

恒投證券

**HENGTOU SECURITIES**

*(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))*

**ARTICLES OF ASSOCIATION**

China

September 2019

(amendments considered and approved at the 2019 second extraordinary general meeting of the Company)

Formulated Pursuant To:

The Company Law of the PRC, the Securities Law of the PRC, the Regulations on Supervision and Management of Securities Companies, the Regulations on the Risk Disposal of Securities Companies, the Rules for Governance of Securities Companies, the Measures for Management of the Risk Control Indexes of Securities Companies, the Overall Risk Management Standards of Securities Companies, the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies, the Guidelines on Implementation of Compliance Management of Securities Companies, the Guidelines for the Internal Control of the Securities Companies, the Regulatory Measures on Qualifications of Directors, Supervisors and senior management officers of Securities Companies, the Mandatory Provisions of Articles of Association of Companies Listing Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other provisions.

## **Chapter 1 General**

### **Article 1**

In order to safeguard the legal rights and interests of Hengtai Securities Co., Ltd (hereinafter referred to as the “Company”), its shareholders and creditors thereof, to regulate the organization and acts of the Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council of the Overseas Share Offering and Listing by Jointstock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (hereinafter referred to as the “Mandatory Provisions”), the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (hereinafter referred to as the “Hong Kong Listing Rules”), the Measures for Management of the Risk Control Indexes of Securities Companies (《證券公司風險控制指標管理辦法》), the Overall Risk Management Standards of Securities Companies (《證券公司全面風險管理規範》), the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》), the Guidelines on Implementation of Compliance Management of Securities Companies (《證券公司合規管理實施指引》), the Rules for Governance of Securities Companies (《證券公司治理準則》), and other relevant provisions.

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

Being legally transformed from Hengtai Securities Company Limited (恒泰证券有限责任公司), the Company was established by way of promotion and approved under “Zheng Jian Ji Zi [2008] No. 1148” (證監機字[2008]1148號) by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), with the original shareholders of Hengtai Securities Company Limited holding establishment meeting on 21 October, 2008. The Company received its business license from the Inner Mongolia Administration for Industry and Commerce (內蒙古自治區工商行政管理局), with its uniform social credit code being 91150000701463155D.

As approved by the CSRC with “Zheng Jian Xu Ke [2015] No. 2089” (證監許可[2015]2089號) approval on September 9, 2015, the Company issued 392,040,000 shares overseas listed foreign shares (H Shares), and such shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on October 15, 2015.

The Company issued additional 53,460,000 overseas listed foreign shares (H Shares), and Beijing Finance Street Xihuan Properties Co., Ltd., Beijing Finance Street Investment (Group) Co., Ltd., Beijing Huarong Infrastructure Investment Co., Ltd., Hua Chen Trust Limited Corporation and Harbin Xingye Industrial Property Brokerage Co., Ltd., which are the shareholders of the Company, made the sale of additional 5,346,000 overseas listed foreign shares (H Shares) in aggregate, and the abovementioned 58,806,000 overseas listed foreign shares (H Shares) became listed on the Hong Kong Stock Exchange on 11 November 11, 2015.

**Article 3** The registered name of the Company: the Chinese corporate name: 恒泰证券股份有限公司;

The English name of the Company: Hengtai Securities Co., Ltd

The address of the Company: Manshishangdu Office and Commercial Complex, Hailaer East Street, Xincheng District, Hohhot, Inner Mongolia Autonomous Region;

Postal code: 010051;

Telephone: 0471-4962367; 010-83270996;

Fax number: 010-83270998.

- Article 4** The registered capital of the Company is RMB2,604,567,412.
- Article 5** The Company is a joint stock limited company with no definite term of existence.
- Article 6** The chairman of the board of directors (hereinafter referred to as the “Board”) of the Company shall be the legal representative of the Company.
- Article 7** All of the assets of the Company shall be divided into shares of equal values. Each shareholder shall be liable to the extent of the shares as subscribed by such shareholder. The Company is liable for its debts to the extent of all of its available assets.
- Article 8** The Company formulates the authorization management systems, specifying the authorities of step-by-step authorization among the general meeting, Board, chairman, and senior management.
- Article 9** Upon approval through a resolution at the general meeting and by the securities regulatory authority of the PRC, these Articles of Association take effect on the date when the overseas listed foreign shares (H Shares) issued by the Company are listed on the Hong Kong Stock Exchange. As of the date of these Articles of Association, the previous Articles of Association of the Company shall become void automatically.

As of the effective date of these Articles of Association, these Articles of Association shall be a legally binding document regulates the Company’s organization and acts, governs the rights and obligations between the Company and the shareholders, and amongst the shareholder themselves, and shall constitute a legally binding document governing on the Company, its shareholders, directors, supervisors, senior management officers, with such personnel being entitled to claim for right on matters relating to the Company in accordance with these Articles of Association. Pursuant to these Articles of Association, a shareholder may take action against the other shareholders, and the shareholders may take action against the Company’s directors, supervisors, chief executive officer president and other senior management officers. The shareholders may take action against the Company. The Company may take action against its shareholders, directors, supervisors, president and other senior management officers.

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

**Article 10** Other senior management officers referred to in these Articles of Association include the vice president, the chief financial officer, the chief compliance officer, the chief risk officer, the secretary to the Board and such other personnel as confirmed by the securities regulatory authority of the PRC or by the resolution of the Board to hold important positions.

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

**Article 11** The objectives of business of the Company are: pursuant to the national laws, regulations, guiding principles, policies and international practices, to develop securities market in a diligent manner, to facilitate the financing of funds, to support the building of socialism market economy, to provide high-quality and efficient services for investors and fund raisers and to create economic benefits for the shareholders by utilizing modern operation and management measures.

**Article 12** As registered in accordance with the laws, the scope of business of the Company covers:

- (1) securities brokerage;
- (2) securities investment consultation;
- (3) financial advisory business relating to securities trading and securities investment;
- (4) securities proprietary trading;
- (5) securities asset management;
- (6) margin financing and securities lending;
- (7) proxy sale of securities investment fund;
- (8) proxy sale of financial products.

The Company shall not conduct other businesses beyond the scope of business as approved.

The changes in the scope of business shall be subject to approval by the securities regulatory authority of the PRC, and these Articles of Association of the Company shall be amended in accordance with prescribed procedures and change of registration shall be undergone with the company registration authority.

- Article 13** To the extent permitted by laws and regulations, the Company may invest in other bodies including limited liability companies and joint stock limited companies, with the liability of the Company limited to the extent of the capital contribution thus made.

## **Chapter 3 Shares**

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

- Article 14** The stock of the Company shall take the form of shares.

The Company shall have ordinary shares at all times; with the approval of such department as authorized by the State Council, the Company may have other forms of shares when needed.

- Article 15** The Company shall issue shares in an open, fair and just manner; and each share of the same category shall have equal rights.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

- Article 16** All the shares issued by the Company shall have a par value, with each share having a par value of RMB1.

- Article 17** Upon the approval by the securities regulatory authorities under the State Council or other relevant regulatory authorities, the Company may issue its shares to the domestic and foreign investors.

The term “foreign investors” mentioned in the preceding paragraph refers to such investors from foreign countries or Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan, who subscribe for shares issued by the Company. The term “domestic investors” refers to such investors in the PRC, excluding the abovementioned regions, which subscribe for the shares issued by the Company.

**Article 18**

With the approval of competent approval authority, the Company was approved to issue a total of 1,147,247,412 ordinary shares upon its establishment. The Company issued 1,147,247,412 ordinary shares to its promoters upon its establishment, representing 100% of the then total issued ordinary shares of the Company. Name of promoters, way of capital contribution, time of capital contribution, number of shares subscribed for and shareholding of the Company are as follows:

Name of promoters	Way of capital contribution	Time of capital contribution	Number of shares subscribed for	Shareholding (%)
Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司)	Shares converted from net assets	2008.10.1	308,000,000	26.85%
Inner Mongolia Wuhai Xizhuozishan Tertiary Industry Development Company (內蒙古烏海西卓子山第三產業開發公司)	Shares converted from net assets	2008.10.1	154,000,000	13.42%
Tibet Dazi Huifa Investment Co., Ltd. (西藏達孜匯發投資有限公司)	Shares converted from net assets	2008.10.1	154,000,000	13.42%
Beijing Hongzhi Huitong Industrial Co., Ltd. (北京鴻智慧通實業有限公司)	Shares converted from net assets	2008.10.1	154,000,000	13.42%
Hua Chen Trust Limited Corporation (華宸信託有限責任公司)	Shares converted from net assets	2008.10.1	98,202,037	8.56%
Shanghai Yili Industrial Development Co., Ltd. (上海宜利實業發展有限公司)	Shares converted from net assets	2008.10.1	56,490,000	4.92%
Weifang Keyu Science and Technology Co., Ltd. (濰坊科虞科技有限公司)	Shares converted from net assets	2008.10.1	56,188,685	4.90%



Name of promoters	Way of capital contribution	Time of capital contribution	Number of shares subscribed for	Shareholding (%)
Beijing Huacheng Hongtai Industrial Co., Ltd. (北京華誠宏泰實業有限公司)	Shares converted from net assets	2008.10.1	54,555,375	4.76%
Baotou Shichuang Economic and Technological Development Co., Ltd. (包頭市實創經濟技術開發有限公司)	Shares converted from net assets	2008.10.1	54,061,315	4.71%
Harbin Xingye Property Broker Co., Ltd. (哈爾濱興業產權經紀有限責任公司)	Shares converted from net assets	2008.10.1	17,500,000	1.53%
Inner Mongolia Mengjili Economic and Technological Development Corporation Limited (內蒙古蒙吉利經濟技術開發股份有限公司)	Shares converted from net assets	2008.10.1	17,500,000	1.53%
Inner Mongolia Kaideluntai Investment Co., Ltd. (內蒙古凱德倫泰投資有限公司)	Shares converted from net assets	2008.10.1	17,500,000	1.53%
Baotou Shenyin Industry Group Corporation Limited (包頭市申銀產業集團有限公司)	Shares converted from net assets	2008.10.1	3,500,000	0.31%
Inner Mongolia Xiangrong Investment and Management Co., Ltd. (內蒙古祥嶸投資管理有限責任公司)	Shares converted from net assets	2008.10.1	1,750,000	0.15%
<b>Total</b>			<b>1,147,247,412</b>	<b>100.00%</b>

**Article 19** The total number of shares of the Company is 2,604,567,412 shares, all of which are ordinary shares, among which 2,153,721,412 shares held by holders of domestic shares and 450,846,000 shares held by holders of overseas listed foreign shares.

**Article 20** The shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company to foreign investors for subscription in foreign currency 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”.

Subject to the approval of the securities regulatory authorities of the State Council, the shareholders of the Company holding domestic shares may transfer the shares held by them to foreign investors, and such shares may be listed or traded on overseas stock exchange. Such transferred shares as listed or traded on an overseas stock exchange, shall comply with the regulatory procedures, rules and requirements of the relevant overseas securities markets as well. The listing and trading of such transferred shares on the overseas stock exchange do not require a voting at any shareholders class meeting.

**Article 21** For any issuance plans for offering of overseas listed foreign shares and domestic shares by the Company as approved by the securities regulatory authorities under the State Council, the Board may implement arrangements for separate issuance.

The respective plans of the Company for issuance of overseas listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months upon the approval by the securities regulatory authorities under the State Council.

**Article 22** In the event that the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issuance plans, the said shares shall be issued respectively at one time; in the event that the shares are unable to be issued at one time due to special circumstances, the shares may be issued by several times upon approval by the securities regulatory authorities under the State Council.

**Article 23** The shareholders shall perform the subscription obligations strictly pursuant to laws, regulations, provisions by the securities regulatory authorities and subscription agreements. The Company or its subsidiaries shall not provide any financial assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.

Where a shareholder engages in activities breaching laws and regulations, including making false capital contribution, making inadequate capital contribution, withdrawing capital contribution or withdrawing capital contribution in disguised form, the Board shall report to the securities regulatory authorities where the Company is registered and the securities regulatory authorities where the main administrative office of the Company is located within 10 business days, and shall demand such shareholder to make rectification within one month.

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

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

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) placing shares to existing shareholders;
- (4) offering bonus shares to existing shareholders;
- (5) capitalization of surplus reserve into share capital; and
- (6) by other means as prescribed by laws, regulations or as approved by relevant regulatory authorities.

The increase of capital of the Company by issuing new shares shall be subject to approval as specified in these Articles of Association and follow the procedures specified by relevant laws and regulations of the PRC.

**Article 25** The Company may reduce its registered capital. The reduction of registered capital shall be made in accordance with the Company Law and other relevant provisions as well as procedures stipulated in these Articles of Association.

**Article 26** The Company shall prepare a balance sheet and a list of property inventory 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 make announcements in newspapers within 30 days. The creditors shall be entitled to require the Company to repay debts or provide corresponding guarantees in favor of such creditors for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors in the event that the creditors have not received the notices.

The registered capital of the Company shall not, after the decrease of the registered capital, fall below the statutory minimum limit.

**Article 27** The Company may, in the following circumstances, repurchase its shares pursuant to laws, regulations, department rules and these Articles of Association:

- (1) decreasing the registered capital of the Company;
- (2) merging with other companies holding shares of the Company;
- (3) awarding shares to employees of the Company;
- (4) as required by shareholders objecting to resolutions of the general meeting concerning merger or division of the Company to purchase their shares; and
- (5) other circumstances as permitted by laws and regulations.

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

- Article 28**      The Company may repurchase its shares in any of the following ways:
- (1) offering to repurchase shares from all shareholders on a pro rata basis;
  - (2) repurchasing through open transaction in the stock exchange;
  - (3) repurchasing through agreement outside the stock exchange; and
  - (4) in other forms approved by laws, regulations, rules, normative documents and relevant competent authorities.

**Article 29**      Where the Company repurchases the shares of the Company due to reasons stated in the provisions of Article 27 (1) to Article 27 (3) of these Articles of Association, such repurchase shall be approved on general meetings. After the Company repurchases the shares pursuant to the provisions of Article 27, such shares shall be cancelled within 10 days from the date of repurchase under the circumstance as described in Article 27 (1), while such shares shall be transferred or cancelled within six months under the circumstances as described in Article 27 (2) and Article 27 (4).

The shares repurchased by the Company in accordance with the provisions of Article 27 (3) of these Articles of Association shall not exceed 5% of the entire issued shares of the Company, and the payment for such repurchase shall be made out of the after-tax profits of the Company; the shares repurchased shall be transferred to employees within one year.

**Article 30**      Upon repurchasing shares through agreement outside the stock exchange, the Company shall obtain prior approval at a general meeting in accordance with these 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 thereof.

The contracts for repurchasing shares referred to in the above paragraph include (but not limited to) contracts whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company shall not assign a contract for the repurchase of its own shares or assign any of its rights contained thereunder.

In respect of the redeemable shares that the Company has the right to repurchase, in the event that such shares are not repurchased on the market or by bidding, the price shall not exceed a maximum price; in the event that such shares are repurchased by bidding, such offer shall be made available to all shareholders equally on the same terms.

**Article 31** After repurchasing the shares in accordance with laws, the Company shall cancel such shares within the time period as prescribed by laws and regulations, and apply with the original company registration authority for change of registered capital.

The amount of registered capital of the Company shall be reduced by the total par value of the shares cancelled.

**Article 32** Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its issued and outstanding shares:

- (1) Where the Company repurchases the shares at their par value, the amount of total par value shall be deducted from the book balance of distributable profits or out of the proceeds of a new issue of shares made to repurchase the old shares;
- (2) Where the Company repurchases the shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (i) where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profits of the Company;
  - (ii) where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profits of the Company or from the proceeds of a new issue of shares made to repurchase the old shares; provided that the amount deducted from the proceeds of the new issue of shares shall not exceed the total premium obtained at the time of issuance of the old shares so repurchased nor exceed the amount in the capital common reserve account of the Company (including the premium from the new issue of shares) at the time of repurchase;

- (3) The payments as made by the Company in consideration for the following purposes shall be made out of the distributable profits of the Company:
- (i) acquisition of the right to repurchase its own shares;
  - (ii) amendments to any contract for the repurchase of its own shares;
  - (iii) release from any of its obligations under any repurchase 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 provisions, such amount deducted from the distributable profits and used to repurchase shares at the par value of the repurchased shares shall be included in the capital common reserve account of the Company.

Where the laws, regulations, rules, normative documents and relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed have any other provisions in respect of the financial arrangement relating to the aforesaid repurchase of shares, such provisions shall prevail.

### **Section 3   Transfer of Shares**

**Article 33**     Save as otherwise specified by laws, regulations, rules, normative documents and relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed, the 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 registry designated by the Company.

