracts shall be entered into by the Company and the Directors to clarify such matters as the rights and obligations between the Company and the Directors, the term of the directorship, the Directors' liabilities in case of breach of laws, regulations and the Articles of Association, and the compensation from the Company in case of early termination of such contracts by the Company for reasons.

The Directors are not required to hold any share in the Company.

**Article 141** Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of loyalty to the Company:

- (1) not to abuse their powers to take bribes or other unlawful income, and not to misappropriate the Company's property;
- (2) not to divert the assets of the Company or any of its customers;
- (3) not to deposit any assets or money of the Company in any amounts under their names or in the names of others;
- (4) not to lend the money of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of Articles of Association or without the consent of the general meeting or the Board;
- (5) not to enter into any contract or conduct any transaction with the Company in violation of Articles of Association or without the consent of the general meeting;

- (6) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct any businesses similar to those of the Company for themselves or others;
- (7) not to take as their own any commission for any transaction with the Company;
- (8) not to disclose any secret of the Company;
- (9) not to use his or her connected relationships to harm the interests of the Company;  
and
- (10) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules and Articles of Association.

Directors' income derived from violation of this Article shall belong to the Company; Directors shall be liable to compensate any loss incurred to the Company.

**Article 142** Directors shall observe laws, administrative regulations and the Articles of Association and fulfill the following obligations of diligence:

- (1) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;

- (5) to honestly provide the Supervisory Committee with relevant information and data, and not to prevent the Supervisory Committee or Supervisors from performing their duties and powers; and
- (6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 143** If a Director fails to attend Board meetings, either in person or by authorizing another Director on behalf of him or her, for two consecutive meetings, he or she shall be deemed as failing to perform his or her duties. The Board shall propose at the general meeting to replace him or her.

**Article 144** A Director may resign before expiry of his or her term of office, provided that a written resignation report in respect of his or her resignation shall be submitted to the Board and the Board shall disclose the relevant information within 2 days.

If the number of the Directors falls below the minimum quorum due to the resignation of Directors, the resigned Director shall continue to perform his or her duties pursuant to the requirements of the laws, administrative regulations, departmental rules and the Articles of Association before the newly elected Director takes office.

Save for the circumstances referred to in the preceding paragraph, the Director's resignation takes effect upon delivery of his or her resignation report to the Board.

Subject to the relevant laws and regulations, as well as regulatory rules of the place(s) where the shares of the Company are listed, if the Board appoints a new Director to fill a vacancy or as an additional Director, the term of office of the appointed Director shall expire at the next general meeting of the Company and such Director shall be eligible for re-election.

**Article 145** When a Director's resignation takes effect or his or her term of service expires, the Director shall complete all transfer procedures with the Board. His or her obligations of loyalty (including but not limited to duty of confidentiality) towards the Company and the shareholders do not necessarily cease after the termination of his or her term of service and shall still be in effect for a period of 2 years.



**Article 146** No Director may act on behalf of the Company or the Board in his or her own name unless the Articles of Association specifies that he or she may do so or he or she is lawfully authorized to do so by the Board. A Director shall declare his or her position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the Board.

**Article 147** If a Director breaches the laws, administrative regulations, departmental rules or the Articles of Association when performing his or her duties and causes loss to the Company, he or she shall be held responsible for damages.

**Article 148** Independent Directors shall act in accordance with the laws, administrative regulations, listing rules of the place(s) where the shares of the Company are listed. If an independent Director resigns or is removed prior to the expiry of his or her term of office, such Director and the Company shall submit written statements to the delegated authority of the CSRC and the general meeting respectively.

## **Section 2 Board of Directors**

**Article 149** The Company shall establish a Board which shall be accountable to the general meeting.

**Article 150** The Board shall comprise 13 Directors with at least one-third of them being independent Directors; The Company shall have one Chairman and may have vice chairman. The number of internal directors shall not exceed a half of the number of Directors.

The Chairman, vice chairman shall obtain the professional qualifications from the CSRC or a delegated authority of the CSRC and shall meet the following requirements:

- (1) being of honesty, integrity and good behavior;
- (2) being familiar with securities laws, administrative regulations, rules and other normative documents and having the operation and management ability necessary for performing the duties;

- (3) engaging in the work of securities for more than 3 years, or the work of finance, law and accounting for more than 5 years, or the work of economy for more than 10 years;
- (4) a bachelor's degree holder or above, or having equivalent education background;
- (5) having passed the qualification examination recognized by the CSRC; and
- (6) other requirements stipulated by laws, administrative regulations, departmental rules and Articles of Association.

**Article 151** The Board shall exercise the following functions and powers:

- (1) to convene general meetings and report to general meetings;
- (2) to implement resolutions of general meetings;
- (3) to resolve on the Company's business plans and investment plans;
- (4) to prepare the annual financial budgets and final accounting plans of the Company;
- (5) to prepare the profit distribution plan and loss makeup plan of the Company;
- (6) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (7) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (8) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc.;
- (9) to decide on the establishment of internal management organizations of the Company;

- (10) to appoint or dismiss the president and secretary to the Board of the Company; to appoint or dismiss senior management officers including vice president(s) and the person in charge of finance and the Chief Compliance Officer of the Company in accordance with the nominations by president, and to determine their remunerations, rewards and penalties;
- (11) to set up the basic management system of the Company;
- (12) to formulate the proposals for any amendment to the Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (15) to listen to work reports of the president and review his or her work; (XVI) to formulate risk control system;
- (16) to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management, including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, to supervise the resolution of problems existing in compliance management and to establish the mechanism for direct communication with the Chief Compliance Officer to ensure assessment by the Chief Compliance Officer on senior management officers, each department, branch and subsidiary of each level (“Subordinate Units”), compliance department and compliance management personnel;
- (17) to determine Directors’ remunerations and distribution plan thereof; and
- (18) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the Directors save for the issues specified in (VI), (VII) and (17), for which approval of two-thirds of the Directors is required.

The Board and Chairman of the Company shall exercise their powers to the extent as provided by laws, administrative regulations, the CSRC and the Articles of Association, and shall not exceed their powers to interfere in operation and management by management personnel.

Matters beyond the scope of authorization of the general meeting should be submitted to the general meeting for consideration.

**Article 152** When disposing fixed assets, the Board shall not, without prior approval of 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 4 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 at the 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 153** The Board shall explain at the general meeting with respect to any nonstandard audit opinions that any certified public accountant issues for the financial report of the Company.

**Article 154** The Board shall formulate the rules of procedures of the Board meetings to ensure the Board's implementation of the resolutions of the general meeting, so as to improve the efficiency of work and ensure scientific decision-making.

The rules of procedures of the Board meetings which shall stipulate the holding and voting procedures of the Board meetings, shall be included in the Articles of Association as a part thereof or an Appendix thereto and shall be formulated by the Board and approved by the general meeting.

**Articles 155** The Board shall determine the scope of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc., and establish strict examination and decision-making procedures; major investment projects shall be assessed by relevant experts and professionals engaged for this purpose and proposed to the general meeting for approval.

Save for the guarantees subject to consideration and approval at the general meeting as provided in Article 69, external guarantees provided by the Company are subject to approval of the Board:

Connected transactions between the Company and its connected persons which satisfied the following standards shall be submitted to the Board for consideration and approval:

- 1 any contemplated connected transaction between the Company and its connected natural person in an amount over RMB300,000;
- 2 any contemplated connected transaction between the Company and its connected legal person in an amount over RMB3,000,000 and accounting for 0.5% or more of the latest audited absolute value of net assets of the Company.

Any contemplated connected transaction between the Company and its connected person in an amount over RMB30,000,000 and accounting for 5% or more of the latest audited absolute value of net assets of the Company shall be submitted to the general meeting for consideration after such transaction is considered and approved by the Board.

The Board shall be entitled to approve and decide external investment, acquisition and disposal of assets, asset mortgage, etc. which are in an amount accounting for more than 5% but not exceeding 50% of the latest audited absolute value of net assets of the Company. In conducting aforesaid transactions, the Company shall calculate based on the actual amount, and all the transactions that are completed within a period of twelve consecutive months shall be aggregated by category.

Any single external investment, acquisition and disposal of assets, asset mortgage, etc. which are in an amount accounting for more than 2% of the latest audited value of net assets of the Company shall be subject to the approval of the Board.

Where CSRC and the stock exchange on which the shares of the Company are listed have other special provisions for the aforesaid transactions, the Company shall conduct the transactions in accordance with such provisions stipulated by the CSRC and the stock exchange on which the shares of the Company are listed.

**Article 156** The Chairman and vice chairman shall be elected or removed by a majority of all members of the Board. The Chairman and vice chairman shall serve a term of 3 years, and are eligible for re-election.

**Article 157** The Chairman shall exercise the following functions and powers:

- (1) to preside over the general meetings and to convene and preside over the Board meetings;
- (2) to supervise and examine the implementation of the resolutions of the Board;
- (3) to sign the share certificates, corporate bonds and other marketable securities of the Company;
- (4) to sign important documents of the Board and other documents which shall be signed by the legal representative of the Company;
- (5) to exercise the functions and powers as a legal representative; and
- (6) to exercise other functions and powers conferred by the Board.

**Article 158** The vice chairman of the Company shall assist the Chairman in work. Where the Chairman is unable or fails to perform his or her duties, the vice chairman shall discharge such duties (if the Company has two or more vice chairmen, then the duties shall be performed by the vice chairman elected by more than one half of the Directors). Where the vice chairman is unable or fails to perform his or her duties, more than one half of the Directors shall elect a Director to discharge such duties.

**Article 159** Regular meetings of the Board shall be held at least 4 times a year. Meetings shall be convened by the Chairman. Notice of the meeting shall be given to all Directors and Supervisors 14 days before convening the meeting.

**Article 160** Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors or the Supervisory Committee or the president may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.

**Article 161** The notice of an extraordinary meeting of the Board shall be served by: personal delivery, written notice, fax or other means. The time limit of such notice is 5 days prior to the date of meeting.

**Article 162** The notice of the Board meeting shall include the following:

- (1) the time and venue of the meeting;
- (2) the duration of the meeting;
- (3) the reasons and subject matters; and
- (4) the date of issuing the notice.