**Article 34**     All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with these Articles of Association. However, the Board may refuse to recognize any instrument of transfer without stating any reasons unless the following conditions are satisfied:

- (1) instrument of transfer and any other documents related to the ownership of any Shares or likely to affect the ownership of any Shares shall be registered, and made payment to the Company for such registration according to the standard expenses stipulated by the Hong Kong Listing Rules;

- (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 shall be provided;
- (5) in the event that the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;
- (6) relevant shares are free from all liens of the Company.

In the event that the Board refuses to register the transfer of shares, the Company shall send a notice concerning the refusal of the registration of such share transfer to transferor and transferee, within two months as of the date when the application for share transfer is officially submitted.

**Article 35** All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by Hong Kong Stock Exchange 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 seal of the company. Where the transferor or transferee is a recognized clearing house (“Recognized Clearing House”) as defined by relevant regulations in Hong Kong laws from time to time, or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 36** The shares of the Company may be transferred in accordance with laws.

The change of shareholders holding more than 5% of all the issued shares of the Company as well as the change of de facto controller of the Company, shall be subject to the approval of the securities regulatory authorities under the State Council.



**Article 37** The Company shall not accept its own shares as the pledge object.

**Article 38** The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholding and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after 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. In the event that the securities regulatory authorities at the location where the shares of the Company are listed make other provisions concerning the restrictions upon the transfer of overseas listed shares, such provisions shall prevail.

**Article 39** In the event that the Company's directors, supervisors, senior management, and shareholders holding 5% or more shares of the Company sell shares within six months after purchasing the same or purchase shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall forfeit the said earnings. However, the six-month restriction shall not be applicable to any sale of shares by a securities company holding 5% or more shares of the Company as a result of its underwriting of the untaken shares.

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

Where the Board of the Company does not enforce the provision of the first paragraph of this Article, the accountable directors shall assume joint and several responsibilities in accordance with the laws.

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

**Article 40** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the shares of the Company for the purpose of purchasing or intending to purchase the shares of the Company. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the shares of the Company.

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 discharging their obligations in connection with the purchase or proposed purchase of the shares of the Company.

The provisions of this Article shall not apply to the circumstances described in Article 42 of these Articles of Association.

**Article 41** The term “financial assistance” mentioned in this chapter of these Articles of Association shall include (but not limited to) the financial assistance in the forms set out below:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment 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 net assets of the Company.

For the purpose of this chapter of these Articles of Association, 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 42** The acts listed below shall not be regarded as the acts prohibited under Article 40 of these Articles of Association:

- (1) The Company provides the relevant financial assistance in the interests of the Company in good faith, and the main purpose of the said financial assistance is not to purchase the shares of the Company, or the said financial assistance is a part of a master plan of the Company;
- (2) The Company distributes its assets as dividends in accordance with the laws;
- (3) The Company distributes dividends in the form of shares;
- (4) The Company decreases its registered capital, repurchases its shares and adjusts the equity structure in accordance with these Articles of Association;
- (5) The Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, except for in the event of a decrease, such financial assistance is provided out of the distributable profit of the Company);
- (6) The Company provides the funding for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, except for in the event of a decrease, such financial assistance is provided out of the distributable profit of the Company).

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

**Article 43** The share certificates of the Company shall be in registered form. The following shall be specified in the share certificate of the Company:

- (1) the name of the Company;
- (2) the date on which the Company was established;
- (3) the class and par value of the shares and the number of shares represented;
- (4) the serial numbers of the share certificate;
- (5) any other matters needed to be specified as required by the Company Law, the Special Regulations and the securities regulatory authorities in the place where the shares of the Company are listed;
- (6) where the share capital of the Company includes shares which do not carry voting rights, the words “non-voting shares” must appear in the designation of such shares;
- (7) where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

The Company may take the form of overseas depositary receipt or other derivative form of share certificate to issue overseas listed foreign shares in accordance with laws and securities registration and depositary practice of the listing venue.

During the listing of the H Shares on the Hong Kong Stock Exchange, the Company shall ensure that the following statements are included in the H Share documents and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately 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 Regulations and other relevant laws, regulations, and these 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 arbitration for settlement of all disputes and claims arising from these Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and regulations in accordance with the provisions of these Articles of Association, and any reference to arbitration shall be deemed to authorize 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 behalf with each of the directors, president and other senior management officers, pursuant to which the directors, president and other senior management officers undertake to observe and perform their duties owed to the shareholders under these Articles of Association.

**Article 44** The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior management officers of the Company are required by the securities regulatory authorities or the stock exchange(s) at the location where the shares of the Company are listed, the share certificates shall also be signed by such other senior management officers. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of seal shall be authorized by the Board. The signature of the chairman of the Board or such other senior management officers on the share certificates may also be in printed form.

Under the circumstance that the shares of the Company are issued and traded in a paperless manner, such provisions as provided by the securities regulatory authorities or the stock exchange(s) at the location where the shares of the Company are listed shall apply.

**Article 45** The Company shall maintain a register of shareholders, recording the following matters:

- (1) names (company names), addresses (domicile), occupations or nature of each shareholder;
- (2) type 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.

The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

**Article 46** The Company may keep overseas the register of shareholders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original of the register of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed foreign shares; the entrusted overseas agency shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of shareholders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 47** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) other than those specified in items (2) and (3) of this Article, a register kept at the Company's domicile;
- (2) the register(s) of shareholders of overseas listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (3) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

**Article 48** The various parts of the register of shareholders shall not overlap with each another. The transfer of 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 and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where each part is kept.

**Article 49** Change of the register of shareholders arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the benchmark date on which the Company decides to distribute dividends.

In the event that the securities regulatory authorities at the location where the shares of the Company are listed make other provisions, such provisions shall prevail.

**Article 50** If any person objects to the register of shareholders and asks to have his name (company name) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 51** In the event that any shareholder in the register of shareholders or any person requesting to have his name (company name) recorded in the register of shareholders has his shares (i.e. "the Original Shares") stolen, lost or destroyed, the said shareholder or person may apply to the Company to reissue new share certificates for the said shares (i.e. "the Relevant Shares"). In the event that the Company is granted a mandate to issue warrants to anonymous holders, it shall not issue any new warrants in replacement of the original warrants lost unless it is convinced beyond reasonable doubt the original warrants have been destroyed.



In the event that a shareholder whose share certificate of domestic shares has been stolen, lost or destroyed applies to the Company for a replacement new share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law.

In the event that a shareholder whose share certificate of overseas listed foreign shares has been stolen, lost or destroyed applies to the Company for a replacement new share certificate, it may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of shareholders of overseas listed foreign shares is maintained.

In the event that a shareholder whose share certificate of overseas listed foreign shares has been stolen, lost or destroyed, the issue of a replacement new share certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the stealing, loss or destruction, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it decides to issue a replacement new share certificate, publish an announcement in respect of the issue of a replacement new share certificate in such newspapers as may be prescribed by the Board; the period of announcement shall be 90 days and the announcement shall be reissued at least once every thirty days.
- (4) The Company shall, prior to the publication of the announcement of its proposed issue of a replacement new share certificate, submit to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchange that the announcement has been exhibited in the said stock exchange. Such announcement shall be exhibited in the said stock exchange for a period of 90 days.



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

- (5) If, upon expiry of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company have not received from any person notice of any objection to such application in respect of the issue of replacement share certificate, the Company may issue a replacement new share certificate to the applicant accordingly.
- (6) Where the Company issues a replacement new share certificate under this Article, it shall forthwith cancel the original share certificate and record the cancellation and replacement issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant.

**Article 52** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (company name) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 53** The Company shall not have any obligation to indemnify any person for any damages suffered from the cancellation of the Original Share certificates or the issuance of a new replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

## **Chapter 4 Shareholders and the General Meeting**

### **Section 1 Shareholders**

**Article 54** The Company shall make a register of shareholders. The register of shareholders shall be the sufficient evidence proving the holding of the shares of the Company by the shareholders. The shareholders enjoy rights and assume obligations as per the class of shares they hold; the same class of shares represents the same rights and the same obligations.

Where any person directly or indirectly having rights and interests fails to disclose such rights and interests, the Company shall not exercise its rights to freeze or otherwise harm any right of such person attached to the shares solely for this reason.

Approval from the CSRC shall be obtained for change of any shareholder holding 5% or above of the shares in our Company or the de facto controller, and any entity or individual is prohibited from directly or indirectly holding 5% or above of the shares in our Company without the approval of the CSRC. Otherwise, such act shall be rectified in due course and the relevant shares will not carrying voting rights before such rectification.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (1) the Company shall not register more than four persons as joint holders of any shares;
- (2) the joint holders of any shares shall assume joint and several liabilities for all amounts payable for the relevant shares;
- (3) in the event that any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate as it deems appropriate;

- (4) for joint shareholders of any share, the person whose name stands first in the register shall be entitled to receive share certificate of the relevant shares, receive notice from the Company, and attend the general meetings or exercise the full voting right of the relevant shares. The service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders.

**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 record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date are entitled to the relevant rights of shareholders.

**Article 56** The ordinary shareholders of the Company shall be entitled to 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, regulations, normative documents, relevant provisions of the securities regulatory authorities at the location where the shares of the Company are listed and these Articles of Association; and
- (5) to receive relevant information in accordance with these Articles of Association, including:
  - (i) receiving a copy of these Articles of Association after payment of cost;
  - (ii) being entitled to inspect and copy, after payment of reasonable charges, of:
    - (a) all parts of shareholders' register;

- (b) personal data of directors, supervisors, president and other senior management officers of the Company, including: ① current and previous names and alias; ② principal addresses (domicile); ③ nationalities; ④ professions and all other part time occupations and duties; and ⑤ identification documents and their numbers;
  - (c) share capital of the Company;
  - (d) report of the total par value, quantity, the highest and lowest price of each class of shares repurchased by the Company from the last financial year, and the total amount paid by the Company for this purpose;
  - (e) minutes of general meetings (solely for the purpose of being reviewed by the shareholders);
  - (f) the latest audited financial statements, and reports from the Board, auditor and the Supervisory Committee;
  - (g) the special resolutions;
  - (h) the copy of the latest annual report submitted to the State Administration for Industry & Commerce or other competent authorities for filing;
  - (i) counterfoils of corporate bonds, resolutions of the Board meetings, resolutions of the Supervisory Committee and financial and accounting reports. Documents of Item (a) to item (h) (excluding Item (b)) mentioned above shall be made available by the Company, according to the requirements of the Hong Kong Listing Rules, at the Company's address in Hong Kong, for the public and the shareholders of the overseas listed foreign shares to review free of charge.
- (6) to participate in the distribution of the remaining assets of the Company as per their shares in the event of the termination or liquidation of the Company;
  - (7) to require the Company to buy back their shares in the event of objection to resolutions of the general meeting concerning merger or division of the Company; and

- (8) to enjoy other rights stipulated by laws, regulations, departmental rules, normative documents, Hong Kong Listing Rules and these Articles of Association.

**Article 57** In the event of one of the following circumstances, the Board shall immediately undergo the information disclosure procedure, notify all of the shareholders, and report to the securities regulatory authorities where the Company is registered and the securities regulatory authorities where the main administrative office of the Company is located:

- (1) the act of the Company or its senior management officers are alleged to be in serious violation of laws and regulations;
- (2) the financial position of the Company continues to deteriorate, causing the failure to conform with the standards as set forth by the CSRC;
- (3) the Company records substantial losses, which reach 10% of the audited net assets of the Company for the latest full fiscal year;
- (4) proposed change of the chairman of the Board, chairman of Supervisory Committee or president;
- (5) sudden occurrence of emergencies that will give rise to material adverse effect on the interests of the Company and its customers;
- (6) other matters that may affect the continuous operation of the Company.

**Article 58** When a shareholder requests to inspect the relevant information mentioned in the preceding Article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder identity.

The shareholders exercising the abovementioned rights of reviewing information shall safeguard the business secrets of the Company and use the information of the Company in a reasonable manner. Where the shareholders cause damages to the Company due to the breach of their obligations of maintaining confidentiality, the shareholders shall be liable to compensate the damages as caused.

**Article 59** In the event that any resolution of the general meeting or the Board meeting is in violation of the laws and regulations, the shareholders shall be entitled to request the people's court to invalidate the said resolution.

In the event that the convening procedure and voting method of the general meeting or the Board meeting is in violation of the laws, regulations or these Articles of Association, or if the content of any resolution is in violation of these Articles of Association, the shareholders shall be entitled to request the people's court for revocation within 60 days after the resolution has been passed.

**Article 60** In the event that any director or senior management violates laws, regulations or these Articles of Association in fulfilling their duties, thereby incurring any loss of the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for 180 consecutive days or longer shall be entitled to request the Supervisory Committee in writing to institute legal proceedings to the people's court; if the Supervisory Committee violates laws, regulations or these Articles of Association in fulfilling its duties, thereby incurring any loss of the Company, the shareholders shall be entitled to request the Board in writing to institute legal proceedings to the people's court.

In the event that the Supervisory Committee or the Board refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names for the interests of the Company.

In the event that any other person infringes upon the legitimate rights and interests of the Company, thereby incurring any loss of the Company, the shareholder(s) as mentioned in the first paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs.

**Article 61** In the event that any director or senior management officers violates laws, regulations or these 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, regulations and these Articles of Association;
- (2) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (3) not to make divestment unless in the circumstances stipulated by laws and regulations;
- (4) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to damage the interests of the creditors of the Company.

Shareholders of the Company who abuse their shareholder's rights and thereby causing loss on the Company or other shareholders shall be liable for loss compensation according to the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability 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) to fulfill other obligations as stipulated by laws, regulations and these Articles of Association.

The 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** Any shareholder holding 5% or more shares of the Company shall notify the Company within three business days of any of the following events:

- (1) the equity of the Company such shareholder holds is under property preservation or other mandatory enforcement measures;
- (2) such shareholder pledges the equity of the Company such shareholder holds;
- (3) such shareholder decides to transfer the shares of the Company it holds;

- (4) such shareholder entrusts another person to exercise its shareholder's rights, or reaches an agreement with another person with respect to the exercise of its shareholder's rights;
- (5) such shareholder changes its name;
- (6) change in the de facto controller;
- (7) such shareholder engages in any merger or division;
- (8) such shareholder is ordered to suspend operation, or is ordered to adopt regulatory measures including designated custody, take-over, or revocation or to enter into the process of dissolution, bankruptcy or liquidation;
- (9) such shareholder is imposed upon administrative penalties or criminal punishments due to serious violation of laws or regulations;
- (10) such shareholder encounters with any other circumstances that may lead to transfer of the shares it holds or other circumstances that may affect the operation of the Company.

The Board of the Company shall, within five business days from the day on which any of the foregoing events is known, report such to the securities regulatory authorities where the Company is registered and the securities regulatory authorities where the main administrative office of the Company is located; if any of the abovementioned events is subject to the approval of the CSRC, it shall become effective after reporting to the CSRC and obtaining the approval of the CSRC.

**Article 64** Where a shareholder is holding more than 5% of voting shares of the Company and pledges any of such shares, the shareholder shall report the same to the Company in writing on the day on which such shareholder pledges the shares as held.

**Article 65** The controlling shareholder or the de facto controller shall not use its affiliated relationship to impair the legal interests of the Company. In the event of such provisions are violated and losses are caused to the Company, the controlling shareholder or the de facto controller shall be liable to compensate the Company for the losses thereof.



The controlling shareholder and the de facto controller of the Company have fiduciary duties towards the Company and other shareholders of the Company. The controlling shareholder of the Company shall strictly exercise its rights as capital contributors, such controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, appropriation of assets, borrowing or providing loan guarantee to damage the lawful rights and interests of the Company and other shareholders, and such controlling shareholder shall not make use of its controlling position to damage the interests of the Company and other shareholders.

Save for the obligations imposed by laws and regulations or required by the listing rules of the stock exchange where the shares of the Company are listed, the controlling shareholder of the Company shall not make decision to exercise its voting rights in respect of the following matters in a manner prejudicial to the interests of all shareholders or some of the shareholders of the Company:

- (1) relieving a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) approving the expropriation, in any form, by a director or supervisor of the property of the Company, including (but not limited to) opportunities beneficial to the Company, for the benefit of his own or any other person;
- (3) approving the expropriation by a director or supervisor, for the benefit of his own or any other person, of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights save pursuant to a restructuring approved by the general meeting in accordance with these Articles of Association.