**Article 163** A Board meeting shall be attended by more than one half of the Directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board must be passed by more than half of all Directors.

As for the voting on a Board resolution, each Director shall have one vote.

If the votes for and against a resolution are the same, the Chairman shall be entitled to an additional vote.

**Article 164** If a Director has a connected relationship with an enterprise involved in a matter on which a resolution is to be made at a meeting of the Board, he/she may not exercise his or her right to vote regarding such resolution, nor may he/she exercise the voting right of another director as such Director's proxy thereon. Such a Board meeting may be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a connected relationship. The independent directors shall issue independent opinions on the material connected transactions, and have the right to report to the delegated authority of the CSRC where the Company is domiciled when necessary. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 165** Voting of the Board shall be conducted by name-recording polls or a show of hands. Each Director is entitled to one vote.

The Board meeting shall be convened by way of physical meetings, or through video and teleconference. Should a physical meeting or a video or telephone conference be unable to be held in case of emergency or owing to force majeure or other special reasons, upon the approval by the convener of the meeting, the Board may hold an extraordinary general meeting and make resolutions by means of facsimile signed by the Directors in presence and attending the meeting, provided that the Directors have fully expressed his or her opinions.

**Article 166** If any resolution of the Board meeting is in violation of the laws, administrative regulations or the requirements of the CSRC, the Supervisory Committee shall require the Board to make rectification, and managers shall refuse to execute the resolution.



**Article 167** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he or she may authorize in writing another director to act on his or her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he or she shall be deemed to have waived the voting rights at the meeting.

**Article 168** The Board shall file resolutions passed at the meeting as minutes, and audio record can be made. Minutes shall be true, accurate and complete records of the meeting process, the content of the resolution, speech and voting results of directors. Minutes shall be signed by the attending Directors and the recorder. The directors shall be responsible for the resolutions passed at Board meetings. If any resolution made by the Board is in violation of the laws, administrative regulations or the Articles of Association and causes any substantial losses to the Company, directors who vote for the said resolution shall be liable for compensation to the Company. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

The minutes of Board meetings shall be kept for the Company's record for a term of not less than 15 years.

**Article 169** The minutes of the Board shall consist of the following:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the Directors present and names of directors being appointed to attend the meeting on the other's behalf (proxy);
- (3) the agenda;
- (4) the main points of Directors' speeches; and
- (5) the voting method of each resolution and the result (with the voting result to include the number of polls that vote for, against or abstaining).

### **Section 3 Special Committees under the Board**

**Article 170** The Board establishes Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee. All members of the special committees shall be Directors, among which, half or above of the members of Audit Committee, Nomination Committee and Remuneration and Appraisal Committee shall be independent Directors. The establishment of special committees under the Board is subject to the approval in the general meeting.

**Article 171** Main duties of the Compliance and Risk Management Committee:

- (1) reviewing and opining on overall objectives and basic policies of compliance management and risk management;
- (2) reviewing and opining on establishment of specific organizational departments and duties of compliance management and risk management;
- (3) evaluating and opining on the risk of major decisions and solution for eliminating such major risk required to be considered and approved by the Board;
- (4) reviewing and opining on compliance reports and risk evaluation reports required to be considered and approved by the Board; and
- (5) other duties specified by the Articles of Association.

**Article 172** Main duties of the Audit Committee:

- (1) monitoring the annual audits, making judgments on the truthfulness, accuracy and completeness of audited financial reports and submitting to the Board for consideration;
- (2) proposing to hire or replace the external auditor, and supervise the practice of external auditors;
- (3) being responsible for the communications between the internal audit and the external audit;
- (4) reviewing the financial supervision, internal control and risk management system of the Company;
- (5) discussing with the management level about the internal control system to ensure that the management level has performed its duty of establishing an effective internal control system;
- (6) other duties specified by the Articles of Association and the listing rules of the locality where the shares of the Company are listed.

The Audit Committee shall comprise at least three members, all of whom are non-executive Directors, and at least one of the independent Directors is an accounting professional with more than five years' experience engaged in accounting work.

The meeting of the Audit Committee shall be convened by an independent Director of the Company.

**Article 173** The Development Strategy Committee is mainly responsible for studying and predicting the long-term development strategies of the Company and determining the development strategic plan of the Company. The specific duties are:

- (1) understanding and grasping the comprehensive situation of the operation of the Company;
- (2) understanding, analyzing and grasping the current situation of the international and domestic industries;
- (3) being aware of and supervising relevant national policies;
- (4) studying the short-term, medium-term and long-term development strategies and relevant issues of the Company;
- (5) providing consultation and advice on the long-term development strategies, material investment, reform and other substantial decisions of the Company;
- (6) reviewing and approving the special research report on the development strategies;
- (7) issuing daily research report on a regular or irregular basis;
- (8) other duties granted by the Board.

The meeting of the Development Strategy Committee shall be convened by the Chairman of the Company.

**Article 174** Main duties of the Nomination Committee:

- (1) reviewing and opining on the election standards and procedures of the Directors and senior management officers;
- (2) searching for eligible candidates for Directors and senior management officers;
- (3) reviewing and opining on the qualification criteria of candidates for Directors and senior management officers;
- (4) reviewing the structure, size and composition of the Board (including the expertise, knowledge and experience) at least annually; and
- (5) other duties specified by the Articles of Association and the listing rules of the locality where the shares of the Company are listed.

The meeting of the Nomination Committee shall be convened by an independent Director of the Company.

**Article 175** Main duties of the Remuneration and Appraisal Committee:

- (1) reviewing and opining on the remuneration and appraisal management system of Directors and senior management officers;
- (2) assessing and opining on the Directors and senior management officers;
- (3) such other duties specified by the Articles of Association and the listing rules of the locality where the shares of the Company are listed.

The meeting of the Remuneration and Appraisal Committee shall be convened by an independent Director of the Company.

**Article 176** Each specialized committee may engage intermediaries to provide professional advice at the expense of the Company.

**Article 177** All the specialized committees shall be accountable to the Board and submit working reports to the Board pursuant to the requirements of the Articles of Association.

The Board shall listen to the opinions of the specialized committees before making any decision on matters related to the duties of the specialized committees.

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

**Article 178** The Company shall have a secretary to the Board, concurrently being a senior management officer of the Company and shall be responsible for the organization of the Board meeting, document keeping and management of information regarding the shareholders of the Company, and shall provide relevant information and deal with information disclosure and other matters pursuant to the provisions and according to the requirements of the relevant unit including the CSRC and its delegated authorities and shareholders or of individuals.

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

**Article 179** The secretary to the Board shall have the requisite professional knowledge and experience and shall be appointed by the Board, and shall possess the following criteria:

- (1) he or she shall be of good character, faithful and honest;
- (2) he or she shall be familiar with laws, administrative regulations, rules and other regulatory documents, and have the operation and management capacity required to perform his or her duties;
- (3) he or she shall have more than three years' experience in securities or more than five years' experience in the field of finance, economics, laws and accounting;
- (4) he or she shall be licensed to practice in the securities business;

- (5) he or she shall be at least university graduates or possess a degree higher than a bachelor degree;
- (6) he or she shall have no less than two years' experience of being in charge of a department in a securities company or no less than four years' experience of being in charge of a department in financial institutions or of comparable management experience.
- (7) he or she shall have the requisite qualification recognized by the CSRC;
- (8) he or she shall fulfill other criteria required by laws, rules, administrative regulations, departmental rules and the Articles of Association.

A person may not serve as a secretary to the Board in event of any of the following:

- (1) a person who has been subject to the administrative punishment of the CSRC during the past three years;
- (2) a person who has been publicly reprimanded by the stock exchange or who has been criticized for more than three times in the past three years;
- (3) any existing Supervisor of the Company;
- (4) such other situations where he or she is considered to be inappropriate, by the Shanghai Stock Exchange, to act as the secretary to the Board.

**Article 180** Main duties of the secretary to the Board:

- (1) taking charge of the communication and liaison between the Company and its relevant parties and the Shanghai Stock Exchange, the Hong Kong Stock Exchange and other securities regulatory authorities; being responsible for the preparation and submission of the documents required by the securities regulatory authorities at the places where the shares are listed and the organization and completion of the tasks arranged by the regulatory authorities; ensuring that the Company shall prepare and submit the reports and documents required by the regulatory authorities;

- (2) dealing with the disclosure of information by the Company, urging the Company to formulate and implement policies regarding information disclosure and internal reporting of significant information, causing the Company and its relevant parties to perform their obligations of information disclosure, and procuring regular and extraordinary reporting on information disclosure to the stock exchange in accordance with the laws;
- (3) organizing and preparing general meetings, the Board meetings and the meetings of the specialized committees of the Board, preparing and submitting documents and materials regarding the Board meetings, general meetings and other relevant meetings; attending the Board meetings and taking minutes, ensuring the accuracy of the minutes and signing on the same; being responsible for safe-keeping the documents and minutes of the Board meetings, meetings of the specialized committees of the Board and general meetings; and being responsible for submitting the documents of general meetings, meetings of the Board and Supervisory Committee to the CSRC for filing and others.
- (4) ensuring that the Company has the complete set of the organization documents and records;
- (5) being responsible for coordinating and organizing the Company's information disclosure matters, including improving a sound information disclosure system, serving guests, being responsible for the communication with media and investors, answering the consultation of the public, connecting with the shareholders, timely providing the publicly disclosed information of the Company to the eligible investors to ensure the timeliness, legality, trueness and completeness of the information disclosure of the Company.
- (6) attending meetings involving information disclosure. The relevant departments of the Company shall provide the material and information required by the information disclosure to the secretary to the Board. Prior to making material decisions, the Company shall seek the opinions of the secretary to the Board from the perspective of the information disclosure.