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

**Article 66** The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:

- (1) to decide the business operation guideline and investment plan for the Company;

- (2) to elect and change directors and supervisors who are not employees' representatives, and resolve on the amount and payment method of remunerations of directors and supervisors;
- (3) to examine and approve reports of the Board;
- (4) to examine and approve reports of the Supervisory Committee;
- (5) to examine and approve the annual financial budgets and final accounting plans of the Company;
- (6) to examine and approve the Company's profit distribution plan and loss make-up plan;
- (7) to resolve on increase or decrease of the registered capital of the Company;
- (8) to resolve on issuance of bonds of the Company;
- (9) to resolve on the merger, division, dissolution, liquidation or transformation of the Company;
- (10) to amend these Articles of Association;
- (11) to resolve on the appointment, dismissal or stop reappointment of the accounting firms for the Company;
- (12) to examine and approve the external guarantees specified in Article 67;
- (13) to consider the Company's purchase or disposal of major assets within one year with the aggregate transaction amount exceeding 15% of the latest audited total assets (deducting the customer margin) of the Company;
- (14) to examine and approve matters relating to the changes in the use of proceeds;
- (15) to consider share option incentive scheme;
- (16) to consider and approve proposals submitted by shareholders individually or jointly holding 3% or more voting shares of the Company;

- (17) to consider other matters which are required by laws, regulations, departmental rules or these Articles of Association to be approved at a general meeting.

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

**Article 67** The Company shall not provide financing for any of its shareholders or the affiliated parties of such shareholders. Other than providing guarantee for the subsidiaries in which the Company has controlling interest, the Company shall not provide guarantee for any other entities and individuals. The following guarantees to be given by the Company shall be examined and approved by the general meeting:

- (1) the provision of a single guarantee by the Company for a subsidiary in which the Company has controlling interest, and the amount of such guarantee reaches or exceeds 10% of the latest audited net assets of the Company;
- (2) the provision of guarantees by the Company for the subsidiaries in which the Company has controlling interest, and the cumulative amount of such guarantees reach or exceed 30% of the latest audited net assets of the Company;
- (3) the provision of a guarantee by the Company for a subsidiary in which the Company has controlling interest, and the liability-asset ratio of such subsidiary exceeds 60%.

**Article 68** General meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous financial year.

**Article 69** Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:

- (1) the number of directors falls short of the quorum stipulated in the Company Law or is less than two-thirds of the number specified in these Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

- (3) if shareholder(s) severally or jointly holding 10% or more shares of the Company request(s) the convening of an extraordinary general meeting, the number of shares held by shareholder(s) shall be calculated as at the date on which the relevant shareholders submit the written request(s);
- (4) the Board considers it necessary;
- (5) the Supervisory Committee proposes to convene such meeting; and
- (6) other circumstances stipulated by laws, regulations, departmental rules, Hong Kong Listing Rules or these Articles of Association.

**Article 70** The venue to hold a general meeting of the Company shall be the domicile of the Company or such other places as agreed by the Board of the Company.

A general meeting shall usually be in the form of physical meeting (including but not limited to video conference) to be held on-site or in the form of voting through communication. Pursuant to relevant regulatory requirements, the Company shall facilitate the shareholders to participate in the general meeting by providing online or such other means. Where the shareholders participate in the general meeting through the abovementioned means, such shareholders shall be deemed to have been present at the meeting.

### **Section 3 Convening of General Meetings**

**Article 71** Independent directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal of the independent directors to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

In the event that the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board.

In the event that the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement.

**Article 72** The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to laws, regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

In the event that the Board agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Supervisory Committee shall be obtained.

In the event that the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

**Article 73** Shareholder(s) severally or jointly holding 10% or more shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

In the event that the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained.

In the event that the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

In the event that the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained.

In the event that the Supervisory Committee does not issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result, the shareholder(s) severally or jointly holding 10% or more shares of the Company for 90 consecutive days or longer may convene and preside over such meeting by itself/themselves.

**Article 74** Where the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the securities regulatory authorities in the place where the Company is located and the stock exchange.

The shareholding of shareholders who convene the general meeting shall be no less than 10% before a resolution is passed at the general meeting.

The Supervisory Committee and the convening shareholders shall, when the notice of general meeting is issued and a resolution made at the general meeting is announced, submit relevant evidential documents to the securities regulatory authorities in the place where the Company is located and the stock exchange.

**Article 75** For the general meeting convened by the Supervisory Committee or shareholders on its/their own, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders on the record date of the equity interests.

**Article 76** Such expenses as incurred by the general meeting convened by the Supervisory Committee or Shareholders on its/their own shall be borne by the Company, and shall be deducted from the amount payable by the Company to the directors who fail to perform their own duties.

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

**Article 77** The contents of the proposed motion shall fall within the functions of the general meeting, shall feature definite topics and a specific issues for resolution, and shall be in compliance with relevant provisions of the laws, regulations and these Articles of Association.

**Article 78** Where the Company convenes a general meeting, the Board and the Supervisory Committee shall be entitled to propose motions to the Company; the shareholder(s) severally or jointly holding 3% or above shares of the Company shall be entitled to propose motions concerning such matters other than nominating candidates for directors (including independent directors) or supervisors to the Company.

The shareholder(s) severally or jointly holding 3% or above shares of the Company may submit written provisional motion to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within two days after receipt of such motion, and notify the shareholders of the contents of the provisional motion.

Save as specified in the preceding paragraph, the convener shall not change the motion set out in the notice of general meeting or add any new motion after the said notice announcement is served.

Such motions which are not specified in the notice of the general meeting or which do not comply with Article 77 of these Articles of Association shall not be voted or resolved at the general meeting.

**Article 79** Where the Company holds a general meeting, a written notice of the meeting shall be given 45 days before the date of the meeting to notify all shareholders whose names appear on the register of shareholders of the matters to be considered at and the date and venue of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.

In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

**Article 80** 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. In the event that 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 five days, notify the shareholders again by publicly announcing the matters to be considered at, the date of the meeting and the venue of the meeting. The Company may hold the meeting after publication of such announcement.

**Article 81** A notice of general meeting shall be made in writing and include the following contents:

- (1) specify the time, date, venue and duration of the meeting;
- (2) the matters and proposed motions submitted to the meeting for consideration and examination;
- (3) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;
- (4) contain a disclosure of the nature and extent of the material interests, if any, of any director, supervisor, president and other senior management officers in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the director, supervisor, president and other senior management officers in their capacity as shareholders from that on the shareholders of the same class, explain such difference;
- (5) contain the full text of any special resolution to be proposed at the meeting;
- (6) specify the date and place for the delivery of proxy forms for use at the meeting;



- (7) contain a conspicuous statement that all shareholders are entitled to attend the general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that a proxy needs not be a shareholder of the Company;
- (8) specify the record date for determining the shareholders who are entitled to attend the general meeting. The interval between the shareholding record date of a general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed;
- (9) state the names and telephone numbers of the standing contact persons for the meeting;
- (10) in the event that a general meeting is held through online or other means, the designated time and procedure for voting through internet or through other means shall be expressly stated in the notice of such meeting.

The notice of the general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. For those items proposed for discussion requiring the opinions of independent directors, the notice of the general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent directors.

**Article 82** Unless otherwise stipulated by these Articles of Association, the notice of a general meeting shall, in any forms (including but not limited to postal mail, email, fax, announcement, publish on the website of the Company or the website of the stock exchange where the shares of the Company are listed) as permitted by the stock exchange where the shares of the Company are listed, be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For the shareholders of domestic shares, the notice of the general meeting may also be given by way of announcement.

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

The notices, materials, or written statement of the general meeting shall be delivered to the shareholders of overseas listed foreign shares in any of the following manners, 45 days prior to the said meeting:

- (1) deliver to every shareholders of overseas listed foreign shares by personal delivery or by postal mail in accordance with the addresses of every shareholders of overseas listed foreign shares. The notice for shareholders of H Shares should be sent at Hong Kong to the best effort of the Company;
- (2) publish on the website of the Company or on the website designated by the stock exchange where the shares of the Company are listed in accordance with applicable laws, regulations and relevant listing rules;
- (3) deliver pursuant to other requirements by the stock exchange where the shares of the Company are listed or by listing rules.

**Article 83** The accidental omission to give the notice of a meeting to any person entitled to receive such notice, or such person fails to receive the notice of a meeting, shall not invalidate the meeting or the resolutions passed at such meeting.

**Article 84** Where the election of directors and supervisors are scheduled to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the director and supervisor candidate(s), including at least the following contents:

- (1) personal information including education background, work experience and part-time job;
- (2) whether he has connected relations with the Company or its controlling shareholders and de facto controller;
- (3) his shareholding in the Company;
- (4) whether he has received any punishment from the CSRC and other relevant authorities and any penalty and warning from the stock exchange;
- (5) disclosable information in relation to the new appointment 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 every director and supervisor candidate shall be conducted by separate resolution.

**Article 85** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the proposals set out in such notice shall not be cancelled without valid reasons. Where a general meeting has to be postponed or cancelled, the convener shall state the relevant reasons at least 2 business days before the original date of the general meeting.

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

**Article 86** The Board and other convener shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authority for investigation and punishment.

**Article 87** Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

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

**Article 88** The shareholders shall entrust his proxy in writing, signed by the principal or by his proxy duly entrusted in writing; in the event that the principal is a legal person or other institutions, the corporate seal of the legal person shall also be chopped or the proxy form signed by its legal representative or its duly appointed proxy(ies). Such power of attorney shall specify the number of principal's shares as represented by each proxy of the shareholders.

Individual shareholders attending a general meeting in person shall produce their identity cards or other valid proof or evidence of their identities or stock account cards; in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the power of attorneys from shareholders.

Where a shareholder is a legal person, its legal representative or a proxy entrusted by such legal representative shall attend a general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives; in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the power of attorneys in writing as duly issued by such legal representatives.

In the event that the shareholder is a recognized clearing house at the location where the shares of the Company are listed or its agent of such clearing house, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or shareholders class meeting. However, in the event that two or more persons are appointed as representatives, the powers of attorney shall specify the number and the class of shares as represented by each of the said persons, and the powers of attorney shall be signed by such persons as authorized by the recognized clearing house. The persons so authorized may represent the recognized clearing house (or its agent) to attend the meetings (without presenting share certificates, notarized powers of attorney and/or further evidences verifying the official authorization of such persons), exercise their rights, as if such persons are individual shareholders of the Company.

**Article 89** The power of attorney 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 power of attorney 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. Such power of attorney or other authorization documents upon notarized shall, together with the power of attorney for voting, be placed at the domicile of the Company 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 its board or other decision-making body shall attend the general meeting of the Company.

- Article 90** Any form of the power of attorney as issued by the Board to any shareholder to appoint a proxy of a shareholder, shall allow the shareholder to freely choose to direct the shareholder's proxy to vote in favor of, against or abstain from each resolution and to give separate instructions regarding the matters to be voted for every topics. The power of attorney shall expressly state that if the shareholder does not make any direction, the proxy of the shareholder may vote at his/her discretion.
- Article 91** A vote given in accordance with the terms of the power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting at which the proxy is issued.
- Article 92** The power of attorney issued by a shareholder to appoint a representative to attend a general meeting shall specify:
- (1) the name of the proxy;
  - (2) whether or not the proxy has any voting right;
  - (3) directives to vote for or against or abstain from each and every issue included in the agenda of the general meeting;
  - (4) the date of issue and validity period of the power of attorney;
  - (5) the signature (or seal) of the principal. In the event that the principal is a corporate shareholder, the corporate seal shall be affixed.
- Article 93** An attendees register shall be prepared by the Company, which register shall state the names (or names of the corporations), identification document number and the address of the attendee, the number of voting shares held or represented, the names of the principals (or names of the corporations) and so on.

**Article 94** The convener shall verify the validity of the qualifications of shareholders based on such shareholders' register or other effective documents as provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the person presiding announces the number of shareholders and proxies attending the meeting and the total amount of their voting shares.

**Article 95** All directors, supervisors and the secretary of the Board shall attend general meetings of the Company, while the president and other senior management officers may be present at the meetings without voting rights according to the requirements of the general meeting.

**Article 96** Where the general meeting is convened by the Board, the chairman of the Board shall preside over the meeting. In the event that the chairman of the Board is unable to or fails to fulfill the duty thereof, the vice chairman shall preside over the meeting. In the event that even the vice chairman is unable to or fails to fulfill the duty thereof, the majority of the directors shall jointly elect a director to preside over the meeting. Where the Board is unable to or fails to fulfill the duties of convening a general meeting, the Supervisory Committee shall timely convene and preside over the meeting. In the event that 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 presider of the general meeting for any reasons, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of voting shares shall be the presider of the general meeting and preside over the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable to or fails to fulfill the duty thereof, more than half of the supervisors may elect a supervisor to preside over the meeting.

Where a general meeting is convened by shareholders themselves, the general meeting shall be presided over by a representative elected by the conveners.

Where the presider of the meeting violates the rules of procedure during the general meeting so that the meeting is unable to proceed, the shareholders present at the meeting may by majority vote elect a person as presider to proceed with the meeting.

**Article 97** The Company shall formulate rules of procedure for general meetings defining the convening and voting procedures of general meetings, covering notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and signing thereof and announcement, and the principles and contents of the authorization of the Board on general meetings. The rules of procedure for general meetings are appended to these Articles of Association and shall be formulated by the Board and approved at the general meeting.

**Article 98** The Board and the Supervisory Committee shall report on their work during the preceding year at the annual general meeting. Every independent director shall also prepare his work report.

**Article 99** Save for such matters in relation to the business secrets of the Company as cannot be disclosed at the general meeting, directors, supervisors and senior management officers shall provide explanations in relation to the inquiries and suggestions made by shareholders on general meetings.

**Article 100** The person presiding shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 101** The minutes of general meetings shall be produced for the general meeting, which shall be responsible by the secretary to the Board. The minutes of general meetings shall record the following contents:

- (1) the date, place and agenda of the meeting, and the name of the convener;
- (2) the names of the person presiding, and the directors, supervisors, president and other senior management officers attending or present at the meeting;
- (3) the number of such shareholders and the proxies thereof as attending the general meeting, the number of voting shares held by the said shareholders and proxies thereof, and the percentage of the said shares in the total shares of the Company;



- (4) the process of discussion in respect of each proposal, highlights of speeches and the voting results;
- (5) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;
- (6) the names of the counting officer and monitoring officer; and
- (7) other contents that shall be recorded in the minutes in accordance with these Articles of Association.

**Article 102** The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, secretary of the Board, convener or representative thereof, and the person presiding shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the scene and the powers of attorney of those attending by proxy, as well as valid information relating to the voting by other means shall be kept together for 15 years.

**Article 103** The convener shall ensure that the general meeting is held continuously until final resolutions are arrived at. In the event that the general meeting is terminated or fails to reach any resolution owing to force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or the general meeting shall be directly terminated. Meanwhile, the convener shall report to the securities regulatory authorities in the place where the Company is located and the stock exchange in accordance with relevant provisions.

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

**Article 104** Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights represented by the attending shareholders (including proxies).

Special resolutions shall be passed by votes representing more than two-thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.



**Article 105** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plan and loss make-up plan formulated by the Board;
- (3) appointment or dismissal of the members of the Board and Supervisory Committee, and remuneration and payment methods thereof;
- (4) annual preliminary and final budgets, balance sheet, income statement and other financial statements of the Company;
- (5) the annual report of the Company;
- (6) such matters other than those requiring approval by special resolutions in accordance with the laws, regulations or these Articles of Association.

**Article 106** The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of the registered capital of the Company;
- (2) issuance of shares of any class, warrants or other similar securities;
- (3) proposed change or abrogation of the rights of a certain class shareholder;
- (4) division, merger, dissolution, or change in the form of the Company;
- (5) amendment to these Articles of Association;
- (6) any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 15% of the latest audited total assets of the Company (excludes the customer margins);
- (7) share option incentive scheme;
- (8) issuance of corporate bonds;

- (9) any other matters as required by the laws, regulations, department rules, provisions of the securities regulatory authorities at the place where the shares of the Company are listed or the provisions of these Articles of Association, and matters which, if resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

**Article 107** Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share shall carry the right to one vote.

The Company shall have no voting rights for the shares it holds, and such portion of the shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

The Board, independent directors and such shareholders as satisfying the requirements of relevant provisions may collect voting rights from shareholders.

**Article 108** Affiliated shareholders should not be involved in the voting when the general meeting is deliberating the affiliated transactions. Their respective voting shares shall not be considered as valid shares. Voting results of non-affiliated shareholders shall be fully disclosed in the resolution.

When an affiliated transaction is deliberated at a general meeting, the notice of convening the general meeting shall indicate that, the affiliated shareholders shall avoid voting on the affiliated transaction in accordance with these Articles of Association and shall not vote on relevant affiliated transaction as deliberated, and the number of shares as represented by the affiliated shareholders shall not be counted in the total number of valid voting.

The Company formulated the Management Systems of Affiliated Transactions in accordance with the provisions of the CSRC, stock exchange and other agencies. The disclosure and deliberation procedure for affiliated transactions shall be implemented by the Company strictly pursuant to the Management Systems of Affiliated Transactions.

Pursuant to applicable laws or the list rules of the stock exchange where the shares of the Company are listed, in the event that any shareholder is not entitled to exercise any voting rights in relation to a certain motion or is restricted to vote in favor of or against such motion, the vote by such shareholder or its proxy shall not be counted into the voting results provided that such shareholder or its proxy violates the abovementioned provisions or restrictions to vote.