- (7) maintaining confidentiality in respect of information, formulating confidentiality measures, procuring Directors, Supervisors, other senior management officers and relevant informed persons to keep confidential before information disclosure, and taking timely remedies upon the leakage of insider information and reporting the same to the stock exchanges and securities regulatory management authority at the places where the shares are listed;
- (8) ensuring the establishing of the register of shareholders of the Company, and ensuring that the persons who are entitled to access to relevant documents and records of the Company obtain such records and documents in a timely way;
- (9) maintaining the register of shareholders, the register of Directors, Supervisors and senior management officers of the Company and the information regarding the shareholding in the Company of controlling shareholders, Directors, Supervisors and senior management officers and the seal of the Board;
- (10) assisting the Directors, Supervisors, senior management officers of the Company to understand laws, regulations, rules, Articles of Associations and the securities listing rules at the places where the shares of the Company are listed and their responsibilities specified in the share listing agreement.
- (11) procuring the Board to exercise powers by laws; reminding the attending Directors when the resolutions to be made by the Board do not comply with the relevant laws, administrative regulations, departmental rules, securities listing rules, other regulations of the stock exchanges and the Articles of Association, and requesting the Supervisors present at meeting to express their opinions; recording the opinions of relevant Supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and simultaneously reporting such to the Shanghai Stock Exchange.

(12) providing consultation and advices regarding the material decisions of the Company.

(13) fulfilling other duties specified in the Company Law, other laws, regulations, rules, listing rules at the places where the securities of the Company are listed.

The Board, the President, vice president and other senior management officers shall provide active support for the work of the secretary to the Board. Any entities or individuals of the Company shall not interference with the normal work of the secretary to the Board.

**Article 181** Directors and other senior management officers of the Company, except for independent directors, may also act as the secretary to the Board. The registered accountant(s) of the certified public accountants' firm and attorney(s) appointed by the Company shall not act as the secretary to the Board.

**Article 182** The secretary to the Board shall be nominated by the Chairman and appointed or dismissed by the Board. When the office of the secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board shall not perform the act in dual capacity.

**Article 183** The Company proactively establishes and improves the management system on investor relations and reports the same to be considered by the Board. The Company shall enhance the communication and exchange with shareholders, and in particular, the public shareholders, via various means. The secretary to the Board shall be responsible for the management on investor relations.

## **Chapter VI President and Other Senior Management Officers**

**Article 184** The Company shall have one president and several vice presidents.

A Director may be employed to concurrently act as the president, vice president or other senior management officers.

The president and other senior management officers shall be appointed or dismissed by the Board.

The senior management officers of the Company shall not concurrently hold offices in other profit-making institutions, except for those otherwise stipulated by laws, administrative regulations or the CSRC.

The senior management officers shall have the qualifications recognized by the CSRC or the delegated authority of the CSRC. Persons without such qualifications shall not be authorized by the Company to perform the duties of the senior management officers.

**Article 185** The provisions under Article 141 in relation to the fiduciary duties of Directors and provisions (4) to (6) under Article 142 in relation to the due diligence obligations shall be applicable to the senior management officers.

**Article 186** Staff of the controlling shareholders and the de facto controllers of the Company who serve positions other than Directors of the controlling shareholders and the de facto controllers shall not serve as senior management officers of the Company.

**Article 187** The principal person in charge of the operation and management of the Company shall report to the Board or Supervisory Committee on the execution of significant contracts, implementation status, application of funds as well as profit and loss of the Company as requested by the Board or Supervisory Committee. The principal person in charge of the operation and management shall ensure the trueness, accuracy and completeness of the report.

The principal person in charge of the operation and management who does not hold the position of Director can attend the Board meeting.

The principal person in charge of the operation and management refers to the president, or the person in charge of the management committee or executive committee exercising the power of the president of the Company.

**Article 188** The Company shall have a general counsel who is acted for senior management officers and responsible for the legal affairs of the Company.

**Article 189** The senior management officers in charge of compliance management, risk management, legal affairs and the audit department shall not concurrently hold the office of other positions and duties of which conflict with compliance management, risk management, legal affairs and auditing, and shall not concurrently take charge of the department and the functions of which conflict with compliance management, risk management, legal affairs and auditing.

The senior management officers of the Company shall provide support for the work of compliance management, risk management, legal affairs and audit department.

The senior management officers of the Company shall take charge of implementing the compliance management objectives, assume the responsibility for compliance operation, and perform the following compliance management duties:

- (1) establishing and improving the organizational structure of compliance management, following compliance management procedures, employing adequate and appropriate compliance managers, and providing sufficient human resources, material resources, financial resources and technical support and guarantee for their performance of duties;
- (2) reporting and making rectifications of the violations of laws and regulations found, and implementing the accountability;
- (3) other compliance management duties as stated in the Articles of Association or determined by the Board.

**Article 190** The president shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 191** The president shall be accountable for the Board and exercise the following powers:

- (1) to be in charge of the operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her work to the Board;
- (2) to formulate the Company's annual development plans, annual business plans and investment plans;
- (3) to organize and implement the Company's annual operational plan and investment plan;
- (4) to prepare the plan for the arrangement of internal management organizations of the Company;
- (5) to prepare the plan of the basic management system of the Company;
- (6) to formulate the Company's specific rules;
- (7) to deal with important business and affairs externally on behalf of the Company;
- (8) to propose to the Board to appoint or dismiss the vice president, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and other senior management officers of the Company;
- (9) to decide to appoint or dismiss executives other than those appointed or removed by the Board;

- (10) to determine the awards and punishments, promotion and demotion, increase/decrease of salaries, appointment, dismissal, and recruitment of the staff of the Company;
- (11) to temporarily deal with the emergencies in the operation activities which shall be determined by the Board and reported to the Board of the Company afterwards;
- (12) to exercise other functions and powers conferred in the Articles of Association and by the Board.

The president shall be in charge of the daily work of the Company and attend the Board meeting, president who is not a Director does not have voting rights at the Board meeting; report his or her work to the Board and exercise his or her power in accordance with the scope of the president's duties.

In exercising his or her power, the president shall fulfill a fiduciary obligation and have a duty of due diligence pursuant to the requirements of laws, administrative regulations and the Articles of Association.

As for the connected transactions between the Company and connected persons, should the transactions not reach the standards specified in paragraph 3 of Article 155 in the Articles of Association, the president is entitled to make the decision of examination and approval.

As for external investments, acquisition and disposal of assets, assets mortgages and other matters of the Company, should the foregoing matters not reach the standards specified in paragraph 5 of Article 155 in the Articles of Association, the president is entitled to make the decision of examination and approval.

The president of the Company shall take the major responsibility for the effectiveness of the execution of the comprehensive risk management of the Company.

**Article 192** The president shall formulate the working rules of the president. Such working rules shall be implemented upon approval by the Board.

**Article 193** The working rules of the president shall include the following:

- (1) conditions for the convening of and the procedure for the president's meeting, and the personnel to attend the meeting;
- (2) specific duties and allocation of work of the president and other senior management officers;
- (3) the authority to utilize the Company's funds and assets and to enter into significant contracts, and the reporting system to the Board and the Supervisory Committee;
- (4) other matters which the Board considers necessary.

**Article 194** The president can tender his or her resignation prior to the expiry of his or her term of office. The specific procedures for such resignation shall be governed by the labour contract between the president and the Company.

**Article 195** The vice presidents of the Company shall be nominated by the president, and shall be appointed or dismissed by the Board.

The vice president shall assist the president in working and shall be accountable for and report duty to the president. He or she shall perform the relevant duties according to the business scope of work allocation. Should the president be unable to or fails to perform his or her duties, the vice president(s) shall perform the duties of the president on his or her behalf. In case two or more vice presidents are in the Company, the vice president(s) designated by the Board shall perform the duties of the president on his or her behalf.

**Article 196** The Company shall enter into agreements with the senior management officers in respect of their terms of office, performance appraisal, remunerations, dismissal, the rights and obligations of both parties and liabilities for contractual breach, etc.

The performance-based annual remuneration of the senior management officers shall be determined by the Board in accordance with their annual performance appraisal results. Payment of 40% of the remuneration shall be deferred for a period of three years. The distribution of the deferred payment of remuneration shall be subject to the principle of equality.

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

**Article 197** If a senior management officer violates any provisions of laws, administrative regulations or the Articles of Association and damages the lawful interests and rights of the Company or its clients, he or she shall be subject to internal punishment by the Board and the Supervisory Committee of the Company.

The Company shall not pay any fines or compensations on behalf of a Director, Supervisor, or senior management officer for which he or she shall be individually liable for.

## **Chapter VII Chief Compliance Officer**

**Article 198** The Company shall have the Chief Compliance Officer. The Chief Compliance Officer shall be the Company's senior management officer who shall be accountable for and report duty to the Board for internal matters; and shall be accountable for and report duty to the regulatory authority pursuant to the provisions for external matters. The Chief Compliance Officer shall not concurrently take the duties of operational management or take charge of the department of which conflict with compliance management function, nor make decisions for specific operational management activities.

The Company shall sufficiently protect the independence of the Chief Compliance Officer and safeguard his or her full right of information and enquiry necessary for implementing his or her duties. When the Company convenes important meetings, such as a Board meeting and a business decision meeting, which the Chief Compliance Officer requires to participate in or attend, a prior notice shall be delivered to the Chief Compliance Officer. The Chief Compliance Officer shall have the right to participate in or attend relevant meetings, access to and duplicate relevant files and information if necessary for implementing his or her duties, and require the Company's relevant personnel to give explanation on relevant matters, and ask for information from those institutions which provide auditing, legal and other intermediary services to the Company. When the Chief Compliance Officer considers it necessary, he or she could employ external professional institutions or personnel directly to assist in his jobs under the name of the Company, and the costs shall be borne by the Company.



The Company's shareholders, Directors and senior management officers shall not violate the stipulated duties and procedures nor give direct instructions to the Chief Compliance Officer or interfere with his or her work. The Company's Directors, Supervisors, senior management officers and Subordinate Units shall provide support to and coordinate with the Chief Compliance Officer and shall not, by any reason, restrict or prevent the Chief Compliance Officer from performing his or her duties.

In the event that the Company does not accept the compliance review opinion of the Chief Compliance Officer, relevant matters shall be submitted to the Board for decision-making.