**Article 109** Unless voting by ballot is conducted particularly pursuant to relevant provisions of the securities regulatory authorities at the place where the shares of the Company are listed, or voting by ballot is (before or after any voting by show of hands) demanded by the following persons, voting at a general meeting shall be conducted by a show of hands:

- (1) the presider of the general meeting;
- (2) at least two shareholders entitled to vote or their proxies;
- (3) one or more shareholders (including proxies) individually or jointly holding 10% or above of the voting shares represented by all shareholders present at the meeting.

Unless voting by ballot is so demanded, a declaration shall be made by the presider of the meeting that a resolution on a show of hands has been passed, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of the votes recorded in favor or against such resolution at the meeting.

The demand for voting by ballot may be withdrawn by the person who makes such demand.

**Article 110** In the event that the issue required to be voted by ballot is the election of presider or the termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 111** Upon voting, the shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way (vote in favor of, against or abstain from each resolution).

**Article 112** The Company shall, on the premise of ensuring a valid general meeting of shareholders, through multiple means and method, provide the online voting system in priority and provide other means of up-to-date information technology, with the purpose of facilitating shareholder participation in the general meeting.

**Article 113** Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a general meeting, the Company shall not enter into any contracts with any person other than the directors, supervisors, president and other senior management officers pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

**Article 114** A proposal listing candidates for directors and supervisors shall be submitted to the general meeting for a vote.

The Board and the Supervisory Committee shall provide, in advance, such resume and basic information as are in relation to the candidates for directors and supervisors to the shareholders; the Board, the Supervisory Committee, and the shareholders severally or jointly holding 5% (including 5%) or above shares of the Company, shall be entitled to present proposals concerning the nomination of candidates for directors (including independent directors) and supervisors; in the event that the number of elected directors as nominated by any shareholder of the Company accounts for more than a half of the members of the Board, the number of elected supervisors as nominated by such shareholder shall not exceed one-third of the members of the Supervisory Committee.

**Article 115** The general meeting shall vote on all proposals on an individual basis. In the event of several proposals for the same item, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the meeting is suspended or prevented from making a resolution owing to force majeure or other special circumstances, the general meeting shall not put the voting aside or refuse to vote on a proposal.

**Article 116** No change of the proposal by the meeting shall be allowed in the course of deliberating proposal at the general meeting; any amendment made to such proposal in the course of deliberation at the general meeting shall be considered as a new proposal, which shall not be eligible for a vote at the same general meeting.

**Article 117** Each voting right shall be exercised either at the meeting, online, or by any of other available means. The first vote shall prevail in cases when a given voting right is exercised repeatedly.

**Article 118** General meetings shall adopt voting by open ballot.

**Article 119** Two representatives of shareholders shall be appointed for the purpose of counting and monitoring the votes before voting on proposals. In the event that the shareholders have interests in the proposals to be deliberated, such relevant shareholders or their agents shall not be appointed for counting and monitoring the votes.

The representatives of both shareholders and supervisors shall be jointly responsible for counting and monitoring the votes when the general meeting is voting on proposals. The voting results are to be announced immediately. The voting results on resolutions shall be recorded in the minutes of the general meeting.

The shareholders of the listed company or their proxies casting votes by online voting or other means, shall be entitled to check the respective voting results through corresponding voting systems.

**Article 120** The on-site meeting shall not close earlier than that held online or by other means. The presider of general meeting shall announce the voting result on each proposal and decide whether a proposal has been passed or not based on its respective result.

The presider of general meeting shall announce the voting result on each proposal and decide whether a proposal has been passed or not based on its respective result.

Corporate shareholders, counting and monitoring parties, principal shareholders, the online voting system provider and others involved in on-site, online or other kinds of voting shall not disclose the voting results to any other party before such results are officially announced.

**Article 121** Shareholders attending the meeting shall vote in one of following categories on the proposal to be voted on: vote in favor of the proposal, vote against the proposal, or vote abstain from the proposal. Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholder. Its respective shares shall be counted as “abstentions” in the voting result.

- Article 122** The presider of the meeting shall be entitled to organize the counting for the votes if he/she challenges the voting result for any resolution. Provided that no counting has been organized by the presider, such shareholders or their proxies attending the meeting who challenge the result of voting, shall be entitled to require an immediate count upon the announcement of the voting result. A second round of counting shall be immediately organized by the presider.
- The results of vote counting at the meeting shall be recorded in the minutes.
- Such minutes of meeting, together with the signatures of the shareholders attending meeting and the powers of attorney concerning the proxies attend the meeting on behalf of others, shall be kept at the domicile of the Company.
- Article 123** Resolutions passed at the general meeting shall be immediately announced in accordance with the laws, regulations, department rules, normative documents, provisions of the securities regulatory authorities at the place where the shares of the Company are listed, or the provisions of these Articles of Association. The announcement should list the number of shareholders or their proxies attending the meeting, the total number of voting shares of such shareholders or proxies, the ratio of such voting shares to total voting shares at the Company, the means by which votes were cast, the voting result for each proposal, and the detailed contents of each resolution passed.
- Article 124** Shareholders may consult photocopies of the minutes of meetings free of charge during the business hours of the Company. In the event of any shareholder asking for photocopies of such minutes, the Company shall deliver the photocopies in seven days after receiving rational expenses.
- Article 125** A special note should be marked in the resolution regarding failed proposals or previous resolutions that were amended at this general meeting.
- Article 126** The terms of office of newly appointed directors or supervisors shall commence upon the passing of the election proposal at the general meeting.

**Article 127** The Board shall complete the distribution of dividends (or shares) within two months after the Company has passed the resolution regarding profit distribution plan at general meeting. Where such distribution is subject to approvals, the distribution should be complete within two months as of the date when the said approvals are obtained.

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

**Article 128** 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, regulations and these Articles of Association.

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

**Article 129** 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 131 to 135.

**Article 130** The following circumstances shall be deemed as change or abrogation 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 change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said 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 cancel provisions in this section.

**Article 131** 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 130 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 repurchase 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 28 hereof, the controlling shareholders as defined in Article 304 of these Articles of Association shall be the “interested shareholders”;



- (2) in case of a repurchase of shares by the Company by an over the counter agreement in accordance with Article 28 hereof, the shareholders 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 132** 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 131.

**Article 133** 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 shareholders of that class in the register of shareholders of the matters to be deliberated 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 deliberated 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 134** 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 these 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 135** 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 (with unconditional authorization obtained or subject to the terms and conditions of the resolution), the Company recognizes, distributes or issues domestic shares and overseas listed foreign shares at intervals of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be recognized, distributed or 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 class of share is part of the plan of issuing domestic shares and overseas listed foreign shares upon the Company's establishment, and the Company completes the plan within 15 months from the date of approval by the securities regulatory authority under the State Council;
- (3) with approval of the securities regulatory authority under the State Council, the shareholders of domestic shares of the Company transfer their shares to overseas investors and list and trade the said shares on overseas stock exchanges.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 136** The directors of the Company are natural persons and need not hold the shares of the Company. The directors shall be honest, be of good character, be familiar with such laws and regulations as in relation to securities, and be of such capabilities of operation and management as required for fulfilling the duties.

The directors include executive directors and non-executive directors. Executive directors refer to such directors who assume the offices of senior management officers and other positions for operation and management in the Company or the subsidiaries in which the Company has controlling interest. Non-executive directors refer to such directors who do not assume the offices of senior management officers and other positions for operation and management in the Company or the subsidiaries in which the Company has controlling interest. The non-executive directors include independent directors.

**Article 137** Directors shall be elected or replaced at the general meeting. A director shall serve a term of three years, and may seek re-election upon expiry of the said term. The general meeting shall not remove a director without any reason prior to the expiry of his/her term of office.

Directors of the Company shall obtain the professional qualifications from the securities regulatory authorities before taking the positions. The Company shall not engage the personnel without the said qualifications as directors, and shall not violate the provisions to authorize the personnel without the said qualifications to actually exercise duties.

The shortest period for submitting a written notice to the Company concerning the intention to nominate a candidate of director, as well as the shortest period for submitting a written notice to the Company concerning such candidate's presentation of being willing to accept the nomination, shall be at least seven days.

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).

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/her duties as a director in accordance with the laws, regulations, department rules and these Articles of Association until the newly elected director assumes the office.

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

The president and other senior management officers may serve concurrently as directors, provided that the total number of such directors who concurrently serve as the president or other senior management officers shall not exceed half of the total number of the directors of the Company.

**Article 138** The directors shall observe the laws, regulations and these Articles of Association, faithfully perform the duties, safeguard the interests of the Company, and prevent the conflicts among the personal interests, the interests of the Company, and the interests of the shareholder of the Company. The directors are entitled to participate in the decision-making of major issues of the Company pursuant to laws, regulations and these Articles of Association in an independent manner. The directors are entitled to express their wills and exercise the rights to vote in an independent manner. In the meantime, the directors shall be responsible for the resolutions of the Board, and they shall undertake the following fiduciary duties to the Company:

- (1) not to abuse their powers to take bribes or other unlawful income, and not to make encroachment of the properties of the Company;
- (2) not to misappropriate the assets of the Company or customers;
- (3) not to deposit any assets or money of the Company 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 properties of the Company without the consent of the general meeting or the Board, which is in violation of these Articles of Association;
- (5) not to lend the money of the customers to other persons illegally, or provide guarantees for the Company, the shareholders of the Company, other institutions or personal debts with the assets of the customers;
- (6) 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;
- (7) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities which should belong to the Company, or conduct any businesses similar to those of the Company for themselves or others;
- (8) not to take as their own any commission for any transaction with the Company;
- (9) not to disclose any secret of the Company;

- (10) not to seek gains for themselves or others with inside information;
- (11) not to exploit their affiliated relations to damage the interests of the Company;
- (12) to fulfill other fiduciary obligations as stipulated by laws, regulations, department rules and these Articles of Association.

The income of directors derived from violation of this article shall belong to the Company, and the directors shall be liable to compensate any loss incurred to the Company.

**Article 139** Directors shall observe laws, regulations and these Articles of Association and fulfill the following obligations of diligence to the Company:

- (1) to exercise the powers conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with laws, regulations and economic policies of the state, and to ensure the business activities of the Company shall not go beyond the business scope as specified in the business license of the Company;
- (2) to comply with the obligation of confidentiality, and 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, assuring that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Supervisory Committee with relevant information and materials, and not to prevent the Supervisory Committee or supervisors from performing their duties and powers;
- (6) to fulfill other obligations of diligence stipulated by laws, regulations, department rules and these Articles of Association.

The directors breaching the abovementioned provisions shall take corresponding responsibilities.

**Article 140** In the event that a director fails to attend Board meetings, either in person or by authorizing another Director on behalf of him/her, for two consecutive meetings, such director shall be deemed as failing to perform his/her duties. The Board shall propose at the general meeting to replace such director.

**Article 141** A director may resign before expiry of his/her term of office, provided that a written resignation report in respect of his resignation shall be submitted to the Board. The Board shall timely perform the disclosure obligation pursuant to applicable laws, regulations and the Hong Kong Listing Rules.

In the event that the number of the directors falls below the minimum quorum due to the resignation of directors, the resigned directors shall continue to perform their duties pursuant to laws, regulations, rules and these Articles of Association before the newly elected directors takes office.

Subject to relevant laws, regulations and regulatory rules at the place(s) where the shares of the Company are listed, in the event that the Board appoints a new director to fill a vacancy in the Board 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.

Save for the circumstances referred to in the preceding paragraph, the resignation of director takes effect upon delivery of his/her resignation report to the Board.

**Article 142** When the resignation of a director takes effect or his/her term of office expires, such director shall complete all transfer procedures with the Board. His/her fiduciary obligations (including but not limited to duty of confidentiality) towards the Company and the shareholders do not necessarily cease after the termination of his term of office and shall still be in effect for a period of two years.

The duty of confidentiality of the resigned director in respect of business secrets of the Company survives the termination of his/her term of office until such business secrets become public information.

Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances conditions under which the relationship between the director and the Company was terminated.

**Article 143** In the absence of provisions in these Articles of Association or legitimate authorization by the Board, no director shall act in his personal capacity on behalf of the Company or the Board. When a director acts in his personal capacity, but a third party may reasonably believe that such director is representing the Company or the Board, the said director shall declare his/her stance and capacity in advance.

**Article 144** In the event that a director breaches the laws, regulations, department rules or these Articles of Association when performing his/her duties and causes losses to the Company, such director shall be held responsible for damages.

## **Section 2 Independent Directors**

**Article 145** The Company shall establish an independent director system. Independent directors refer to the directors who hold no position in the Company other than the position of independent director and have no relationship with the Company and its major shareholder(s) that may prevent them from making objective and independent judgment.

Independent directors shall have the independence satisfying the requirements of the Hong Kong Listing Rules.

**Article 146** The Board, Supervisory Committee or shareholders individually or jointly holding 1% or above of the issued shares of the Company may nominate independent director candidate for election by the general meeting. The written notice concerning the intention of the nominated independent director candidate as well as the will of such candidate to accept the said nomination, shall be sent to the Company seven days before the general meeting is held.

**Article 147** The independent directors have fiduciary and diligence duties towards the Company and all shareholders of the Company. The independent directors shall perform their duties faithfully so as to safeguard the overall interests of the Company, in particular, to ensure that the lawful rights and interests of the public shareholders will not be infringed upon.

The independent directors shall perform their duties in an independent manner, and shall not be influenced by the major shareholders of the Company, de facto controllers, or such entities or individuals as having interests in the Company, the major shareholders of the Company and the de facto controllers of the Company.



**Article 148** One third or above of the members of the Board shall be independent directors, which include at least one independent director satisfying the appropriate professional qualifications as required by the Hong Kong Listing Rules, or possessing appropriate expertise regarding accounting or relevant financial management.

In the event that the number of the independent directors of the Company falls below the conditions as stipulated by these Articles of Association, the Company shall timely make up for the number of independent directors in accordance with the provisions.

**Article 149** The independent directors of the Company shall meet the following conditions:

- (1) possessing the qualifications as a director of a listed company in accordance with the laws and regulations at the place where the shares of the Company are listed, the provisions of stock listing and trading rules, and other relevant provisions;
- (2) possessing the independence as required by the securities regulatory authorities of the PRC;
- (3) knowing the basic knowledge concerning the operations of the companies, and being proficient in relevant laws, regulations, rules and provisions;
- (4) possessing the necessary experience of five years or above in securities, financial, legal, economic work or such other work as required for performing the duties of independent directors;
- (5) having necessary time and energy to performing the duties;
- (6) such other conditions as required by laws, regulations, department rules and these Articles of Association.

**Article 150** No affiliated relationships, conflicts of interests, or other circumstances which may prevent independent directors from making objective judgments independently shall exist between independent directors and the Company.



Following persons shall not act as the independent directors of the Company:

- (1) persons employed by the Company or its affiliated companies, and their immediate family members and major social connections (immediate family members refer to spouse, parents and children; major social connections refer to siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);
- (2) persons employed by the corporate shareholders which hold or control 5% or above of the issued shares of the securities company or employed by the top five corporate shareholders of the Company, and the immediate family members and major social connections of the abovementioned persons;
- (3) shareholders of natural person who hold or control 1% or above of the issued shares of the securities company, shareholders of natural person who are the top ten shareholders of the Company, and the immediate family members and major social connections of the abovementioned persons;
- (4) persons providing financial, legal, consulting services or other services to the Company or its affiliated companies, and the immediate family members and major social connections of the abovementioned persons;
- (5) persons who fell within the four abovementioned categories within the preceding year;
- (6) persons holding positions of directors in other securities companies;
- (7) other persons as stipulated by these Articles of Association;
- (8) other persons unfit to hold positions of independent directors as identified by the CSRC, the regulatory authorities at the place where the shares of the Company are listed and other relevant regulatory authorities, or the general meeting of the Company.

Where the abovementioned circumstances occur to an independent director during term of office of such independent director, the Company shall remove the said independent director from his/her office.

**Article 151** Independent directors shall perform the duties in a diligent manner, ensuring sufficient time to perform the said duties.

Independent directors shall attend the Board meetings in person. Where the independent director is unable to attend the meeting in person, such independent director may appoint another independent director by a written power of attorney to attend the meeting on his/her behalf.

The power of attorney shall specify the names of the proxy, the entrusted matter, the authority of the proxy, the effective period, and such power of attorney shall be signed and sealed by the principal.

The independent director authorized as the proxy of another independent director to attend the Board meeting shall exercise the rights of the independent director within the scope of authorization. Where an independent director does not attend the Board meeting and does not authorize another independent director to attend the meeting on his/her behalf, such independent director shall be deemed to have waived his/her right to vote at the meeting.

Where an independent director fails to attend the Board meetings in person for three consecutive times, the Board shall submit to the general meeting with the purpose of replacing such independent director.

**Article 152** Independent directors shall have the same term of office as other directors. The term of office of an independent director is renewable upon re-election when it expires, provided no independent director shall serve more than two consecutive sessions. Prior to the expiry of the term of office, an independent director shall not be removed in the absence of proper reasons. In case of such removal prior to expiry of term of office, the Company shall disclose such removal as a special item of disclosure.

**Article 153** In relation to other matters concerning the independent directors, such matters shall be implemented in accordance with the laws, regulations, department rules and the relevant provisions of the securities regulatory authorities at the place where the shares of the Company are listed and the independent directors system of the Company.

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

**Article 154** The Company shall have a Board of directors accountable to the general meeting of shareholders.

**Article 155** The Board shall comprise 9 directors. The Company shall have one chairman and may have one vice chairman. Both the chairman and vice chairman shall be elected at the Board by majority vote of all directors. The number of internal directors shall not exceed a half of the number of directors.

**Article 156** 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 determine the business plans and investment plans of the Company;
- (4) to formulate the annual financial budgets and final accounting plans of the Company;
- (5) to formulate 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, consigned financial management, affiliated transactions, etc.;
- (9) to determine the establishment of internal management organizations of the Company;

- (10) to appoint or dismiss the president, secretary to the Board, chief compliance officer, the chief risk officer; to appoint or dismiss senior management officers including vice president(s) and the chief financial officer in accordance with the nominations by president, and to determine their remunerations, rewards and penalties;
- (11) to formulate the basic management system of the Company;
- (12) to formulate the proposals for any amendment to these 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 debrief the president and review his/her work;
- (16) The Board is ultimately responsible for the overall risk management. The Board is responsible for promoting the construction of risk culture of the Company, consideration and approval of the basic system of overall risk system of the Company, special reports on risk appetite, risk tolerance, significant risk limit, net capital and other risk control indicators of the Company and annual risk assessment reports, appointment, dismissal and assessment of the chief risk officer and determination of his/her remuneration, establishment of a mechanism for direct communication with the chief risk officer, and other risk management responsibilities under the Articles of Association;
- (17) The Board determines the compliance management goals of the Company and is responsible for the effectiveness of compliance management. It shall discharge the following compliance management responsibilities:
  - 1. Consideration and approval of basic system of compliance management;
  - 2. Consideration and approval of annual compliance reports;
  - 3. Decision on dismissal of senior management officers with major responsibility or leadership responsibility for major compliance risks;

4. Decision on appointment, dismissal and assessment of chief compliance officer and determination of his/her remuneration;
5. Establishment of a mechanism for direct communication with the chief compliance officer;
6. Assessment on the effectiveness of compliance management and urging the solution of problems in compliance management;
7. Other compliance management responsibilities under the Articles of Association.

(18) to deliberate and approve the semi-annual report of the Company;

(19) to exercise other functions and powers as stipulated by laws, regulations, department rules, Hong Kong Listing Rules or these Articles of Association.

**Article 157** 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 four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet considered 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 158** The Board shall explain at the general meeting where a certified public accountant issues a non-standard audit opinion in respect of the financial statements of the Company.

**Article 159** The Board shall formulate the rules of procedures of the Board meetings to ensure the implementation of the resolutions of the general meeting by the Board, so as to improve the efficiency of work and ensure scientific decision-making. Such rules which shall stipulate the holding and voting procedures of the Board meetings, shall be included in these Articles of Association as a part thereof or an appendix thereto and shall be formulated by the Board and approved by the general meeting.

**Article 160** The chairman of the Board 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 securities as issued by the Company;
- (4) to nominate the president, secretary to the Board, chief compliance officer and the chief risk officer;
- (5) to debrief the senior management officers of the Company concerning their work;
- (6) to exercise other functions and powers conferred by the Board.

When the chairman is unable to perform his/her duties, the chairman may appoint the vice chairman to perform such duties on his/her behalf.

**Article 161** The vice chairman of the Company shall assist the chairman in working. Where the chairman is unable to or does not perform his/her duties, the vice chairman shall perform such duties. Where the vice chairman is unable to or does not perform his/her duties, more than one half of the directors shall elect one director to perform such duties.

**Article 162** A meeting of the Board shall be held each quarter, and the meetings of the Board shall be held at least four times a year. Such meetings shall be convened by the chairman. Written notice of the meeting shall be given to all directors and supervisors at least 14 days before convening the meeting unless all the directors attending the meeting consent in writing.

- Article 163** Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the directors, more than half of the independent directors, the Supervisory Committee, the president or the chairman may propose the holding of an extraordinary meeting of the Board. The chairman shall convene and preside over a Board meeting within ten days after receipt of such proposal.
- Article 164** The notice of an extraordinary meeting of the Board shall be served by personal delivery, postal mail, fax or other means. The time limit of such notice is three days prior to the date of meeting. Under special circumstances, the extraordinary meeting of the Board may be held whenever necessary subject to the consents by all the directors of the Company.
- Article 165** 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 for holding meeting and subject matters for the meeting;
  - (4) the date of issuing the notice.
- Article 166** A Board meeting shall be attended by more than one half of the directors (including proxies). Save as otherwise specified in these Articles of Association, the 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.
- Article 167** Save as otherwise specified by the laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed, a director shall not vote at the relevant meeting of the Board of Directors in respect of any contract, transaction or arrangement in which such director, or any of the associates of such director, is materially interested; the said director shall not be counted as part of the quorum of such meeting. Such board meetings shall be convened with more than half of the non-affiliated directors, and the decisions made by the board meetings shall be approved by more than half of the non-affiliated directors. Independent directors shall express independent opinions for such material affiliated transactions, and shall report to the securities regulatory authorities where the Company is registered

and the securities regulatory authorities where the main administrative office of the Company is located when necessary. In the event that the number of non-affiliated directors attending the Board meetings is less than three persons, such matters shall be submitted to the general meeting of the shareholders for approval.

**Article 168** Voting of the Board shall be conducted by on-site ballot in writing, on-site ballot by show of hands, or ballot by communication.

Provided that the directors have fully expressed their opinions, the Board may hold an extraordinary meeting and make resolutions by means of communication (including video, telephone or internet), and the resolutions shall be signed by the directors attending the meeting.

**Article 169** Directors shall attend Board meetings in person. In the event that any director cannot attend the meeting for any reason, such director may authorize in writing another director to act on his/her behalf. The power of attorney shall specify the name of the proxy, the entrusted matters, the 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 duties of director within the scope of authorization. In the event that a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, such director shall be deemed to have waived the voting rights at the meeting.

**Article 170** The Board shall file resolutions passed at the meeting as minutes, and such minutes shall be signed by the attending directors and the recorder. The directors shall be responsible for the resolutions passed at Board meetings. In the event that any resolution made by the Board is in violation of the laws, regulations or these 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. However, in the event that 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 as the record of the Company for a term of 15 years.



**Article 171** 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 of the meeting;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

**Article 172** A resolution of the general meeting of shareholders or a resolution of the Board which is in violation of any laws or regulations shall be null and void.

In the event that the procedures for convening a general meeting of shareholders or a meeting of the Board, or the voting methods of the abovementioned meetings, are in violation of any laws, regulations or these Articles of Association, or a resolution is in violation of these Articles of Association, the shareholders may, within 60 days from the day when the resolution is made, request the people's court to revoke such resolution.

#### **Section 4 Special Committees under the Board**

**Article 173** Subject to the deliberation and approval by the general meeting of the Company, the Board may establish special committees.

The Board establishes the risk control and supervision committee, the audit committee, the strategy and investment decision-making committee, and the remuneration and nomination committee. All members of the special committees shall be directors. Half or above of the members of audit committee, nomination and remuneration committee shall be independent directors, who shall serve as the convener for audit committee as well as nomination and remuneration committee. All members of the audit committee shall be non-executive directors, and at least one independent director shall satisfy the appropriate professional qualifications as required by the Hong Kong Listing Rules, or possess appropriate expertise regarding accounting or relevant financial management. The convener of nomination and remuneration committee and audit committee shall be independent directors.

**Article 174** The members of each special committee under the Board shall possess such professional knowledge and experiences as suitable for the duties of special committees. Each special committee may engage professionals to provide opinions concerning relevant matters when necessary, provided that the business secrets of the Company shall not be revealed and relevant expenses shall be borne by the Company.

**Article 175** The risk control and supervision committee shall mainly be in charge of supervising the management of overall risks of the Company, ensuring the compliance of such matters including internal management systems, businesses rules, major decisions and major business activities, and ensuring that the Company is able to conduct effective supervision upon various risks associated with the operation activities of the Company. The risk control and supervision committee is accountable to the Board and shall report to the Board. The main duties of the risk control and supervision committee are as follows:

- (1) reviewing general goals and fundamental policies of the compliance management and risk management of the Company, and making suggestions on the same;
- (2) reviewing the establishment and responsibilities of the compliance management and risk management, and making suggestions on the same;
- (3) evaluating the risks of major decisions which shall be reviewed by the Board of directors and making suggestions on the solutions to the major risks;
- (4) reviewing the compliance report and risk assessment report which shall be reviewed by the Board of directors and making suggestions;
- (5) formulating regulation system of the Company, supervising its implementation status and making suggestions to the Board of directors;
- (6) reviewing and supervising the training and continuing professional development of directors and senior management officers;
- (7) reviewing and supervising the policies of the Company in compliance with laws and regulations and the implementation status of such policies;
- (8) formulating, reviewing and supervising the code of professional conduct and compliance manual of employee and directors;

- (9) reviewing the observance of Appendix 14 “Code of Corporate Governance” of Hong Kong Listing Rules as well as the information disclosure according to “Corporate Governance Report” by the Company; and
- (10) other duties as authorized by the Board of directors of the Company and as required by the laws, regulations and rules including the Hong Kong Listing Rules.

**Article 176** The Board of the Company establishes audit committee, and the main duties of audit committee are as follows:

- (1) reviewing the financial monitoring, internal control, risk management systems of the Company and the effectiveness of the implementation of these systems. Discussing the internal control with the management and reporting to the Board of directors. Conducting study on important findings of internal control and management’s responses on such findings actively or commissioned by the Board;
- (2) guiding the work of the internal audit department of the Company, and supervising the internal audit system and its implementation;
- (3) monitoring the annual audits, examining the Company’s financial statements, annual reports and accounts, semi-annual reports and (if intend to publish) quarterly reports, reviewing the significant or unusual matters on financial reporting set out in financial statements and reports as well as other information relating to the Company’s operation and management and relevant disclosures. Making judgments on the truthfulness, accuracy and completeness of audited financial reports and information and submitting to the Board of directors for consideration;
- (4) acting as the major representative of both the Company and external auditors, and being responsible for overseeing the relationship between them;
- (5) inspecting and ensuring the timely response of the Board of directors to the management letter (or equivalent documents) submitted by external auditors to the senior management, and also inspecting any significant queries raised by external auditors on accounting records, financial accounts or monitoring system to the senior management and the responses from the senior management;

- (6) examining and supervising affiliated party transactions and assessing the appropriateness of affiliated party transactions;
- (7) making suggestions to the Board of directors on the appointment, reappointment or replacement of external auditors, approving the compensation and terms of engagement for external auditors, as well as handling any matters regarding the resignation or dismissal of external auditors;
- (8) monitoring and assessing the independence and objectivity of work done by external auditors of the Company and the effectiveness of the auditing procedures, the Audit Committee shall discuss the nature, scope of the audit and relevant reporting obligations with external auditors before the auditing work commences as well as formulating policies on non-auditing services provided by external auditors and implementing such policies;
- (9) reviewing the Company's financial and accounting policies and practices;
- (10) being responsible for the communication between internal auditors and external auditors, and making sure adequate resources of the Company are available for internal auditors for operation and the proper positions for internal auditors, and reviewing and monitoring internal auditors' effectiveness;
- (11) assessing the mechanism for the Company's staff to whistle-blow, carry out internal control or report on other misconducts, and the mechanism of the Company for making independent and fair investigations on reported matters and taking appropriate actions;
- (12) paying attention to, and dealing with the challenges and claims raised by the employees, clients, suppliers, investors and media against the truthfulness, accuracy and completeness of information contained in the audited financial statement; and
- (13) other duties as authorized by the Board of the Company and as required by the laws, regulations and rules including the Hong Kong Listing Rules.

**Article 177** The main duties of the strategy and investment decision-making committee are as follows:

- (1) studying the national macro-economic policies;

- (2) studying the medium to long-term strategic goals and development plans of the Company;
- (3) studying the development plans of the Company, understanding the basic operational situation of the Company, analyzing and understanding the latest development of the domestic industries;
- (4) studying and making suggestions on the capital budgets projects and financing plans within the authorization of the Board of directors;
- (5) studying and making suggestions on projects of capital operation, assets management, and assets disposal within the authorization of the Board of directors;
- (6) conducting inspection for the implementation status of the above items; and
- (7) other duties as authorized by the Board of directors of the Company and as required by the laws, regulations and rules including the Hong Kong Listing Rules.

**Article 178** The main duties of the remuneration and nomination committee are as follows:

- (1) considering appropriate remuneration policy, performance measuring system, and rewards and punishments incentives for the company in accordance with the features of the security industry, the responsibilities and importance of directors and senior management officers, and comparing with the remuneration level of relevant companies, making suggestions on the regular and transparency process to make remuneration policy to the Board of directors;
- (2) reviewing on the structure, size and composition (including the expertise, know-how and experience) of the Board of directors at least annually, and making suggestions on any proposed changes to be made to the Board of directors to complement the Company's corporate strategy;
- (3) reviewing and approving the remuneration suggestions of directors and senior management officers in accordance with the Company's development strategy and goal made by the Board of directors;

- (4) if the Board of directors delegates its authority and responsibility, considering on the remuneration of certain executive directors or senior management officers or making suggestions on the remuneration of certain internal directors or senior management officers;
- (5) making suggestions to the Board concerning the remuneration of non-executive directors;
- (6) being in charge of supervising the implementation of the remuneration systems of the Company;
- (7) reviewing the selection criteria and procedures of the directors, senior management officers of the Company, and making suggestions to the Board of directors;
- (8) identifying candidates with suitable qualifications for the directors, senior management officers of the Company in an extensive manner, and selecting and nominating relevant candidates for directors and senior management officers or making suggestions to the Board of directors in this regard;
- (9) assessing and making recommendations on the candidates of directors and senior management officers, assessing the independence of independent directors;
- (10) making suggestions to the Board of directors on the plan of the appointment, re-appointment and the succession of directors (especially chairman of the Board of directors or the president);
- (11) reviewing and approving the compensation payable to executive directors and senior management officers for any loss or termination of offices to make sure the compensation is in consistent with the provisions in the contract, and if it is not, to make sure the compensation is fair and reasonable;
- (12) reviewing and approving the compensation arrangement relating to the dismissal or removal of directors for their misconducts to make sure the compensation is in consistent with the provisions in the contract, and if it is not, to make sure the compensation is fair and reasonable;
- (13) ensuring that any directors or any of their associates (as defined in the Hong Kong Listing Rules) are not involved in the decision-making process of their own remuneration;

- (14) other duties as authorized by the Board of the Company and as required by the laws, regulations and rules including the Hong Kong Listing Rules.

Independent directors shall serve as the person in charge of the remuneration and nomination committee.

**Article 179** Each special committee may engage intermediaries to provide professional advice, with relevant expenses being borne by the Company.

**Article 180** Each special committee shall be accountable to the Board, and the proposals of each special committee shall be submitted to the Board for review and decision.

### **Section 5 Secretary to the Board**

**Article 181** The Company shall have a secretary to the Board, who shall be responsible for organizing the general meetings of the Company and Board meetings, document keeping and management of information concerning the materials of the shareholders of the Company, and shall deal with information disclosure and other matters.

The secretary to the Board shall observe relevant provisions of the laws, regulations, department rules and these Articles of Association.

**Article 182** The secretary to the Board shall possess such professional knowledge and experience as required, and shall be appointed by the Board. The secretary to the Board shall satisfy following conditions:

- (1) the secretary to the Board shall be of good character, faithful and honest;
- (2) the secretary to the Board shall be familiar with such laws, regulations, rules and other normative documents as in relation to securities, and possess such operation and management capacity as required to his/her duties;
- (3) the secretary to the Board shall satisfy the requirements for working experience in engaging in securities, financial, economic, legal, accounting industries;
- (4) the secretary to the Board shall possess the license to practice in the securities business;



- (5) the secretary to the Board shall satisfy the education requirements as stipulated by the CSRC;
- (6) the secretary to the Board shall possess the work experience in management as stipulated by the CSRC;
- (7) the secretary to the Board shall pass the qualification test as recognized by the CSRC;
- (8) other conditions as required by the laws, regulations, department rules and these Articles of Association.

The director (other than independent director) of the Company may serve as the secretary to the Board at the same time; however, the supervisor shall not serve as the secretary to the Board at the same time.