**Article 199** The Chief Compliance Officer shall thoroughly understand relevant laws, regulations and standards. He or she shall be an honest and credible person, who is familiar with the securities and fund businesses, and possesses such professional knowledge and skills required for carrying out compliance management. In addition, such person shall meet with the following criteria:

- (1) he or she has been engaging in securities and funds work for more than ten years, and has passed the Competence Examination for Compliance Management Personnel organized by the Securities Association of China or Asset Management Association of China; or he or she has been engaging in securities and funds work for more than five years, and has passed the legal professional qualification examination; or he or she has worked in securities regulatory authorities or self-discipline organization in securities or fund industry for more than five years;
- (2) financial regulatory authorities have not imposed any administrative penalty or implemented any material administrative measure on such person over the past three years;
- (3) other conditions set by the CSRC.

**Article 200** The Chief Compliance Officer shall be appointed and dismissed by the Board of the Company. Prior to the appointment of the Chief Compliance Officer, the Company shall submit the curriculum vitae and relevant materials of evidence to the delegated authority by the CSRC where the Company is domiciled for approval.

The dismissal of the Chief Compliance Officer shall be made with appropriate reasons and, the fact of and the reason for dismissal and the reasons for such dismissal shall be reported in writing, within 10 business days prior to the date of relevant Board meeting, to the delegated authority by the CSRC where the Company is domiciled.

The proper reasons as set out under the previous clause shall include the individual application made by the Chief Compliance Officer, or change of chief compliance officer under the order of the CSRC and its delegated authority, or there is evidence showing that such person is unable to perform normal duties or fails to be diligent and responsible, etc.

**Article 201** In the event that the Chief Compliance Officer is unable to perform his or her duties or is absent, the chairman or Chief Operating Officer of the Company shall perform the duties on his or her behalf, within three business days since the date of decision, a report in written form shall be made to the delegated authority by the CSRC at where the Company is domiciled. The acting personnel shall not be in charge of the department which is in conflict with the compliance management duties. The period of acting shall not exceed 6 months.

The Chief Compliance Officer shall resign from his or her position by giving one month prior notice to the Board of the Company, and report to the delegated authority by the CSRC where the Company is domiciled. The Chief Compliance Officer shall not cease performing his or her duties until his or her resignation has been approved.

In the event that the Chief Compliance Officer is absent, the Company shall select, internally, a competent and qualified person to act as the Chief Compliance Officer within 6 months.

**Article 202** The Chief Compliance Officer shall be responsible for reviewing, supervising and examining the legality and compliance of the operational management and business activities of the Company and its staff members. The Chief Compliance Officer's main duties are as follows:

- (1) to be responsible for organizing the drafting of the basic compliance management rules and other compliance management rules of the Company, and urge and guide the implementation of such rules by all Subordinate Units of the Company;
- (2) Where any change is made to the laws, regulations and standards, to give advice to the Board or senior management officers of the Company in a timely manner and monitor and guide the Company's relevant departments, to evaluate the impact on the Company's compliance management brought by the laws, regulations and standards, to amend and improve the relevant management system and business procedures;
- (3) to conduct compliance examination regarding the Company's internal control system, major decisions, new products and new business proposals, and to issue written opinions on compliance examination. When the securities regulatory authority and the self-disciplinary organization require conducting a compliance examination regarding such application materials or reports submitted by the Company, the Chief Compliance Officer shall examine and sign compliance examination opinions on such application materials or reports. Other relevant senior management officers of the Company shall be responsible for the truth, accuracy and completeness of basic fact and business information in the application materials or reports;
- (4) to supervise and examine the compliance of the operation management and practicing behavior of the Company and its staff members;
- (5) to assist the Board and senior management officers to establish and execute the information separation barriers, interest conflict management and anti-money laundering systems;

- (6) to provide compliance consultancy to and organize compliance trainings for senior management officers and all Subordinate Units, and to guide and urge the relevant departments of the Company to handle such complaints and reports involving the act in violation of laws and regulations conducted by the Company and its staff;
- (7) to report promptly to the Board and Chief Operating Officer of the legal and regulatory compliance of the Company's operation and management and carrying out of compliance management; should any act of the Company be found in violation of laws and regulations or should there be any hidden risk of compliance, such shall be reported to the Company's Board of Directors and Chief Operating Officer, propose opinion to handle and supervise the rectification. At the same time, the Company is urged to report rectification results to the delegated authority of the CSRC where the Company is domiciled. If the Company fails to report promptly, it shall directly report to the delegated authority of the CSRC where the Company is domiciled. If it is necessary, such actor risk shall be also reported to the relevant self-disciplinary organization;
- (8) to handle such matters as required to be investigated by the securities regulatory authority and the self-disciplinary organization in a timely manner, to cooperate with the securities regulatory authority and the self-disciplinary organization in the examination and investigation into the Company and to follow up and evaluate the implementation of regulatory opinions and requirements;
- (9) to conduct special compliance assessment on senior management officers of the Company and all Subordinate Units according to laws, regulations, regulatory and self-disciplinary rules;
- (10) to conduct assessment on the compliance department, compliance management officers and other compliance officers of subsidiaries who shall be assessed by the Chief Compliance Officer according to laws, regulations, regulatory and self-disciplinary rules;
- (11) other compliance duties as required by the regulatory authority or the Company.

## **Chapter VIII Chief Risk Officer**

**Article 203** The Company shall have the Chief Risk Officer. The Chief Risk Officer shall be the Company's senior management officer who shall not concurrently take duties nor take charge of departments which shall be in conflict with his or her duties.

**Article 204** The Chief Risk Officer shall be responsible for the comprehensive risk management. The Chief Risk Officer shall be nominated by the President and appointed by the Board.

**Article 205** The Company shall provide sufficient support to the job performance of the Chief Risk Officer and safeguard the Chief Risk Officer to fully exercise his or her right to information as required for implementing his or her duties. The Chief Risk Officer shall have the right to participate in or attend meetings related to the implementation of his or her duties, access to relevant files to obtain the necessary information.

**Article 206** The Company shall sufficiently protect the independence of the Chief Risk Officer. The Company's shareholders and Directors may not violate the stipulated procedures nor give direct instructions to the Chief Risk Officer or interfere with his or her work.

**Article 207** The Chief Risk Officer shall possess the following qualifications:

- (1) he or she has obtained the qualifications for taking the role of a senior management officer at a securities company;
- (2) he or she is familiar with securities business, and possesses such professional knowledge and skills required for carrying out risk management;
- (3) he or she has been engaging in securities work and working in securities regulatory authority for more than 5 years;
- (4) he or she possesses academic qualifications higher than the bachelor's degree at a university or is a holder of degrees higher than the bachelor's degree;

**Article 208** The main duties of the Chief Risk Officer are as follows:

- (1) to be responsible for facilitating the construction of the comprehensive risk management system, to formulate risk management procedures and system;
- (2) to be responsible for leading the Company's risk management department to monitor, evaluate and report the overall risk level of the Company;
- (3) to conduct examination and evaluation on the risk management regarding the Company's innovative business, and to issue opinions on risk management;
- (4) to be responsible for appointing, dismissing, examining, awarding and punishing the risk management personnel of the Company;
- (5) to cultivate good risk management culture of the Company and to undertake the duty of the training and conduction of risk knowledge;
- (6) to study and facilitate the Company's implementation of advanced risk management method and tools and to enhance the effectiveness of risk management;
- (7) to assist, instruct and examine the risk management of all departments and branches;
- (8) to provide suggestions regarding risk management for the Company's business development;
- (9) to be responsible for handling the Company's major risk events and implementing the examination policy of the risk management of the Company's business.

## **Chapter IX Supervisory Committee**

### **Section 1 Supervisors**

**Article 209** The Directors, president and other senior management officers shall not concurrently take the position of Supervisors.

**Article 210** The Supervisors shall abide by the laws, administrative regulations and the Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income nor misappropriate the property of the Company.

**Article 211** The term of office of each Supervisor shall be three years per session. Upon expiry of the term, the Supervisor may be re-appointed upon re-election. Should a Supervisor be dismissed from his or her duties prior to the expiry of his or her office, such explanation thereon shall be provided at the general meeting of the Company. Such Supervisor being dismissed shall have the right to state his or her opinions at the general meeting, to the CSRC or the delegated authority of the CSRC.

Prior to the appointment of the Company's Supervisors, such competency and qualifications that required to be approved by the CSRC or the delegated authority by the CSRC shall be obtained.

**Article 212** If the term of office of a Supervisor expires but re-election is not timely made or if any Supervisor resigns during his or her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said Supervisor shall continue performing the duties as Supervisor pursuant to laws, administrative regulations and the Articles of Association until a new Supervisor is elected.

**Article 213** Supervisors may ensure that all information disclosed by the Company is true, accurate and complete.

**Article 214** Supervisors may attend Board meetings and make enquiries or suggestions in respect matters that are the subject of the resolutions of the Board meetings.

**Article 215** Supervisors shall have the right to know the Company's operation condition and shall assume the corresponding duty of confidentiality.

The Company shall timely report the internal audit report, compliance report, monthly or quarterly financial and accounting report, annual financial and accounting report and other material matters to the Supervisory Committee.

The Supervisory Committee shall provide specific explanation on the Company's financial status and compliance condition at the annual general meeting.

**Article 216** Supervisors shall not use the connected relations to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.

**Article 217** Supervisors shall faithfully perform their supervisory duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association. Where the Supervisor, in discharging his or her duty with the Company, causes damage to the Company in violation of the laws, administrative regulations, departmental rules or the Articles of Association, shall bear the liability of compensation.

**Section 2 Supervisory Committee**

**Article 218** The Company shall have a Supervisory Committee. The Supervisory Committee comprises seven Supervisors. It shall have one chairman, and may have the vice-chairman. The chairman and vice-chairman of the Supervisory Committee shall be appointed or removed by the affirmative votes of more than two-thirds of the members of the Supervisory Committee. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee; If the chairman of the Supervisory Committee cannot or does not fulfill his or her duties, the vice-chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee. If the vice-chairman of the Supervisory Committee becomes unable to or will not fulfill his or her duties, a Supervisor jointly elected by half or above of the Supervisors shall convene and preside over the meeting of the Supervisory Committee.



The Supervisory Committee shall comprise shareholder representative Supervisors, employee representative Supervisors and independent Supervisors. Shareholder representative Supervisors and independent Supervisors shall be elected and removed by the general meeting. The employee representatives in the Supervisory Committee shall be elected democratically by the general meeting of employee representatives, the general meeting of employees or in other ways.