Such circumstances prohibiting persons to act as the director of the Company as stipulated in Article 228 of these Articles of Association shall apply to the secretary to the Board.

Such employees of the stock exchange, securities registration and clearing institution, securities service institution, securities company as dismissed due to activities breaching laws or disciplines, as well as employees of government agency as dismissed, the abovementioned employees shall not be employed as the secretary to the Board of the securities company.

**Article 183** The main duties of the secretary to the Board are as follows:

- (1) being responsible for matters concerning information disclosure of the Company, coordinating the information disclosure work of the Company, organizing to formulate the management systems concerning the information disclosure matters of the Company, urging the Company and relevant obligors of information disclosure to observe relevant provisions concerning information disclosure;
- (2) being responsible for the work concerning the management of investor relations of the Company and the work concerning the management of materials of shareholders, coordinating the information communication among Company and securities regulatory authorities, shareholders, de facto controller, securities service institution, the media and other parties;



- (3) organizing the preparation of Board meetings and general meetings, attending the general meetings, Board meetings, meetings of Supervisory Committee and relevant meetings of senior management officers, being responsible for recording the Board meetings and signing the minutes of Board meetings;
- (4) organizing the confidentiality work of information disclosure of the Company;
- (5) organizing the directors, supervisors and senior management officers to undergo training in relation to such laws, regulations and relevant provisions as concerning securities, assisting the abovementioned personnel to understand their respective rights and obligations in information disclosure;
- (6) urging the directors, supervisors and senior management members to observe the laws, regulations, rules, normative documents and these Articles of Association, and to fulfill the commitments as made by them earnestly;
- (7) other duties as required by the Company Law, the Securities Law, the CSRC or the listing rules at the place where the shares of the Company are listed.

The Board and president shall provide active support to the work of the secretary to the Board. No institutions or individuals can interfere with the work of the secretary to the Board.

**Article 184** The director of the Company other than independent director or other senior management officer may act as the secretary to the Board concurrently. 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 185** 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 positions of director and secretary to the Board shall not perform the act in dual capacity.

**Article 186** The Company shall actively establish and improve the work mechanism of managing investor relations, and shall report to the Board to deliberation. The Company shall strengthen the communication and interaction with the shareholders in multiple forms and in an initiative manner. The secretary to the Board shall be responsible for detailed management work of investor relations.

## **Chapter 6 President and Other Senior Management Officers**

**Article 187** The Company shall have one president and several vice presidents, all of whom are subject to the appointment and dismissal of the Board.

The president, vice presidents, chief financial officer, chief compliance officer, chief risk officer, secretary to the Board, and such other personnel as recognized by regulatory authorities or confirmed by resolutions of the Board to hold important positions shall be the senior management officers of the Company, and the abovementioned personnel shall be subject to the appointment and dismissal of the Board.

**Article 188** Such conditions for assuming the position of secretary to the Board as stipulated by Article 182 of these Articles of Association, apply to the president, vice presidents, chief financial officer, chief compliance officer and chief risk officer at the same time.

**Article 189** The persons in charge of the branches of the Company shall satisfy the conditions as follows:

- (1) be of good character, faithful and honest;
- (2) be familiar with such laws, regulations, rules and other normative documents as in relation to securities, and possess such operation and management capacity as required to his/her duties;
- (3) satisfy the requirements for working experience in engaging in securities, financial, economic, legal, accounting industries;
- (4) possess the license to practice in the securities business;
- (5) satisfy the education requirements as stipulated by the CSRC;
- (6) other conditions as required by the laws, regulations, department rules and these Articles of Association.

- Article 190** 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 officer of the Company.
- Article 191** The president shall serve a term of three years and may serve consecutive terms upon reappointment.
- Article 192** The president shall be accountable to the Board and exercise the following functions and powers:
- (1) to manage the daily business operations of the Company, organize and implement the resolutions of the Board, and report to the Board;
  - (2) to organize and implement the annual operational plan and investment plan of the Company;
  - (3) to prepare the plan for the establishment of internal management of the Company;
  - (4) to prepare the plan of the basic management system of the Company;
  - (5) to formulate the specific rules of the Company;
  - (6) to propose to the Board to appoint or remove the vice president, chief financial officer;
  - (7) to decide to appoint or remove executives other than those appointed or removed by the Board;
  - (8) to implement the risk control systems, ensuring that the Company satisfy the risk control criteria as formulated by the CSRC;
  - (9) such other functions and powers as authorized by the Board.
- Article 193** The president is present at the Board meetings, reports his/her work to the Board, and exercises his/her power within the scope of duties of the president in accordance with the authorization management system of the Company. The president shall make decisions in the form of office meeting of the president. The president who is not a director is not entitled to voting rights at the Board meetings.

**Article 194** The president shall formulate the detailed working rules of the president, and such rules shall be implemented upon approval by the Board.

The detailed working rules of the president shall include the following:

- (1) the conditions for convening the meeting of president, the procedures of the meeting of president, and the personnel to attend the meeting;
- (2) specific duties and division of work of the president and other senior management officers;
- (3) the authority to utilize such funds and assets as belonging to the Company, the authority to enter into material contracts, and the reporting systems to report to the Board and the Supervisory Committee;
- (4) other matters as deemed to be necessary by the Board.

**Article 195** The president and other senior management officers can tender his/her resignation prior to the expiry of his/her term of office. The specific procedures for such resignation shall be governed by the engagement contracts between the president, other senior management officers and the Company.

**Article 196** The senior management officers of the Company shall be responsible for implementing the compliance management target, assuming responsibilities for the compliance operations and performing the following compliance management duties:

- (1) To establish a comprehensive organizational structure for compliance management of the Company, comply with procedures of compliance management, designate an adequate number of suitable staff for compliance management, and provide adequate support and guarantee in terms of human resources, materials, finance and technology for the performance of their duties;
- (2) To report, make rectifications and carry out accountability measures in a timely manner in the event of violation of certain laws and regulations;
- (3) Other compliance management duties required by the Articles of Association or determined by the Board.

**Article 197** The president of the Company shall assume responsibilities for the compliance operation of the Company and perform the following compliance management duties:

- (1) To organize the preparation of the rules and regulations of the Company and supervise the implementation thereof;
- (2) To proactively promote the concept of compliance operation, actively cultivate the compliance culture of the Company, earnestly perform the compliance management duties and proactively implement the compliance management requirements in the ordinary course of business;
- (3) To attach great importance to the effectiveness of compliance management of the Company and require its subordinates and staff to make timely improvement in the event of problems;
- (4) To urge and remind other senior management officers of the Company to earnestly perform the compliance management duties and implement the compliance management requirements in the fields for which they are responsible;
- (5) To support the work of chief compliance officer and compliance department and urge its subordinates to provide effective guarantee for the performance of duties for compliance management personnel;
- (6) To support the chief compliance officer and compliance department to report the compliance risk matters to the Board and regulators in accordance with regulatory requirements and the rules of the Company;
- (7) To fully listen to the compliance advices from the chief compliance officer and compliance department in making decisions on operation of the Company;
- (8) To urge the subordinates of the Company to carry out self-investigation or support the investigation conducted by the Company in relation to the compliance risk matters, carry out compliance accountability in strict accordance with the requirements of the Company, and implement rectification measures.

**Article 198** Other senior management officers of the Company shall be responsible for the compliance operation of the fields for which they are responsible, and perform the following compliance management duties:

- (1) To organize implementation of the rules and regulations of the Company and to draw up and formulate the rules and regulations of the fields for which they are responsible and supervise the implementation thereof;
- (2) To promote the concept of compliance operation and actively cultivate the compliance culture of the Company in the fields for which they are responsible;
- (3) To attach great importance to the effectiveness of compliance management of the fields for which they are responsible and require their subordinates and staff to make timely improvement in the event of problems;
- (4) To remind and urge the heads of the subordinates in the fields for which they are responsible to earnestly perform the compliance management duties and implement compliance management requirements;
- (5) To support the work of the compliance management personnel of the subordinates in the fields for which they are responsible and urge such subordinates to provide effective guarantee for the performance of duties of compliance management personnel;
- (6) To support the subordinates in the fields for which they are responsible and their compliance management personnel to report compliance risk matters to the Company and the compliance department in accordance with the rules and regulations of the Company;
- (7) To listen to and pay sufficient attention to the compliance advices from the compliance department of the Company and the subordinates in the fields for which they are responsible in making decisions on operation to the extent of their terms of reference;
- (8) To urge the subordinates in the fields for which they are responsible to carry out self-investigation or support the investigation conducted by the Company in relation to the compliance risk matters, implement compliance accountability in strict accordance with the requirements of the Company, and implement rectification measures.

- Article 199** Where the senior management officers breach the laws, regulations, department rules or these Articles of Association in the course of performing their duties to the Company, which gives rise to losses to the Company, such senior management officers shall be liable to make compensations.

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

- Article 200** Prior to the appointment as the supervisors of the Company, the supervisors of the Company shall obtain such qualifications as approved by the securities regulatory authorities of the PRC for holding the positions of supervisors. The Company shall not appoint the personnel without the abovementioned qualifications as the supervisors of the Company, and the Company shall not breach the provisions to authorize such personnel without the abovementioned qualifications to actually exercise the functions of the supervisors.
- Article 201** The directors, president, other senior management officers, and the close relatives and major social connections of the abovementioned persons, may not concurrently take the position of supervisors.
- Article 202** The supervisors shall observe the laws, regulations and these Articles of Association, and shall be subject to fiduciary duties and diligence duties to the Company. The supervisors shall not abuse their authority of office to obtain bribes or other illegal income, and shall not make encroachment of the properties of the Company.
- Article 203** 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.

In respect of such supervisors as served by shareholders, the abovementioned supervisors shall be elected or replaced by the general meeting. In respect of such supervisors as served by the employees, such supervisors shall be elected or replaced by the employees of the Company by means of democratic election.

Where a supervisor is dismissed from his/her duties prior to the expiry of his/her term of office, the Company shall make explanations. Such supervisor being dismissed shall be entitled to state his/her opinions at the general meeting, the CSRC or such delegated authority of the CSRC.



- Article 204** Where a supervisor is unable to attend the meetings of the Supervisory Committee for two consecutive times, such supervisory shall be deemed to be unable to perform his/her duties. The general meeting or the assembly of the representatives of the employees shall replace such supervisor.
- Article 205** A supervisor may propose resignation prior to the expiry of the term of office, and such supervisor shall submit written resignation report to the Supervisory Committee. In the event that the number of supervisors meets the quorum after the resignation of a supervisor, the resignation of such supervisor shall come into force upon the receipt of the resignation report by the Supervisory Committee. In the event that the term of office of a supervisor expires but re-election is not timely made, or the resignation of any supervisor resigns during his/her term of office leads to the fact that the number of the supervisors falls short of the quorum, the said supervisor shall continue performing the duties as supervisor pursuant to laws, regulations, department rules and these Articles of Association until a new supervisor takes office.
- Article 206** The supervisors shall ensure that all information disclosed by the Company is true, accurate and complete.
- Article 207** The supervisors may be present at the Board meetings, and raise suggestions or make inquiries in respect of the resolutions of such Board meetings.
- Article 208** The supervisors shall not damage the interests of the Company by utilizing their affiliated relationships; otherwise, such supervisors shall be liable to make compensations.
- Article 209** The supervisors shall faithfully perform the duties of supervision in accordance with the laws, regulations, department rules and these Articles of Association. Where the supervisors breach the laws, regulations, department rules or these Articles of Association in the course of performing their duties to the Company, which gives rise to losses to the Company, such supervisors shall be liable to make compensations.



## **Section 2 Supervisory Committee**

**Article 210** The Company shall have a Supervisory Committee. The Supervisory Committee comprises three supervisors, including two supervisors of representatives of shareholders as elected by the general meeting as well as one supervisor of representative of employees of the Company. The Supervisory Committee shall have one chairman. The 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 a meeting of the Supervisory Committee; in the event that the chairman of the Supervisory Committee is unable to or does not fulfill his/her duties, a supervisor jointly elected by half or above of the supervisors shall convened and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall include representatives of the shareholders as well as representative of employees of the Company with appropriate proportion, with one-third of the supervisors in the Supervisory Committee being representative of the employees of the Company. The representative of employees of the Company shall be democratically elected through the assembly of the representatives of the employees, the assembly of the employees or other forms.

**Article 211** The Supervisory Committee shall exercise the following functions and powers:

- (1) to review the periodic reports of the Company prepared by the Board and express its written opinion;
- (2) to check the financial condition of the Company;
- (3) to monitor the performance of duties by directors and senior management officers and fulfillment of compliance management responsibilities, raise questions to or propose dismissal of such directors and senior management officers with major responsibility or leadership responsibility for major compliance risks as in breach of the laws, regulations, these Articles of Association or the resolutions of general meetings;
- (4) to require directors and senior management officers to make corrections in the event that their conduct has damaged the interests of the Company;

- (5) to propose the convening of extraordinary general meetings and, in the event that the Board does not perform the obligations to convene and preside over the general meetings in accordance with the Company Law, to convene and preside over the general meetings;
- (6) to propose proposals to the general meeting;
- (7) to initiate legal proceedings against directors and senior management officers in accordance with Article 152 of the Company Law;
- (8) to review the financial reports, business reports and profit distribution schemes to be submitted by the Board to the general meetings; to conduct investigation in the event that there is any doubt or any unusual circumstances in the operations of the Company; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (9) to monitor the compliance and validity of the decision-making of the Board;
- (10) to assume supervision responsibility over overall risk management, be responsible for supervision and inspection of the performance of the Board and management in respect of risk management and urge rectification;
- (11) to organize the off-office auditing for the senior management officers;
- (12) other duties as stipulated by the laws, regulations, department rules and these Articles of Association.

**Article 212** The Supervisory Committee shall be held at least once in every six months. The chairman of Supervisory Committee shall convene the meeting and notify all supervisors ten days before holding the meeting. An extraordinary meeting of the Supervisory Committee shall be convened if so proposed by the supervisors. A notice of the extraordinary meeting shall be served to all supervisors two days before holding the meeting. The abovementioned time limit may be waived provided that all the supervisors attending the meeting consent in writing.

**Article 213** The Supervisory Committee shall formulate the rules of procedure of the Supervisory Committee which specify the methods of discussion and voting procedure so as to ensure the efficiency of work as well as the scientific decision-making.

The rules of procedure of the Supervisory Committee specify the procedure of holding the meeting of Supervisory Committee and the voting procedure of such meeting. The rules of procedure of the Supervisory Committee shall be included in these Articles of Association as a part thereof or an appendix thereto and shall be formulated by the Supervisory Committee and approved by the general meeting.

**Article 214** The Supervisory Committee shall keep minutes of the matters discussed, and the supervisors attending the meeting shall sign the abovementioned minutes.

Each supervisor is entitled to request that an explanation of his/her comments made at the meetings shall be recorded in the minutes. The minutes of supervisory committee meetings shall be kept as archives of the Company for a period of 15 years.

**Article 215** A notice of the meeting of Supervisory Committee shall contain the following:

- (1) the date, venue and duration of the meeting;
- (2) the cause for holding meeting and the matters for discussion;
- (3) issue date of the meeting notice.

**Article 216** A meeting of the Supervisory Committee shall not be conducted unless it is attended by two-thirds or more of the supervisors. The resolution made by the Supervisory Committee shall be approved by more than two-thirds of the members of the Supervisory Committee.

**Article 217** The method for deliberating matters of the Supervisory Committee is the meeting of the Supervisory Committee. The voting methods of the meeting of Supervisory Committee include voting by show of hands, voting by open ballot, or other voting methods as permitted by laws, regulations, rules, normative documents. Each supervisor shall be entitled to one vote.

**Article 218** The resolution proposed by any supervisor shall be considered by the Supervisory Committee. Supervisors shall sign the resolutions of the Supervisory Committee and shall be responsible for the adoption of the resolutions.

**Article 219** The Supervisory Committee is entitled to engage lawyers, certified public accountants, certified auditors and other professionals to provide services and professional opinions when performing duties. The reasonable expenses as incurred shall be borne by the Company.

## **Chapter 8 Compliance and Risk Management**

**Article 220** The Company shall have the chief compliance officer. The chief compliance officer shall be a senior management officer of the Company and is directly accountable to the Board. The chief compliance officer shall conduct review, supervision and inspection in relation to the compliance of the operation and management as well as the practice behavior of the Company and its personnel. The chief compliance officer shall not concurrently serve such other positions as are in conflict with the duties of compliance management, and the chief compliance officer shall not be in charge of such department as are in conflict with the duties of compliance management.

**Article 221** The Company shall have the chief risk officer. The chief risk officer shall be a senior management officer of the Company and is responsible for overall risk management. The chief risk officer shall not concurrently serve such other positions or in charge of such departments as are in conflict with his/her duties.