The chairman of the Supervisory Committee of the Company shall have their qualifications recognized by CSRC or its delegated authority before assuming office. The requirements of Chairman stipulated in the Clause (2) of Article 150 in the Articles of Association are also applicable to the chairman of the Supervisory Committee.

**Article 219** The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers:

- (1) to review the periodic reports of the Company prepared by the Board and submit written review opinions thereon;
- (2) to check the financial condition of the Company;
- (3) to monitor the Directors and senior management officers in the discharge of their duties and their performance of compliance management duties, and propose dismissal of Directors and senior management officers who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings and assume the primary or leadership responsibility for the occurrence of major compliance risks;
- (4) to require directors and senior management officers to correct his or her act that is harmful to the interests of the Company;
- (5) to propose the convening of extraordinary general meetings, and convene and preside over the general meetings, if the Board fails to perform the obligations to convene and preside over the general meetings in accordance with Company Law;
- (6) to propose a proposal to general meeting;

- (7) to formulate the amount of the remuneration of the Company's Supervisors and the proposal for the method of distributing such remuneration;
- (8) to bring an action of law against Directors and senior management officers according to the provisions of the Company Law;
- (9) to check the financial report, the operational report and the profit distribution plan that the Board proposes to submit to the general, and in case of any doubt or any operational abnormality of the Company, start an investigation and if necessary, employ an accounting firm, law firm or other professional institutions to assist in his or her work at the expenses of the Company.

**Article 220** The Supervisory Committee may request the Company's Directors, senior management officers and other relevant personnel to attend the meeting of the Supervisory Committee and to reply to the questions raised.

The Supervisory Committee may carry out examination for specific items regarding the Company's financial status and compliance condition. If it is necessary, external professionals will be hired to provide assistance and such reasonable costs incurred shall be borne by the Company.

When the Supervisory Committee examines the act of performing the duties by the Company's Directors and senior management officers, it may get some information from the Company's Directors, senior management officers and other relevant personnel. The Company's Directors, senior management officers and other relevant personnel shall cooperate with the Supervisory Committee.

**Article 221** In the event of the violation of laws, administrative regulations or the Articles of Association by the Directors and senior management officers, which impairs the interests of the Company, the shareholders or clients of the Company, the Supervisory Committee shall require the Directors and senior management officers to make rectification within a deadline. Should the impairment be serious or the Directors and senior management officers fail to make rectification within the deadline, the Supervisory Committee shall propose to convene the general meeting and to propose specific proposals at the general meeting.

In the event of the serious act by the Directors and senior management officers in violation of laws and regulations, the Supervisory Committee shall directly report to the CSRC or the delegated authority of the CSRC.

The Supervisors know or should know that some Directors and senior management officers are in violation of the provisions of laws, administrative regulations or the Articles of Association or their act impairs the Company's interests and fail to perform their duties, they shall be liable for the corresponding responsibilities.

**Article 222** Meetings of the Supervisory Committee shall be held at least once every six months. Supervisors may propose the convening of extraordinary meetings of the Supervisory Committee.

Resolutions made by the Supervisory Committee shall be approved by two-thirds or above of the members of the Supervisory Committee.

**Article 223** The Supervisory Committee shall formulate rules of procedure for the Supervisory Committee, specifying the procedures for the discussion of matters and voting at such meetings so as to ensure the efficiency of the work and rationality of the decisions of the Supervisory Committee.

It is stipulated in the rules of procedure for the Supervisory Committee about the convening of the meeting of the Supervisory Committee and the procedures of voting. The rules of procedure shall be incorporated into the Articles of Association or be attached as appendix. The rules of procedure shall be formulated by the Supervisors and approved at the general meeting.

The meeting of the Supervisory Committee shall be convened on site or adopt video or telephone conference. Should the meeting cannot be convened on site or adopt video or telephone conference due to emergency or force majeure and other special reasons, the extraordinary meeting of the Supervisory Committee shall be convened subject to the fact that the Supervisors are protected for expressing sufficient opinions and upon obtaining consent of the convenor for the meeting. Resolutions can be made by facsimile and signed by such Supervisors who attended the meeting.

**Article 224** The Supervisory Committee shall record its decisions on the items of the agenda in form of minutes and sound recording is also allowed. Minutes shall truly, accurately and completely record the process of the meeting, the content of the resolutions, speech given by Supervisors and the voting. The attending Supervisors and the recorders shall sign on the minutes.

Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his or her speech at the meeting. The minutes of meetings of the Supervisory Committee shall be kept as the Company's record for a term of at least 15 years.

**Article 225** A notice to a Supervisory Committee meeting shall include the following contents:

- (1) date, venue, and duration of the meeting;
- (2) reasons and issues of discussion;
- (3) date of issuance of the notice.

## **Chapter X Qualifications and Obligations of Directors, Supervisors, Manager and Other Senior Management Officers of the Company**

**Article 226** The following person shall not serve as a Director, Supervisor, general manager or other senior management officers of the Company:

- (1) persons without capacity or with limited capacity of civil conduct;
- (2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where less than five years have elapsed since the expiration of the sentence, or who have been deprived of the political rights due to a criminal offense, where less than five years have elapsed since the expiration of the period of deprivation;
- (3) persons who were former Directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked or was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;
- (5) persons who have a substantial amount of debts due and outstanding;
- (6) persons who are subject to the CSRC's punishment which prohibits them from entering into the securities market for a period which has not yet expired;
- (7) persons in charge of stock exchange, securities registration and clearing institutions or Directors, Supervisors or senior management officers of securities companies, whose were dismissed for any act against law or relevant discipline where less than five years have elapsed since the date of the removal;

- (8) persons who have been convicted by the relevant competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;
- (9) persons who were attorneys, certified public accountants or professionals of investment consultation institutions, financial consultation and advice institutions, credit appraisal institutions, assets evaluation institutions or verification institutions, whose qualifications were revoked for any act against law or relevant discipline, where less than five years have elapsed since the date of the revocation;
- (10) government officers and other persons who are prohibited by law and administrative regulations from concurrently holding position in a company;
- (11) persons who were subject to administrative penalties by the financial regulatory department due to his or her serious violation of laws or regulations where less than three years have elapsed since the date of completion of the penalties;
- (12) persons who were disqualified by the CSRC where less than three years have elapsed since the date of disqualification;
- (13) persons who were determined to be unfit by the CSRC where less than two years has elapsed since the date of the determination;
- (14) persons who are prohibited from acting as a leader of an enterprise by virtue of laws or administrative regulations;
- (15) persons other than a natural person;
- (16) persons who are under the investigation of the legal authority in accordance with the criminal laws and the case is not concluded;
- (17) other circumstances identified by the CSRC;
- (18) other contents required by the laws, administrative regulations, departmental rules or the listing rules at the place where the shares of the Company are listed.

Any election, designation or appointment of Directors, Supervisors, the general manager or other senior management officers in violation of this provision shall be invalid. The Company shall dismiss the Director, Supervisor, the general manager or other senior management officers if they are involved in the said circumstances during their respective term of office.

**Article 227** The validity of an act of a Director, the general manager or other senior management officers on behalf of the Company to a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 228** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the securities regulatory authorities in the place where the Company's shares are listed, each of the Company's Directors, Supervisors, general manager and other senior management officers owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him or her:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate the Company's property in any guise, including (but not limited to) any opportunities advantageous to the Company;
- (4) not to deprive of the individual rights and interests of the shareholders, including (but not limited to) the rights to distribution and voting rights, but excluding a restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 229** Each of the Company's Directors, Supervisors, general manager and other senior management officers owes a duty, in the exercise of his or her powers and discharge of his or her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 230** In fulfilling their duties, the Directors, Supervisors, the general manager and other senior management officers must observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) the following obligations:

- (1) to sincerely act in the best interests of the Company;
- (2) to exercise their rights within their terms of reference;
- (3) to exercise the discretion vested in them in person and shall not be controlled by others and; save as permitted by laws or administrative regulations or with the informed consent of shareholders given at the general meeting, not to transfer the exercise of their discretion to others;
- (4) to be equal towards shareholders of the same class and fair towards shareholders of different classes;
- (5) not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as otherwise specified in the Articles of Association or with the informed consent of shareholders given at the general meeting;
- (6) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at the general meeting;
- (7) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favorable to the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at the general meeting;
- (9) to observe the Articles of Association, fulfill duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;



- (10) not to compete with the Company in any form without the informed consent of shareholders given at the general meeting;
- (11) not to divert the Company funds or lend the same to others, not to deposit the Company's assets in the accounts of their own or others, and not to use the Company's assets as security for the personal debts of the shareholders of the Company or others; and
- (12) not to disclose any confidential information related to the Company acquired by them during the term of their office without the informed consent of the shareholders given at the general meeting; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:
  1. As required by law;
  2. As required for the interests of the public; and
  3. As required for the interests of the said Directors, Supervisors, the general manager and other senior management officers.

**Article 231** Each Director, Supervisor, general manager and any other senior management officers of the Company shall not cause the following persons or institutions ("associates") to do what he or she is prohibited from doing:

- (1) the spouse or minor child of such Director, Supervisor, general manager and other senior management officer;
- (2) a person acting in the capacity of trustee of such Director, general manager or other senior management officer or any person specified in subparagraph (1) hereinabove;
- (3) a person acting in the capacity of partner of such Director, Supervisor, general manager or other senior management officer or any person specified in subparagraphs (1) and (2) hereinabove;

- (4) a company in which that Director, Supervisor, general manager or other senior management officer, alone or jointly with one or more persons specified in subparagraphs (1), (2) and (3) hereinabove, have a de facto controlling interest; and
- (5) the Directors, Supervisors, general manager and other senior management officers of the controlled company referred to in clauses (4) of this Article.

**Article 232** The fiduciary duties of Directors, Supervisors, the general manager and other senior management officers shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the time lapse between the termination and the occurrence of the matter and the specific circumstances and conditions under which the relationship between them and the Company was terminated.