**Article 222** The chief compliance officer shall possess the following conditions of qualifications:

- (1) he/she has obtained the qualifications for taking the role of a senior management officer at a securities company;
- (2) he/she is familiar with securities business, is familiar with such laws, regulations and standards as relating to securities, and possesses such professional knowledge and technique as required for carrying out compliance management;
- (3) he/she has more than 10 years of experience in securities and funds, and has passed the competence examination for compliance management personnel organized by Securities Association of China or Asset Management Association of China; or he/she has more than 5 years of experience in securities and funds, and has passed the legal professional qualification examination; or he has worked in security regulatory authorities or self-discipline organization in security or fund industry for more than 5 years;

- (4) Financial regulatory authorities have not imposed any administrative penalty or implemented any material administrative measure on such person over the past 3 years;
- (5) Other conditions set by the CSRC.

**Article 223** The appointment and dismissal of chief compliance officer shall be conducted in accordance with the following procedure:

- (1) provided that the chief compliance officer satisfy the qualification conditions as required, subject to the recognition by relevant agencies of the CSRC, the chief compliance officer shall be nominated by the chairman of the Company and be appointed by the Board;
- (2) the Company shall have legitimate reasons to dismiss the chief compliance officer before his/her expiry of the term of office, and the Company shall make written report to relevant agencies of the CSRC 10 working days before convening the Board meeting, which specifies the fact and reasons for such dismissal;

The legitimate 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 or its agencies, or there is evidence showing that such person is unable to perform normal duties or fails to be diligent and responsible, etc.

- (3) in the event that the chief compliance officer is unable to perform his/her duties or is absent, the chairman or chief operating officer of the Company shall perform the duties on behalf of the chief compliance officer. Within three business days since the date of determination, the Company shall make written report to the relevant agencies of the CSRC.

The person taking the duties of the chief compliance officer shall not be in charge of the department which is in conflict with the compliance management duties, and the period for such person to take the duties of the chief compliance officer shall not exceed six months.

- (4) The chief compliance officer shall resign from his/her position by giving one month prior notice to the Board of the Company, and report to relevant agencies of the CSRC. The chief compliance officer shall not cease performing his duties until his/her resignation has been approved.

- (5) In the event that the chief compliance officer is absent, the Company shall engage a person satisfying the provisions of these Articles of Association to serve as the chief compliance officer within six months.
- (6) Any removal of the chief compliance officer by the Company shall be determined by the Board and notified to the chief compliance officer. If the chief compliance officer considers the removal to be insufficiently justified, he/she has the right to file a petition to the Board. The relevant notices, decisions and petition shall be recorded in writing for record and inspection.

If the petition of the chief compliance officer is rejected by the Board, the chief compliance officer may file a petition to the CSRC and its agency or apply to the Securities Association of China for mediation.

**Article 224** The chief compliance officer shall be accountable to the Board internally and be accountable to the regulatory authorities externally. The main duties as exercised by the chief compliance officer are as follows:

- (1) to draft and revise the basic systems of the compliance management and other compliance management systems of the Company at appropriate times, and to urge all departments, branches and subsidiaries of the Company to implement such systems after the approval by the Board;
- (2) to conduct compliance examination concerning the internal control systems of the Company, major decisions, new products, new business proposals, such relevant application materials, reports and other documents as submitted to the CSRC and the local branch of the CSRC where the Company is registered, and to issue opinions on compliance examination;
- (3) to supervise and guide the relevant departments to evaluate and consummate the internal management systems and business procedures in a timely manner, pursuant to the changes to the laws, regulations and standards;
- (4) to take effective measures to conduct on-going supervision in relation to the legitimacy and compliance of the operation and management as well as the practice behavior of the Company and its personnel, and to conduct periodic inspection and non-periodical inspection in accordance with the requirements of

the CSRC and the provisions of the Company; to timely present suggestions dealing with the problems found, supervise and urge the rectification and make reports according to relevant provisions;

- (5) to assist the Board and senior management officers in establishment and implementation of information separation barriers, interest conflict management and anti-money laundering systems of the Company;
- (6) to provide compliance consultancy to the management level, all departments and all branches of the Company;
- (7) to be responsible for handling such complaints and reports involving the act of the Company and its working staff in violation of laws and regulations;
- (8) to be responsible for communicating with the regulatory authorities in relation to relevant matters of compliance management, to regularly conduct evaluation for the effectiveness of the compliance management of the Company, and to timely solve or urge to solve such problems existing in the compliance management of the Company;
- (9) in the event that there are behaviors which are in breach of the laws and regulations as well as hidden risks of compliance, to be responsible for presenting opinions concerning restraining and handling the abovementioned behaviors and risks to relevant organizations or departments of the Company in a timely manner, to urge the rectification and report the results of rectification to the local branch of the CSRC where the Company is registered; the chief compliance officer may send copies of such reports to relevant self-disciplinary organizations when he/she deems necessary;
- (10) to be responsible for submitting semi-annual compliance report and annual compliance report to the management level, the Board and the Supervisory Committee, and to make submissions to the local branch of the CSRC where the Company is registered within the prescribed time limit;
- (11) to be responsible for organizing the study and training of the laws, regulations, rules and the internal control systems of the Company for the management level and all employees of the Company, to publicize compliance within the Company so as to promote the culture of compliance;



- (12) to be responsible for timely making submission of the basic systems of compliance management of the Company as well as relevant systems as required by the regulatory authorities to the regulatory authorities for filing;
- (13) to maintain the contact and communication with the securities regulatory authorities and the self-disciplinary organizations, to take the initiative to cooperate with the securities regulatory authorities and the self-disciplinary organizations; as required by the regulatory authorities, the chief compliance officer shall accept the interview and communicate with such regulatory authorities in relation to the status of compliance;
- (14) to timely handle such investigation as required by the securities regulatory authorities and the self-disciplinary organizations, to cooperate with the securities regulatory authorities and the self-disciplinary organizations in respect of the examination and investigation for the Company, and to follow up and evaluate the implementation of regulatory opinions and regulatory requirements;
- (15) in the event that the chief compliance officer considers the provisions of laws and regulations are not expressly stated and it is difficult to make accurate judgment on the compliance of the operation and management as well as the practice behavior of the Company and its personnel, the chief compliance officer may seek advice from the securities regulatory authorities or the self-disciplinary organizations, and conduct corresponding handling of matters or judgment of behaviors according to the replied opinions of the securities regulatory authorities and the self-disciplinary organizations;
- (16) other duties as authorized by the Board.

**Article 225** The chief risk officer is responsible for organizing the construction of the overall risk management system, organizing the preparation of risk appetite and risk limits and submitting the same to the Board for consideration, organizing the implementation of various risks management measures, submitting the annual risk assessment reports and special reports on semi-annual and annual net capital and other risk control indicators to the Board, participating in making material decisions of the Company and other duties assigned by the Board.



**Article 226** The Company shall ensure the independence of the chief compliance officer and compliance management personnel, and ensure the chief compliance officer and compliance management personnel can fully exercise such right of information and right of investigation as required for implementing his/her duties.

The Company shall give prior notice to the chief compliance officer where a Board meeting, operating decision meeting or other important meetings of the Company as well as those meetings which the chief compliance officer requests to attend or observe, are to be convened. The chief compliance officer has the right to attend or observe the relevant meetings and inspect and reproduce relevant documents and information as necessary in performing his/her duties.

In performing his/her duties, the chief compliance officer has the right to request relevant personnel of the Company to provide explanations on relevant matters where necessary and consult the intermediaries which provide audit and legal services to the Company.

The Company's shareholders, directors and senior management officers shall not violate the stipulated duties and procedures to give direct instructions to the chief compliance officer or to interfere with the work of chief compliance officer. The Company's directors, supervisors, senior management officers, and all departments and branches, shall provide support for and cooperate with the chief compliance officer, and shall not, by any reason, restrict or prevent the chief compliance officer, compliance department and compliance management personnel from performing his/her duties.

The Company provides guarantee for the performance of duties by the chief risk officer to ensure that the chief risk officer can exercise the right to know as required for performance of his/her duties. The chief risk officer is entitled to attend or observe the meetings in relation to performance of his/her duties and access relevant documents to get necessary information. The shareholders and directors of the Company shall not violate the stipulated procedures or directly give orders to the chief risk officer or interfere with his/her work.

**Article 227** The Company shall provide necessary human, material, financial and technical support for the performance of the duties by the chief compliance officer and chief risk officer.

The Company, based on the business scope, business scale, organization structure and other situations, establishes compliance department and risk management department. The compliance department is accountable to the chief compliance officer and performs compliance management duties in accordance with requirements of the Company and arrangements of the chief compliance officer. The compliance department shall not assume other duties in conflict with compliance management.

The Company allocates sufficient compliance and risk management personnel, who possess suitable professional knowledge and skills to perform the duties of compliance and risk management, to the compliance department and risk management department, respectively.

The chief compliance officer or chief risk officer may, in the event that he/she considers necessary, engage external professional institutions or personnel to assist the work of the chief compliance officer on behalf of the Company.

## **Chapter 9    Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management Officers of the Company**

**Article 228**    The following person shall not serve as director, supervisor, president or other senior management officers of the Company:

- (1)    persons without capacity or with limited capacity of civil conduct;
- (2)    persons who have committed offences relating to corruption, bribery, encroachment of properties, misappropriation of properties or disruption of social economic order and have been sentenced to criminal punishment, where less than five years has elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to a criminal offense, where less than five years has elapsed since the date of restoring their political rights;
- (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 the winding-up of such company or enterprise, where less than three years has elapsed since the date of completion of the winding-up and liquidation of the company or enterprise;

- (4) persons who were legal representatives of a company or enterprise which had its business license revoked and was ordered to close down due to violation of laws and who were personally liable, where less than three years has elapsed since the date of the revocation of the business license;
- (5) persons who have a substantial amount of debts due and outstanding;
- (6) persons who are subject to the punishment of the CSRC, prohibiting 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, who were dismissed for any act against law or relevant discipline where less than five years has elapsed since the date of the removal;
- (8) persons who has been convicted by the competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;
- (9) persons who were lawyers, certified public accountants or professionals of investment consulting institutions, financial advising institutions, credit rating institutions, assets valuation institutions or certification institutions, whose qualification was revoked for any act against law or relevant discipline, where less than five years has elapsed since the date of the revocation;
- (10) government officers and other persons who are prohibited by law and regulations from concurrently holding position in a company;
- (11) persons who were subject to administrative penalties by the financial regulatory authorities due to material illegal or improper behavior where less than three years has elapsed since the date of completion of the penalties;
- (12) persons who were disqualified by the CSRC where less than three years has 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 regulations;
- (15) persons other than a natural person;
- (16) persons who are under the investigation of the judicial authority due to their breach of the criminal laws and the trials have not yet finished;
- (17) other circumstances identified by the CSRC;
- (18) other contents required by the laws, regulations or departmental rules.

Any election, designation or appointment of directors, supervisors, president or other senior management officers in violation of this Article shall be null and void. The Company shall dismiss the director, supervisor, president or other senior management officers if they are involved in the said circumstances during their respective term of office.

**Article 229** The validity of an act of a director, the president or other senior management officers on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 230** In addition to the obligations imposed by laws, regulations or listing rules of the stock exchange at the place where the shares of the Company are listed, each of the Company's directors, supervisors, president 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/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, in any form, the property of the Company, including (but not limited to) usurpation of 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, save pursuant to a restructuring of the Company submitted to the general meeting for approval in accordance with these Articles of Association.

**Article 231** Each of the Company's directors, supervisors, president and other senior management officers owes a duty, in the exercise of his/her rights and discharge of his/her obligations, to exercise the prudence, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 232** In fulfilling their duties, the directors, supervisors, the president 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 interest of the Company;
- (2) to exercise their rights within the scope of their functions and powers, not to act beyond their authorities;
- (3) to exercise the discretion in person vested in them and not to allow themselves to be controlled by others and; save as permitted by laws or regulations or with the informed consent of 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 these Articles of Association or with the informed consent of general meeting;
- (6) not to seek personal gains by using the properties of the Company in any form without the informed consent of general meeting;
- (7) not to abuse official powers to accept bribes or other unlawful income, and not to make encroachment of the Company's properties 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 general meeting;
- (9) to observe these 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 general meeting;
- (11) not to appropriate the funds of the Company or lend the same to others, not to deposit the assets of the Company in the accounts of their own or others, and not to use the assets of the Company as security for the personal debts of the shareholders of the Company or others;
- (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 general meeting; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other competent governmental authorities in the following circumstances:
  - (i) as required by laws;
  - (ii) as required for the interests of the public; and
  - (iii) as required for the interests of the said directors, supervisors, the president and other senior management officers.

**Article 233** Each director, supervisor, president and any other senior management officers of the Company shall not cause the following persons or institutions (hereinafter referred to as the “associates”) to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, president and other senior management officers;
- (2) a person acting in the capacity of trustee of that director, supervisor, president or other senior management officer or any person referred to in clause (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president or other senior management officer or any person referred to in clauses (1) and (2) of this Article;
- (4) a company in which that director, supervisor, president or other senior management officer, alone or jointly with one or more persons referred to in clause (1), (2), (3) of this Article have a de facto controlling interest;

- (5) the directors, supervisors, president and other senior management officers of the controlled company referred to in clauses (4) of this Article.

**Article 234** The fiduciary duties of directors, supervisors, president and other senior management officers shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any business 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 amount of time which has lapsed between the termination and the act concerned, the specific circumstances and the conditions under which the relationship between them and the Company was terminated.

**Article 235** Except as provided in the Article 65 of these Articles of Association, a director, supervisor, president and any other senior management officer of the Company may be relieved of liability for specific breaches of his/her duty by the informed consent of general meeting.

**Article 236** In the event that the directors, supervisors, the president 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 contract, transaction and arrangement with the Company (exclusive of appointment contracts signed by the Company with Directors, Supervisors, the general manager and other senior management officers), they shall responsively 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 the Hong Kong Listing Rules or exceptions permitted by the Hong Kong Stock Exchange, a director shall not be entitled to vote on nor shall be counted in the quorum in relation to any resolution of the Board in respect of any contract or arrangement or any other relevant proposals in which he/she or any of his/her close associates as defined in the Hong Kong Listing Rules has any material interest.

Unless the interested director, supervisor, president and other senior management officer of the Company discloses his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested director, supervisor, president or other senior management officer is not counted in the quorum and has abstained from voting, a contract, transaction or arrangement in which that director, supervisor, president and other senior management officer



is materially interested is avoidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, president or other senior management officer.

A director, supervisor, president and other senior management officer of the Company is deemed to be interested in a contract, transaction or agreement in which an associate of him/her is interested.

**Article 237** Where a director, supervisor, president and other senior management officer of the Company gives to the Board a written notice stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 238** The Company shall not by any means pay taxes for or on behalf of its director, supervisor, president and any other senior management officer.

**Article 239** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, president and other senior management officer of the Company or of the Company's holding company or any of their respective associates.

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

- (1) the provision by the Company of a loan or loan guarantee to a company which is 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, president and other senior management officers to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by 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 240** 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 241** Loan guarantee provided by the Company in breach of Clause (1) of Article 239 under these Articles of Association shall not be enforceable against the Company, unless:
- (1) loan guarantee was provided to an associate of any of the directors, supervisors, president and other senior management officer of the Company or of the Company's holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or
  - (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.
- Article 242** For the purpose of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the performance of obligations by the obligor.
- Article 243** In the event that the directors, supervisors, president or other senior management officers violate the obligations to the Company, the Company shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and regulations:
- (1) require the directors, supervisors, president or other senior management officers to compensate the Company for the losses arising from their dereliction of duties;
  - (2) rescind the contracts or transactions concluded between the Company and the directors, supervisors, president 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, president or other senior management officers representing the Company have breached their obligations to the Company);
  - (3) require relevant directors, supervisors, president or other senior management officers to surrender their gains arising from breach of obligations;
  - (4) recover funds, including (but not limited to) commissions, received by relevant directors, supervisors, president or other senior management officers but receivable by the Company;

- (5) require relevant directors, supervisors, president or other senior management officers to surrender interests earned or likely to be earned from funds payable to the Company.

**Article 244** The Company shall conclude written contracts with directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations shall include:

- (1) the remunerations in respect of his/her service as director, supervisor or senior management officer of the Company;
- (2) the remunerations in respect of his/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 retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for the benefits due to him/her in respect of the matters mentioned in this Article.

**Article 245** 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 general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. A takeover of the Company referred to in this paragraph means any of the following:

- (1) an offer made by any person to all the shareholders;
- (2) an offer made by any person with the purpose of the offeror becoming a controlling shareholder.

In the event that relevant director or supervisor does not comply with this Article, any sum so received by him/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 relevant director or supervisor and not paid out of that sum.

## **Chapter 10 Financial Accounting System, Distribution of Profits and Audit**

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

- Article 246** The Company shall formulate its financial and accounting systems in accordance with laws, regulations and requirements of relevant PRC authorities.
- Article 247** At the end of each fiscal year, the Company shall prepare a financial report which shall be reviewed and verified pursuant to laws.
- Article 248** 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, regulations, and such normative documents as promulgated by local governments and competent authorities.
- Article 249** 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 250** The financial reports of the Company shall be made available for the inspection of shareholders at the Company 20 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 these Articles of Association, the Company shall deliver personal delivery or by prepaid mail to each shareholder of overseas listed foreign shares a copy of the aforesaid report or the report of Board 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 not later than 21 days before the date of every annual general meeting, and the addresses of recipient shall be the addresses appear on the register of shareholders.

- Article 251** 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 shares of the Company are listed. In the event that the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be indicated in the notes to the financial statements. The Company

shall distribute the after-tax profit of the relevant financial year as per the less of the after-tax profits in the aforesaid two financial statements.

**Article 252** The interim results or financial data announced 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 shares of the Company are listed.

**Article 253** The Company shall publish two financial reports each financial year, i.e. interim financial report announced within 60 days after the end of the first six months of the financial year and the annual financial report announced within 120 days after the end of the financial year.

In event that the securities regulatory authorities at the place where the shares of the Company are listed make other provisions, such provisions shall prevail.

**Article 254** Subject to other provisions, the Company's after-tax profit for each financial year shall be distributed in accordance with the following order:

- (1) making up the losses of the Company arising from previous financial years;
- (2) extracting 10% of the after-tax profits into the statutory reserve fund of the Company;
- (3) extracting general risk reserve fund and transaction risk reserve fund pursuant to relevant laws and regulations;
- (4) subject to the resolution of the general meeting, may extract discretionary reserve fund;
- (5) other funds as extracted pursuant to laws, regulations, department rules and these Articles of Association;
- (6) making payment of dividends to the shareholders.

Where the accumulated amount of the statutory reserve fund of the Company is more than 50% of the registered capital of the Company, the extraction of the statutory reserve fund may not be conducted. Before the Company has covered the losses and has extracted the statutory reserve fund, the general risk reserve fund and transaction risk reserve fund, the Company shall not distribute profits to shareholders.

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 losses and has extracted the statutory reserve fund, the general risk reserve fund and transaction risk reserve fund, the shareholders shall return such distributed profits in violation of rules to the Company.

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

**Article 255** The reserve fund of the Company is used to cover the losses of the Company, expand the production and operation of the Company or is converted to increase the capital of the Company. However, the capital reserve fund shall not be used to cover the losses of the Company.

When the statutory reserve fund is converted into capital, the remainder of such fund shall not be less than 25% of the registered capital of the Company prior to the conversion.

**Article 256** The capital reserve fund shall include the following amounts:

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

**Article 257** Any amount paid up in advance of calls on any shares may bear interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

Subject to relevant laws, regulations, rules and normative documents, the Company may exercise the power to forfeit unclaimed dividends; in the event that the Company exercises the power to forfeit unclaimed dividends pursuant to the authorization of the Board of directors, such power may not be exercised until at least six years following the date that the dividends are announced.

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 returned undelivered.

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, which dividends are not 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 notify the local securities regulatory authority at the place where the stock of the Company is listed.

**Article 258** The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the overseas listed foreign shares.

The collection agents appointed by the Company shall comply with the requirements of the laws or local stock exchange at the place where the shares of the Company are listed.

The collection 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.

**Article 259** The Company may distribute dividends by means of cash or shares.

## **Section 2 Internal Audit**

**Article 260** The Company shall implement the internal audit system and is equipped with professional auditing personnel who are to conduct supervision over the internal audit regarding the Company's overall risk management, financial income and expenses, and economic activities.

**Article 261** The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board. The officer in charge of internal audit shall be accountable to the Board and report his/her work to both the president and the Board.

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

**Article 262** The Company shall appoint such independent accounting firm which complies with relevant provisions of the country for carrying out the audit for the accounting statements, net asset verification, annual risk control indicators and other relevant consultancy service.

The term of office of an accounting firm appointed by the Company shall be one year, commencing from the conclusion of the annual general meeting and expiring at the conclusion of the next annual general meeting. Upon the expiry of such term, the relevant accounting firm may be re-appointed.

**Article 263** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to access the account books, records or proofs at any time, and to ask directors, president or other senior management officers of the Company to provide relevant documents and explanations;
- (2) the right to require the Company to take all reasonable actions to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) the right to be present at a general meeting and to receive notices of, and information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting for matters in relation to its capacity as the accounting firm of the Company.

**Article 264** In the event that 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 the 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.

**Article 265** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said 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 266** The Company's engagement, dismissal or discontinuance of engagement of an accountancy firm shall be resolved by the shareholders in a general meeting. Such resolution shall be filed with the securities regulatory authorities.

In the event that the Company dismisses or no longer re-appoints the accounting firm, it shall notify such accounting firm 30 days in advance, and such accounting firm shall be entitled to express its opinions to the general meeting.

In the event that the general meeting intends to pass and approve a resolution for engaging an accounting firm which is not being engaged to fill in any vacancy of an accounting firm, or for re-appointing an accounting firm appointed by the Board of directors to fill in any vacancy of an accounting firm, or for dismissing an accounting firm prior to the expiry of the term of office, the following provisions shall be met:

- (1) prior to the delivery of the notice of the general meeting, such proposal regarding the appointment or dismissal shall be delivered to such accounting firm which is to be appointed or to leave, or which has left the office during the relevant accounting year.

Leaving the office shall include the dismissal or resignation of appointment and leaving of its position.

- (2) in the event that the accounting firm leaving the position has made a written statement and requests the Company to inform the shareholders of such statement, the Company should adopt the following measures unless it has received the written statement too late:

- (i) in the notice issued for making a resolution, it is expressly stated about the accounting firm leaving the position having made a statement;
  - (ii) a photocopy of such statement shall be made as an attachment to the notice delivered to the shareholders in the manner as provided in these Articles of Association.

- (3) in the event that the Company fails to deliver the statement of the relevant accounting firm pursuant to the provisions of clause (2) above, the relevant accounting firm may request to read out such statement at the general meeting and shall further make an appeal.

- (4) the accounting firm leaving its position shall be entitled to attend the following meetings:
  - (i) the general meeting during its term of office which is to expire;
  - (ii) the general meeting for filling a vacancy caused by the dismissal of such accounting firm;
  - (iii) the general meeting convened due to the active resignation of such accounting firm.

Such accounting firm leaving the position shall have the right to receive all notices regarding the foregoing meetings and other information related to the meetings and shall have the right to speak at the foregoing meetings about the matters involving such firm being the previous accounting firm of the Company.

**Article 267** 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 materials and that it may not refuse, nor hide or misstate.

**Article 268** The remuneration of the accounting firm or the way to confirm the remuneration shall be determined by the general meeting. The remuneration of such accounting firm appointed by the Board of directors shall be confirmed by the Board of directors.

**Article 269** Where the accounting firm proposes to resign its office, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

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

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

The Company shall send a copy of the written notice referred to in the preceding paragraph to the relevant competent authority within 14 days after receipt. In the event that the notice contains a statement as mentioned in clause (2) of Article 266 under these Articles of Association, a copy of such statement shall be placed at the Company for the inspection of shareholders. Unless otherwise stated in these Articles of Association, the Company shall also send a copy of such statement by prepaid mail 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.

In the event that the notice of resignation of accounting firm contains a statement in respect of any circumstances requiring an explanation, 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 11 Notice and Announcement**

### **Section 1 Notice**

**Article 270** Notices of the Company shall be served by one or a combination of the following methods:

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

The meeting notice for holding meetings of the Board or of the Supervisory Committee, shall be served by personal delivery, facsimile, mail or e-mail.

Pursuant to the Hong Kong Listing Rules, subject to the laws and regulations and listing rules of the place where the shares of the Company are listed as well as these Articles of Association, corporate communications may be provided or sent to holders of H shares by making announcement on 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 article 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, the annual financial statements, the auditing 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 these Articles of Association, such announcements shall be published by means specified in the Hong Kong Listing Rules.

In respect of joint holders of shares, the Company shall only to send the notices, materials or other documents to one of the joint holders.

**Article 271** The notice of the Company shall be given by way of announcements. All relevant persons shall be deemed to receive the notice upon such announcements.

- Article 272** The meeting notice for holding meetings of the Board or of the Supervisory Committee, shall be given by way of direct delivery, e-mail, facsimile or other means.
- Article 273** In the event that the notice of the Company is delivered by personal delivery, 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. In the event that the notice of the Company is delivered by mail, the delivery date shall be three business days after the postage has been paid at a post office. In the event that the notice of the Company is by facsimile, e-mail or publish on websites, the date of sending facsimile, e-mail or publish on websites shall be the date of delivery. In the event that the notice of the Company is delivered in the form of an announcement, the first date of announcement shall be the date of delivery.
- Article 274** In the event that the listing rules of the place where the shares of the Company are listed require the Company to provide the Company's relevant files in English version and Chinese version by delivery, mail, distribution, issuance, publishing or other manner and that the Company has made appropriate arrangement to confirm if 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, 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.
- 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.

## **Section 2 Announcement**

- Article 276** The Company shall issue announcements and disclose information to shareholders of domestic shares through newspapers and websites designated by the laws, regulations or the securities regulatory authorities of the PRC. In the event that it is required to make public announcements to the shareholders of overseas listed foreign shares pursuant to these 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 the CSRC, overseas regulatory authorities and overseas securities exchanges.

## **Chapter 12 Merger, Division, External Investment, Capital Increase, Capital Reduction, Dissolution and Liquidation**

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

**Article 277** Merger of the Company may take the form of absorption or establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Establishment of a new company refers to two or more companies merge into a new company with the dismissal of each original company.

**Article 278** 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 these Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his/her shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

The foregoing documents shall also be sent by mail to the holders of overseas listed foreign shares for a Hong Kong-listed Company.

**Article 279** The merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days as of the date of the merger resolution, and shall publish an announcement in newspapers or by other means within 30 days as of the date of the merger resolution. The creditors may, within 30 days after receipt of notice or, in the event that the creditors do not receive such notice, within 45 days of the announcement, demand the Company to repay in full or to provide a guarantee.

**Article 280** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 281** 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 ten 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 the division resolution.

**Article 282** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, the liabilities of the Company prior to the division shall be jointly assumed by the surviving companies after division.

**Article 283** The Company may establish subsidiaries to engage in such financial products other than those types as listed in the List of Proprietary Investment Varieties of Securities Companies (《證券公司證券自營投資品種清單》), as well as in such investment fields, products or other objects as permitted by regulatory authorities.

**Article 284** The Company may establish subsidiaries to engage in the direct investment business.

**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 ten days from the date of the resolution for reduction of its registered capital, and shall publish an announcement in the newspapers or by other means within 30 days from the date of such resolution. A creditor has the right within 30 days as of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days as of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

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



**Article 286** The Company shall, in accordance with the laws, apply for change in its registration with the company registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

In the event that 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) the expiry of the term of business provided in these Articles or other reasons for dissolution as specified in these Articles of Association;
- (2) a resolution on dissolution is passed by the 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 business license of the Company is revoked or suspended or the Company is ordered to close down in accordance with the laws;
- (6) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss in the interests of shareholders, and no solution can be found through any other channel, shareholders representing 10% or above of the total voting rights of the Company may request the people's court to dissolve the Company.

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

Amendments to these 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.

**Article 289** Where the Company is dissolved pursuant to sub-paragraph (1), (2), (5) or (6) of Article 287 hereof, it shall establish a liquidation committee within 15 days after the approval by the securities regulatory authorities under the State Council, and the members for liquidation committee shall be determined in general meeting by way of ordinary resolution. In the event that the liquidation committee is not duly established for liquidation, the creditors may request 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 hereof, the Company shall apply to the CSRC with reasons for dissolution and related documents. The Company shall be dissolved after obtaining the approval from the CSRC.

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

**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 general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon passing of the resolution at 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 the general meeting and make a report at least once every year to the general meeting on the income and expenses of the committee, the business of the Company and the progress of the liquidation, and present a final report to the general meeting on completion of the liquidation.

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

- (1) to check the assets of the Company and prepare a balance sheet and an inventory of assets;
- (2) to notify the creditors by notice or announcement;
- (3) to deal with and settle the outstanding liquidation-related affairs of the Company;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to settle all credits and debts;
- (6) to dispose of the remaining assets of the Company after the settlement of debts; and
- (7) to represent the Company in any civil proceedings.

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

Creditors shall provide explanation for the relevant particulars and evidence of the claims upon declaration of such claims. The liquidation committee shall register the creditors' claims. The liquidation committee shall not settle the debts to creditors until the expiry of the period for declaration of claims.

**Article 293** After checking the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for confirmation by general meetings or the people's court.

The remaining properties of the Company, after payment of liquidation expenses, wages, social insurance contribution and statutory compensation of staff, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholdings.

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

**Article 294** In the event that the liquidation committee, after checking the assets of the Company and preparing a balance sheet and an inventory of assets, discovers that the assets of the Company are insufficient to settle its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 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 competent authorities for confirmation.

The liquidation committee shall, within 30 days after obtaining confirmation from the general meeting or 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, and shall not make encroachment of the properties of the Company.

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

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

## **Chapter 13 Amendments to these Articles of Association**

**Article 298** The Company shall amend these Articles of Association in any of the following circumstances:

- (1) after the amendments are made to the Company Law or other relevant laws and regulations, these Articles of Association run counter to the said amendments;
- (2) the conditions of the Company have changed, and such changes making these Articles of Association inconsistent; and
- (3) the general meeting has resolved to amend these Articles of Association.

**Article 299** Where the amendments to these Articles of Association resolved and passed at the general meetings require approval of competent authorities, the amendments shall be submitted to the competent authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

**Article 300** The Board shall amend these Articles of Association in accordance with the resolution to amend these Articles of Association passed at the general meeting and the approval opinions from relevant competent authorities.

**Article 301** Where the matters on the amendments to these Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to the stipulations.

**Article 302** Any amendment to these Articles of Association involving the Mandatory Provisions shall become effective upon approvals by the company approving authority authorized by the State Council and the securities regulatory authorities of the PRC. In the event that the amendments involve registration matters, the involved change shall be registered in accordance with the laws.

## **Chapter 14 Settlement of Disputes**

**Article 303** 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, president or other senior management officers, or between shareholders of overseas listed foreign shares and shareholders of domestic shares, arising from these Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and regulations concerning the affairs of the Company, shall be referred by the relevant parties to arbitration.

The dispute or claim shall be referred to arbitration as a whole. All parties which have the same subject matter, or are required to participate for the settlement of the dispute or claim, such parties shall be subject to the arbitration if such parties are the Company or the shareholders, directors, supervisors, president or other senior management officers of the Company.

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

- (2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

In the event that a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) In the event that any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and regulations.

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

## **Chapter 15   Miscellaneous**

### **Article 304   Definitions**

- (1) The “controlling shareholders” shall refer to shareholders who possess one of the following conditions:
- (i) such person, acting individually or collectively with others, can elect over 50% of the directors;
  - (ii) such person, acting individually or collectively with others, is entitled to exercise more than 30% (including 30%) of the voting rights of the Company, or control the exercise of more than 30% (including 30%) of the voting rights of the Company;
  - (iii) such person, acting individually or collectively with others, holds more than 30% (including 30%) of the total number of outstanding shares of the Company;
  - (iv) such person, acting individually or collectively with others, is in actual control of the Company by other means.
- (2) The “de facto controller” refers to the person who is not the shareholder of the Company, but could actually control the act of the Company through investment, agreement or other arrangement.
- (3) The “affiliated relationship” refers to the relationship between the controlling shareholder of the Company, de facto controller, directors, supervisors, senior management officer and the enterprise that they control directly or indirectly, and other relationship that may cause the transfer of interest of the Company. However, the relation between fellow state-controlled enterprises shall not be deemed as affiliated relationship merely because they are both controlled by the State.



- (4) The “internal directors” shall refer to such directors who are concurrently taking those positions other than directors in the Company; the “external directors” shall refer to such directors who do not concurrently have those positions other than directors in the Company; the “independent directors” shall refer to those external directors who do not have any relationship with the Company and its shareholders that may probably prevent them from making independent and objective judgment.

**Article 305** The Board may formulate by-laws in accordance with the provisions of these Articles of Association, provided that such by-laws shall not be in violation of these Articles of Association.

**Article 306** These Articles of Association are written in Chinese. In the event of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association approved by and registered with the administrative authority for Industry and Commerce shall prevail.

**Article 307** The term “or above”, “within”, “following”, as stated in these Articles of Association shall all include the given figure; the term “not exceeding”, “except”, “lower”, “more” shall all exclude the given figure.

**Article 308** The Board shall be responsible for the interpretation of these Articles of Association. Any matters not covered herein shall be submitted to the general meeting for deliberation and approval.