**Article 233** Except as provided in the Article 67 of the Articles of Association, a Director, Supervisor, general manager and any other senior management officer of the Company may be relieved of liability for specific breaches of his or her duty by the informed consent of shareholders given at the general meeting.

**Article 234** If the Directors, Supervisors, the general manager and other senior management officers of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or proposed with the Company (excluding any employment contracts signed by the Company with such Directors, Supervisors, the general manager and other senior management officers), they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

Except as provided in Note 1, Appendix III of the Hong Kong Listing Rules or as allowed by the Hong Kong Stock Exchange, a Director shall not be entitled to vote on any contract, arrangement or any other relevant proposals in which he or she or any person connected to him or her (as defined in the Hong Kong Listing Rules) has any material interest and which is to be approved by the Board. Additionally, he or she may not count in the quorum for the meeting.

Unless the interested Director, Supervisor, general manager and other senior management officer of the Company has disclosed his or her interests to the Board in accordance with the preceding paragraph hereof and the matter has been approved by the Board at a meeting in which the interested Director, Supervisor, general manager or other senior management officer was not counted in the quorum and has abstained from voting, the Company shall have the right to void the contract, transaction or arrangement, unless the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, Supervisor, general manager and other senior management officer concerned.

A Director, Supervisor, general manager and other senior management officer of the Company is deemed to be interested in a contract, transaction or agreement in which an associate of that Director, Supervisor, general manager and other senior management officer is interested.

**Article 235** Where a Director, Supervisor, general manager and other senior management officer of the Company gives to the Board a written notice before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such Director, Supervisor, general manager or other senior management officer of the Company shall be deemed for the purposes of the preceding Article to have declared his or her interests, to the extent stated in the notice.

**Article 236** The Company shall not, by any means, pay taxes for or on behalf of its Director, Supervisor, general manager and any other senior management officers.

**Article 237** The Company shall not, directly or indirectly, provide a loan to, or any loan guarantee for, its Director, Supervisor, general manager and other senior management officers, or provide loans to, or any loan guarantee for those of the related persons of the abovementioned persons. However, the preceding paragraph shall not apply if:

- (1) the provision by the Company of a loan or a loan guarantee for a subsidiary of the Company;

- (2) the provision by the Company of a loan or loan guarantee, or any other funds to any of its Directors, Supervisors, general manager and other senior management officers to meet expenditure incurred by him or her for the purposes of the Company or for the purpose of enabling him or her to perform his or her duties properly, in accordance with the terms of a service contract approved by the shareholders in the general meeting;
- (3) the provision by the Company of a loan or loan guarantee to a relevant Director, Supervisor or senior management officers of the Company or to an associate thereof based on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan guarantee.

**Article 238** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 239** Any loan guarantee provided by the Company in breach of paragraph 1 of Article 237 shall not be enforceable against the Company, unless:

- (1) loan guarantee was provided to an associate of any of the Directors, Supervisors, general manager and other senior management officers of the Company or of the Company's holding company and the lender did not know the relevant circumstances at the time the loan was advanced; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 240** For the purpose of the foregoing provisions of this Chapter, a "guarantee" includes an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor.

**Article 241** If the Directors, Supervisors, the general manager or other senior management officers violate the obligations to the Company, the Company shall, in addition to the rights and remedies provided for under the relevant laws and administrative regulations, be entitled to take the following actions:

- (1) requiring the Directors, Supervisors, the general manager or other senior management officers to compensate the Company for the losses arising from their dereliction of duties;
- (2) rescinding the contracts or transactions concluded between the Company and the Directors, Supervisors, the general manager or other senior management officers of the Company, or between the Company and a third person (if the third person knows or should have known that the Directors, Supervisors, the general manager or other senior management officers representing the Company have breached their obligations to the Company);
- (3) require the relevant Directors, Supervisors, the general manager or other senior management officers to surrender their gains arising from breach of obligations;
- (4) recover monies, including (but not limited to) commissions, received by the relevant Directors, Supervisors, the general manager or other senior management officers but receivable by the Company;
- (5) require the relevant Directors, Supervisors, the general manager or other senior management officers to return any interest that is earned or may be earned on the monies that should have been paid to the Company.

**Article 242** The Company shall enter into a written contract with each Director, Supervisor, president and other senior management officers and such contract shall at least include the following provisions:

- (1) Directors, Supervisors, president and other senior management officers shall make commitment to the Company and express that they shall comply with the *Company Law*, Special Provisions, the Articles of Association, the *Code on Takeovers and Mergers* (《公司收購及合併守則》), the *Code on Share Buy-backs* (《股份購回守則》) and other provisions of Hong Kong Stock Exchange and agree that the Company shall be entitled to the remedial measures provided herein. Such contract and their positions shall not be transferred;
- (2) Directors, Supervisors, president and other senior management officers shall make commitment to the Company and express that they shall comply with and perform such duties that they should be accountable to the shareholders as provided herein;
- (3) such arbitration terms as provided in Article 304 hereof.

The Company shall conclude written contracts with Directors and Supervisors in relation to their remunerations, subject to prior approval of the general meeting. The aforesaid remunerations shall include:

- (1) the remunerations in respect of his or her service as Director, Supervisor or senior management officer of the Company;
- (2) the remunerations in respect of his or her service as director, supervisor or senior management officer of any subsidiary of the Company;
- (3) the remunerations in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) the payment by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office.

Supervisor may not sue the Company for benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.

**Article 243** The contract concerning the remunerations between the Company and its Directors or Supervisors should provide that in the event of a takeover of the Company, the Company's Directors and Supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment in respect of his or her loss of office or retirement. A takeover of the Company referred to in this paragraph means any of the followings:

- (1) a take-over offer made by any person to all the shareholders;
- (2) a take-over offer made by any person with the purpose of the offer or becoming a "controlling shareholder".

If the relevant Director or Supervisor does not comply with this article, any sum so received by him or her shall belong to those persons who have sold their shares as a result of the acceptance of said offer. The expense incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or Supervisor and not paid out of that sum.

## **Chapter XI Financial Accounting System, Distribution of Profits and Audit**

### **Section 1 Financial Accounting System**

**Article 244** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities.

**Article 245** The Company shall prepare its annual financial reports and submit to the CSRC and the stock exchange(s) within four months from the ending date of each fiscal year, prepare the half year financial reports and submit to the delegated authority of the CSRC where the Company is domiciled and the stock exchange(s) within two months from the ending date of the first six months of each fiscal year, and prepare the quarterly reports and submit to the local office of the CSRC in the place at which the Company is located and the stock exchange(s) within one month from the ending dates of the first three and first nine months of each fiscal year respectively.

The aforesaid financial reports shall be prepared in accordance with the relevant laws, administrative regulations and departmental rules.

**Article 246** The Board shall, at each annual general meeting, submit to the shareholders a financial report which shall be prepared by the Company under the requirement of the relevant laws, administrative regulations, rules and regulatory documents.

**Article 247** The financial reports of the Company shall be made available for shareholders' inspection at the Company twenty days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Unless otherwise specified in the Articles of Association, the Company shall deliver by hand or send by prepaid mail to each shareholder of overseas listed foreign shares a copy of the aforesaid reports or the report of Directors together with the balance sheet (including each document shall be included as appendix to the balance sheet as required by the laws) and profit and loss account or statement of income and expenditure, or summary financial report no later than twenty-one days before the date of every annual general meeting, and the addresses of recipient shall be subject to the addresses appear on the register of shareholders.

**Article 248** The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be indicated in the notes to the financial statements. For purposes of the Company's distribution of after-tax profits of a given fiscal year, the lesser of the amounts of after-tax profits shown in the aforementioned two kinds of financial statements shall govern.

**Article 249** The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed.

**Article 250** The Company shall publish two financial reports each fiscal year, i.e. interim financial report published within 60 days after the end of the first six months of the fiscal year and the annual financial report published within 120 days after the end of the fiscal year.



Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.

**Article 251** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 252** In accordance with the specific ratios as stipulated by the CSRC, the Company shall withdraw the statutory common reserve account. If the cumulative statutory common reserve amount is more than 50% of the registered capital, the Company may stop withdrawing from its profit.

The Company shall, in distributing its after-tax profit of the year, withdraw 10% of the profit and put the amount so withdrawn into the statutory common reserve.

When the Company allocates the after-tax profits for the current year, it shall extract 10% of the profits into the Company's statutory reserve fund. Should the accumulated amount of the Company's statutory reserve fund is more than 50% of the Company's registered capital, no withdrawal shall be made.

In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions. After the Company has made appropriation to the statutory reserve fund from the after-tax profits, optional reserve fund may also be extracted from the after-tax profits upon the resolution at the shareholders' general meeting.

As for the remaining after-tax profits after the Company has covered loss and has extracted statutory reserve fund, shareholders shall be allocated pursuant to the ratio of the shareholding of the shareholders, except for those allocations not pursuant to the ratio of the shareholding as provided by the Articles of Association.

In the event that the general meeting is in violation of the foregoing provisions and distributes profits to shareholders before the Company has covered the loss and has extracted for statutory reserve fund, the shareholders shall return such distributed profits in violation of rules to the Company.

The Company is not allowed to use the gains from fair value changes of financial assets that are included in distributable profits as cash distribution to shareholders.

The shares of the Company held by the Company shall not be subject to profit distribution.

**Article 253** The Company's surplus reserves shall be used to cover the Company's losses, expand the Company's production and operation or converted to the Company's additional capital. However, the capital reserves shall not be used to cover the Company's losses. The capital reserves shall include the following amounts:

- (1) the premium resulting from issuance of shares at a price above par value;
- (2) other incomes included into the capital reserves as stipulated by the finance authority under the State Council.

When the statutory surplus reserves are converted into capital, the remainder of such fund shall not be less than 25% of the Company's registered capital prior to the conversion.

**Article 254** After the general meeting makes resolution for the proposal of profit distribution, the Company's Board of Directors shall complete the dividends (or shares) distribution within two months after such general meeting has been convened.

**Article 255** The policy of the Company's profit distribution is: The Company shall focus on generating a reasonable investment return to the investors and implements continual and steady policy of profit distribution; the Company's profit distribution shall not exceed the scope of accumulated distributable profits nor impair the Company's continual operational capability; the Company may distribute dividends in form of cash, shares or a combination of cash and shares. Except for the special condition under which the Company plans to conduct material investments or make major cash expenses within the next twelve months, or other conditions that may result in the fact that the Company fails to comply with the regulatory requirements regarding net capital, the Company shall distribute its dividends in form of cash if the Company profits for the current year and its accumulated non-distributed profits are positive; for the last three years, the Company's accumulated profits distributed in form of cash shall not be less than 30% of the annual average distributable profit realized for the last 3 years; upon the proposal by the Board of Directors and approval by the general meeting, an interim dividend distribution may be made in the form of cash; the Company may distribute dividends in the form of shares based on the annual profits and cash flow status and subject to the satisfaction of the lowest ratio for cash dividend and the reasonableness of the Company's equity scale.

The decision-making procedure regarding the Company's profit distribution plan is: The proposal of the Company's profit distribution shall be drafted and formulated by the Company's Board of Directors pursuant to the provisions of the laws, regulations and the relevant normative documents of the PRC and the Articles of Association, in combination with the Company's profits, capital needs and return to shareholders. Independent directors shall express independent opinions. After considered and approved by the Board of Directors, such proposal shall be submitted to the general meeting for consideration and approval. When the general meeting considers the proposal for the profit distribution, it shall take the initiative to communicate and exchange with shareholders and in particular, the medium and small shareholders through many channels, truly protect the rights of the public shareholders to attend the general meeting, sufficiently listen to the opinions and requests of the medium and small shareholders, and timely reply to the issues that the medium and small shareholders concern about.

The decision-making procedure regarding the adjustment made to the Company's profit distribution proposal is: If the Company needs to adjust the profit distribution policy due to the external operating environment or some major changes occurred in its operating status, the Company shall be oriented on protection of the interests of the shareholders and shall elaborate and explain the reasons in details. The profit distribution policy after adjustment may not be in violation of the relevant provisions of the CSRC, stock exchange(s) and the Articles of Association. The proposal related to the adjustment made to the profit distribution policy shall be formulated by the Board of Directors. Independent directors shall express their independent opinions regarding the adjustment made to the profit distribution policy. After considered and approved by the Board of Directors, such proposal shall be submitted to the general meeting for consideration and approval. The Supervisory Committee shall consider such adjusted profit distribution policy formulated by the Board of Directors and sufficiently listen to the opinions of external supervisors who do not hold any positions in the Company. Such proposal shall be passed and approved by voting of more than a half of all of the Supervisors of the Supervisory Committee. When the general meeting considers the proposal of the adjusted profit distribution policy, it shall sufficiently listen to the opinions of the public shareholders. In addition to setting up on-site voting at the meeting, online voting system shall be provided to shareholders to support the voting. The passing and approval of such proposal shall require more than two-thirds of the effective votes made by the shareholders attending the General meeting. The Company shall disclose the formulation and implementation of the cash dividend policy, in details, in regular reports.

Where there are any misappropriations of the Company's funds by the shareholders in violation of rules, the Company shall deduct the cash dividends distributed to such shareholder for making up such funds misappropriated.

**Article 256** The welfare funds and incentive funds of the Company's staff are connected with operational performance. That is, a certain ratio of the total profits shall be included in the costs as the expenses and taxes are adjusted. The specific ratio shall be determined by the Company's Board of Directors.

**Article 257** Shareholders shall be entitled to dividend of any shares before making call in arrears but shall not be entitled to dividends of any advance on subscription announced and distributed before the subscription payment day.

Subject to the relevant laws, regulations, rules and normative documents of the PRC, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is undelivered and returned.

The Company has the power to sell by a method deemed fit by the Board the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (1) the Company has distributed dividends on such foreign shares for at least three times in 12 years, but none of such dividends are claimed by anybody during the period;
- (2) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notifies the local securities regulatory authority in the place where the stock of the Company is listed.

If the power is granted to forfeit any unclaimed dividends, this power may not be exercised until at least six years following the date that the dividends are announced on.

**Article 258** The Company shall appoint receiving agents for holders of overseas listed foreign shares. The receiving agents shall, on behalf of the related shareholders, receive dividends distributed and other accounts payable by the Company to the overseas listed foreign shares.

The receiving agents appointed by the Company shall be in compliance with the requirements of the laws or local stock exchange in the place where the stock of the Company is listed.

The receiving agents appointed by the Company for holders of overseas listed foreign shares which are listed in Hong Kong shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 259** The Company shall implement the internal audit system and is equipped with full-time auditing staff to conduct internal audit and supervision regarding the Company's financial income and expenses, and economic activities.

**Article 260** The internal audit system of the Company and the duties of the auditing staff shall be implemented upon the approval of the Board. The officer in charge of internal audit shall be accountable to the Board and report his or her work to the same.

## **Section 3 Appointment of Accounting Firm**

**Article 261** The Company shall appoint such accounting firm which has obtained the "Qualifications for Engaging in Businesses Related to Securities" ("從事證券相關業務資格") for carrying out the audit for the accounting statements and reports, net asset verification, audit of information for risk control indicators and other relevant consultancy services. The term of appointment is 1 year and can be re-appointed.

**Article 262** The appointment of accounting firm by the Company shall be subject to the approval of general meetings. The Board of Directors may not appoint accounting firm before the approval of the general meeting.

**Article 263** The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

**Article 264** The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the accounting books, records or proofs at any time, and to require directors, general managers or other senior management officers of the Company to provide relevant documents and explanations;
- (2) to require the Company to take all reasonable actions to obtain from the Company's subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;

- (3) to attend general meetings, to receive all notices of, and other information relating to, the meeting that any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 265** If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting, but the appointment shall be confirmed by shareholders in the next general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of existence of such vacancy.

In the event that if a resolution is proposed to the general meeting to engage a non-current accounting firm to fill any vacancy of the office of accounting firm, or to renew the engagement of an accounting firm appointed by the Board of Directors to fill the vacancy, or to remove an accounting firm before the expiration its term of office, the following provisions shall be followed:

- (1) the relevant proposal for appointment or removal of accounting firm shall be sent to the accounting firm proposed to be appointed, who intends to vacate its office or who has vacated from its office in the relevant year, before the notice of the general meeting is served on the shareholders. Vacating office shall include leaving by removal, resignation and retirement.
- (2) if the accounting firm vacating its office makes a written representation and requires the Company to notify the shareholders of the representation, the Company shall take the following measures unless it is too late when the Company receives the written representation:
  1. in any notice of the resolution given to the shareholders, state the fact of the representation having been made;
  2. sending a duplicate of the representation to the shareholders as attachment to the notice in the manner as prescribed in the Articles of Association.
- (3) if the Company does not send the representation of the relevant accounting firm as specified in (2) above, such accounting firm may require that the representation be read out at the shareholders general meeting, and may make further statements.

(4) the accounting firm vacating its position 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 it is proposed to fill the vacancy caused by the removal of such accounting firm;
3. the general meetings convened due to the active resignation of such accounting firm.

Accounting firm vacating its office shall be entitled to receive all notices or other information of the aforesaid meetings, and to speak at the said meetings in respect of the matters involving such firm as a former accounting firm of the Company.

**Article 266** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meetings of the Company may, through an ordinary resolution, remove such accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 267** The service fees of the accounting firm or mechanism for determining their service fees shall be approved by the general meeting. The service fees of such accounting firms appointed by the Board of Directors shall be confirmed by the Board of Directors.

**Article 268** If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm thirty days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the general meeting.

Where the accounting firm resigns its office, it shall make clear to the general meeting whether or not there are irregularities in the Company.



An accounting firm may resign its office by depositing a written notice of resignation at the Company's registered office. Such notice shall become effective on the date the notice is deposited at the Company's registered office or on a later date as may be stipulated in such notice. Such notice shall include the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (2) a statement of any other circumstances that should be accounted for.

The Company shall send a copy of the written notice referred to in the aforesaid paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement referred to in (2) above, a duplicate of such statement shall be placed at the Company for inspection by shareholders. Unless otherwise stated in the Articles of Association, the Company shall also send a duplicate of such statement by prepaid post to each shareholder who is entitled to receive the report regarding financial conditions of the Company at the address registered in the register of shareholders.

If the notice of resignation of accounting firm contains a statement on any other circumstances that should be accounted for, it may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## Chapter XII Notice and Announcement

### Section 1 Notice

**Article 269** Notices of the Company shall be served by one or a combination of the following methods:

- (1) by personal delivery;
- (2) by post;
- (3) by facsimile or e-mail;
- (4) by making announcement on the website designated by the Company and stock exchanges in accordance with laws, administrative regulations, departmental rules, normative documents, relevant requirements of the regulatory authorities, the Articles of Association and the listing rules at the location where the Company's shares are listed;
- (5) by announcement;
- (6) by other methods stipulated in the Articles of Association;
- (7) by other means previously agreed between the Company and the recipient or accepted by the recipient after receiving notice;
- (8) by other means approved by the relevant regulatory authorities at the location where the Company's shares are listed or specified in the Articles of Association.

For the purpose of the method for the Company to furnish or send any communications of the Company to shareholders of H shares as required by the Hong Kong Listing Rules, subject to the laws, regulations and listing rules of the place where the Company is listed as well as the Articles of Association, all communications of the Company may be provided or sent to such holders of H shares through the websites designated by the Company and/or the websites of the Hong Kong Stock Exchange or by other electronic means.

Corporate communications referred to in the preceding paragraph means any document issued or to be issued by the Company for the information or action of the holders of H shares of the Company or other individuals required under the Hong Kong Listing Rules, including but not limited to:

1. the annual report of the Company (including the report of the Directors, annual accounts, auditor's report and the financial summary of the Company (if applicable));
2. the interim report and the summary of the interim report of the Company (if applicable);
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy forms (as defined in the listing rules of the stock exchange where the shares of the Company are listed).

Where notices are given by way of announcements under authorization conferred by the Articles, such announcements shall be published by means specified in the Hong Kong Listing Rules.

**Article 270** Where a notice of the Company is sent by way of an announcement, the aforesaid notice shall be deemed as received by all relevant persons once it is published.

**Article 271** The notice of convening the general meeting of the Company shall be made in form of an announcement.

**Article 272** The notice of convening the Board meeting of the Company shall be delivered by hand, mail, facsimile or in the form of an announcement.

**Article 273** The notice of convening the Supervisory Committee meeting shall be delivered by hand, mail, facsimile or in the form of an announcement.

**Article 274** The Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by mail, the delivery date shall be five business days after the mail has been handed to post office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

**Article 275** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

**Article 276** In the event that the listing rules of the place where the Company's shares are listed require the Company to provide the relevant files in English version and Chinese version by delivery, mail, distribution, issuance, publishing or other manners. If the Company has made appropriate arrangement to confirm its shareholders intend to receive the English version only or the Chinese version only, and within the permissible scope of the applicable laws and regulations and pursuant to the applicable laws and regulations, the Company may (based on the intent stated by the shareholders) deliver the English version only or the Chinese version only to the relevant shareholders.

## **Section 2 Announcement**

**Article 277** The Company shall issue announcements and disclose information to holders of domestic shares through newspapers and websites designated by the laws, regulations or the securities regulators of China. If it is required to make public announcements to the holders of overseas listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules.

The Company may not disclose information through public media before such information is disclosed through designated newspapers and websites, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.

The Board may change the newspapers for information disclosure, but shall ensure that the designated newspapers for information disclosure are allowed by the relevant laws and regulations and comply with the qualifications and conditions stipulated by CSRC, overseas regulatory authorities and securities exchanges in China and overseas.

**Article 278** The Company shall disclose to the public the audited annual financial report of the Company and other information pursuant to the regulations and ensure the trueness, accuracy and completeness of such information disclosed.

The Company shall disclose the information related to the remuneration management regarding the directors, supervisors and senior management officers, including at least:

- (1) remuneration management;
- (2) the total amount of annual remuneration and the distribution status among the directors, supervisors and senior management officers;
- (3) delayed payment of remuneration and non-cash remuneration.

### **Chapter XIII Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

#### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 279** Merger of the Company may take the form of absorption or establishment of a new company.

Where two companies merge to establish a new company, both parties to the merge shall dissolve.

**Article 280** The merger or division of the Company shall be proposed by the Board and the proposal shall be submitted to the general meeting for approval in accordance with the procedures set out in the Articles of Association. Approval procedures 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 or her shares at a fair price. The resolution of merger or division of the Company shall be made as a special document for inspection by shareholders.

The foregoing documents shall also be sent by mail or other methods stipulated in the Articles of Association to shareholders of overseas listed foreign shares.

**Article 281** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall make an announcement in the newspapers designated by the CSRC, on its website and on the website of the stock exchange. A creditor may, within 30 days from the date of receipt of the written notice or, if he did not receive a written notice, within 45 days from the date of the announcement, require the Company to pay its debt to him in full or to provide commensurate security.

**Article 282** When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

**Article 283** Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and inventory of assets shall be prepared. The Company shall notify its creditors within 10 days as of the date of the division resolution and shall publish an announcement in newspapers or by other means within 30 days as of the date of such resolution.

**Article 284** Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

**Article 285** Where the Company needs 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 as of the date of the resolution for the reduction of its registered capital and shall publish an announcement in the newspapers or by other means within 30 days as of the date of such resolution. A creditor has the right within 30 days as of the receipt of the notice or, in case where it fails to receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

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

**Article 286** Where there is a merger or division of the company, the Company shall, in accordance with the laws, apply for change in its registration with the company registration authority for any changes of its registered information caused thereby. 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 287** The Company shall be dissolved upon the occurrence of any of the following events:

- (1) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (2) a resolution on dissolution is passed by general meeting;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the Company is declared bankrupt due to its failure to repay debts due;
- (5) the Company's business license is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (6) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in shareholders' interests, shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company;

**Article 288** With regard to the occurrence of the situation described in sub-paragraph (1) of Article 287 in the Articles of Association, the Company may continue to exist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the general meetings of shareholders.

**Article 289** Where the Company is dissolved pursuant to sub-paragraph (1), (2) or (6) of Article 287 hereof, it shall establish a liquidation committee within 15 days as of the dissolution circumstance arises. And the liquidation shall be thereby started. The liquidation committee shall comprise Directors or those determined by the general meeting, which shall be determined by general meeting in the form of ordinary resolution. If the liquidation committee is not duly set up, the creditors may plead the people's court to designate related persons to form a liquidation committee to carry out the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (3) of Article 287, the Company shall file its dissolution application to CSRC with dissolution reasons for dissolution and related documents. The Company shall be dissolved upon obtaining the approval by CSRC.

Where the Company is dissolved in accordance with sub-paragraph (4) of Article 287, the people's court shall, according to the relevant laws, order the formation of a liquidation committee comprising members from the securities regulatory authorities of the State Council, shareholders, relevant authorities and professionals to process the liquidation in accordance with the bankruptcy-related laws.

Where the Company is dissolved pursuant to the provisions of sub-paragraph (5) of Article 287 hereof, a liquidation committee comprised of shareholders, relevant authorities and professionals shall be formed by the governing authority, for carrying out the liquidation.

**Article 290** Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a meeting of shareholders for such issue, stating the Board has performed a full investigation on the Company, and believes the debts of the Company could be fully repaid within 12 months as of the commencement of the liquidation.



Upon the resolution of general meeting for the liquidation of the Company, all functions and powers of the Board shall immediately cease.

The liquidation committee shall act in accordance with the instructions of general meeting and make a report at least once every year to general meeting on the group's income and expenses, the business of the Company and the progress of the liquidation, and present a final report to general meeting upon completion of the liquidation.

**Article 291** The liquidation committee shall perform the following duties:

- (1) checking the Company's assets and preparing a balance sheet and an inventory of assets;
- (2) notifying the creditors by notice or announcement;
- (3) to dealing with the outstanding liquidation-related business of the Company;
- (4) paying off outstanding taxes as well as taxes arising in the course of liquidation;
- (5) claiming credits and paying off debts;
- (6) disposing the remaining properties of the Company after the settlement of debts;  
and
- (7) representing the Company in any civil proceedings.

**Article 292** As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make public announcement on newspaper(s) or by other means within 60 days. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

**Article 293** 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 the confirmation by general meeting or the people's court.

The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholding ratios.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

**Article 294** If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to pay off its debts, it shall immediately file an application to the people's court for 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 295** Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting or the people's court for confirmation. The liquidation committee shall, within 30 days after the general meeting or after obtaining confirmations from the relevant competent authorities, submit the aforesaid documents to the company registration authority, apply for de-registration of the Company, and announce the termination of the Company.

**Article 296** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or misappropriate the property of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.

**Article 297** Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

#### **Chapter XIV Amendments to the Articles of Association**

**Article 298** The Company may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association.

**Article 299** The Company shall amend the Articles of Association in any of the following circumstances:

- (1) after the amendments are made to the Company Law or other relevant laws and administrative regulations, any term contained in the Articles of Association become inconsistent with the said amendments;
- (2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association; and
- (3) the general meeting has resolved to amend the Articles of Association.

**Article 300** Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

**Article 301** The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

**Article 302** Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.

**Article 303** Any amendment to the Articles of Association 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 amendments involve registration matters, the involved change shall be registered in accordance with the laws.

## **Chapter XV Settlement of Disputes**

**Article 304** The Company shall follow the following rules for settlement of disputes:

- (1) all disputes and claims between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company's directors, supervisors and other senior management officers, or between shareholders of overseas listed foreign shares and other shareholders arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other applicable laws and administrative regulations concerning the affairs of the Company shall be submitted by the relevant parties for arbitration.

The dispute or claim shall be submitted for arbitration in their entirety. All parties which have the a cause of action due to the same events, or are required to participate in the settlement of the dispute or claim, such parties shall abide by the arbitration result if such parties are the Company or the shareholders, directors, supervisors, general manager or other senior management officers of the Company.

Disputes in relation to the identification of the shareholders and register of shareholders shall not be required to be settled 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 Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) if any disputes or claims of rights are settled by way of arbitration in accordance with provision (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws, administrative regulations, rules and normative documents.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **Chapter XVI Miscellaneous**

### **Article 305 Definitions**

- (1) the "controlling shareholders" shall refer to shareholders who possess one of the following conditions:
  1. such shareholder's shareholding accounts for more than 30% of the total equity of the Company when he or she is taking action alone or taking concerted action with others; such shareholder may exercise more than 30% of the voting right of the Company or may control more than 30% of the voting right of the Company when he or she is taking action alone or taking concerted action with others; should the ratio of shareholding of such shareholder is less than 30%, such voting right he or she is entitled to may produce material impact on the resolution of the general meeting.
  2. when such shareholder is taking action alone or taking concerted action with others, he or she may decide more than a half of the candidates for the directors;
  3. when such shareholder is taking action alone or taking concerted action with others, he or she may control the Company.

- (1) the “de facto controller” refers to that although such controller is not a shareholder of the Company, he or she is a legal person, other organizations or individuals who can actually dominate the Company and the Company’s shareholders to exercise the rights of shareholders by laws or in real fact through investment relations, agreements or other arrangement.
- (2) the “connected relations” refers to the relationship between the Company’s controlling shareholders, de facto controller, directors, supervisors, senior management officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationships which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the State.
- (3) the “internal directors” shall refer to such directors who are concurrently taking other positions in the securities company; The “independent directors” shall refer to those external directors who do not have any relationship with the securities company and its shareholders that may probably prevent them from making independent and objective judgment; The “external directors” shall refer to such directors who do not concurrently have other positions in the securities company.

**Article 306** The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 307** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles and the Articles of Association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the administrative authority for Industry and Commerce shall prevail.

**Article 308** The term “or above”, “within”, “following”, as stated in the Articles of Association shall all include the number or amount itself; the term “not exceeding”, “except”, “lower”, “more” shall all exclude the number or amount itself.

**Article 309** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 310** The attachment hereof shall include the rules of procedure for the general meeting, the rules of procedure for the Board of Directors and the rules of procedure for the Supervisory Committee.

(No text below)

Huatai Securities Company Limited

(Corporate Chop)

Legal Representative/Authorized

Representative: (signature)