



(GDR under the Symbol: HTSC)

ARTICLES OF ASSOCIATION

Nanjing, China

October 2025

(Considered and approved at the Company's 2025 first extraordinary general meeting, 2025 Second A Share class meeting and 2025 Second H Share class meeting)

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

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CHAPTER I GENERAL PROVISIONS

Article 1 The Articles of Association has been formulated in accordance with the *Company Law of the People's Republic of China* (the “Company Law”), the *Securities Law of the People's Republic of China* (the “Securities Law”), the *Provisions on the Administration of Equities of Securities Companies*, the *Corporate Governance Rules for Securities Companies*, the *Code of Corporate Governance for Listed Companies*, the *Guidelines for the Articles of Association of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “Hong Kong Listing Rules”) and other relevant provisions, in order to protect the lawful rights and interests of the Company, its shareholders, employees and creditors, and regulate the organization and acts of the Company.

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

Following approval by China Securities Regulatory Commission (the “CSRC”) (ref. Zheng Jian Ji Gou Zi [2007] 311), the Company was established converted from Huatai Securities Limited Liability Company (华泰证券有限责任公司).

The Company obtained its Business License (Unified Social Credit Code: 91320000704041011J) from the Administration for Market Regulation of Jiangsu Province.

Article 3 With the approval of the CSRC on 1 February 2010, the Company made its initial public offering of 784,561,275 shares of Renminbi (the “RMB”) ordinary shares, which were listed on Shanghai Stock Exchange on 26 February 2010. With the approval of the CSRC on 21 April 2015, the Company issued 1,562,768,800 shares of overseas listed foreign shares (H shares) and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 1 June 2015. With the approval of the CSRC on 30 November 2018, the Company issued 82,515,000 global depositary receipts (“GDR”), representing 825,150,000 RMB ordinary shares, which were listed on the London Stock Exchange plc on 20 June 2019.

Article 4 The registered name of the Company:

Chinese name: 华泰证券股份有限公司

English name: HUATAI SECURITIES CO., LTD.

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

Postal code: 210019

Article 6 The registered capital of the Company is RMB9,026.863786 million.

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

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

Where the Chairman of the Board resigns, he/she shall be deemed to resign as the legal representative simultaneously.

Where the legal representative resigns, the Company shall determine a new legal representative within 30 days from the resignation of the legal representative.

The election and change of legal representative shall be approved by a resolution passed by a majority of all directors of the Board.

Article 9 The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

The restrictions on the functions and powers of the legal representative by the Articles of Association or the general meeting shall not be used against any bona fide counterparty.

If the legal representative causes damage to others in the performance of his/her duties, the Company shall bear civil liability. After the Company assumes civil liability, it may, in accordance with laws or the provisions of the Articles of Association, seek compensation from the legal representative who is at fault.

Article 10 The shareholders are responsible for the Company to the limit of the shares they have subscribed for. The Company is responsible for its debts to the limit of all of its properties.

Article 11 In the Company, according to the Constitution of the Communist Party of the PRC and relevant provisions, the Company sets up a Chinese Communist Party organization and establishes a work institution of the Party to carry out activities of the Party. The Company shall provide necessary facilitations for the activities of the Party Organization.

The Party Committee of the Company plays a leading role in accordance with the provisions of the Constitution of the Communist Party of the PRC, offers the direction, oversees the overall situation, ensures the implementation of the objectives of the Party, discusses the major business management matters of the Company in advance, and supports the general meeting, the Board of Directors and the senior management in exercising their functions and powers in accordance with the laws.

Article 12 From the date on which it becomes effective, the Articles of Association shall constitute a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and its shareholders and between shareholders inter se, and is binding upon the Company and its shareholders, Directors and senior management officers. Shareholders may sue shareholders; shareholders may sue Directors and senior management officers of the Company; shareholders may sue the Company; and the Company may sue shareholders, Directors and senior management officers in accordance with the Articles of Association.

Article 13 For the purpose of the Articles of Association, the term “senior management officers” shall include the Company’s Chief Executive Officer, Co-Chief Executive Officer, members of the executive committee, Chief Operation Officer, Chief Financial Officer, the chief compliance officer, the general counsel, Chief Risk Officer, the secretary to the Board, Chief Information Officer and other persons holding important positions as identified by the regulatory authorities or confirmed by the resolution of the Board of Directors.

CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS

Article 14 The operational objectives of the Company: adhering to a functional positioning, remaining committed to a customer-centric approach, leveraging technology empowerment to enhance platform-based, integrated and international development level, striving to become a first-class investment bank with both local advantages and global influence, continuously creating long-term value for customers, shareholders, employees and society, and better serving the real economy and the high-quality development of the financial sector.

Article 15 The Company upholds honesty and integrity, sticks to compliant operations and continuously strengthens its management of business integrity. The goal of the Company's management of business integrity is to establish and improve a management system of business integrity to effectively identify and proactively manage integrity risks, and actively foster a culture of integrity. The overall requirement of the Company's management of business integrity is to build a management system of business integrity that covers all businesses and all sectors, implement management responsibilities of business integrity at all levels and effectively prevent and control integrity risks in business.

Article 16 As registration with the relevant regulatory authority, the scope of business of the Company includes: securities business; securities investment consultancies; providing intermediary referrals by securities company for futures companies; sales of public securities investment funds; custody of securities investment fund.

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

Article 17 Upon approved by the CSRC, the Company may establish a holding or wholly-owned subsidiary to engage in businesses such as securities underwriting and sponsoring and securities asset management.

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

CHAPTER III SHARES

Section 1 Issuance of Shares

Article 18 The stock of the Company shall take the form of stock certificates.

Article 19 The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class carries the same rights. Shares of the same class and the same issuance are issued on the same conditions and at the same price. A subscriber pays the same price for each of the shares for which it or he or she subscribes for.

Article 20 All par value shares issued by the Company shall be denominated in RMB and have a par value of RMB one yuan.

Article 21 The Company may offer its shares to domestic investors and overseas investors, subject to the registration or filing with the securities regulatory authorities of the State Council, or any other relevant regulatory authorities. For the purpose of the preceding paragraph, the term “overseas investors” means investors from a foreign country or from Hong Kong, Macau or Taiwan who subscribe for the shares of the Company and the term “domestic investors” refers to investors inside the territory of the People’s Republic of China (the “PRC”), excluding the abovementioned regions, who subscribe for the shares of the Company.

Article 22 As approved by the competent governmental authority, the Company issued a total of 4,500,000,000 shares upon its establishment. The Company issued 4,500,000,000 shares to its promoters upon its establishment, representing 100% of the Company’s outstanding shares.

Names of the promoters (or shareholders) of the Company, the number of shares subscribed and the methods of capital contributions are as follows:

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

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

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

Article 23 The number of the issued shares of the Company is 9,026,863,786 shares, among which 7,307,818,106 shares are RMB ordinary shares and 1,719,045,680 shares are overseas listed foreign shares. The RMB ordinary shares issued by the Company are centrally deposited under China Securities Depository and Clearing Corporation Limited, Shanghai Branch. The overseas-listed foreign shares issued by the Company are primarily held in custody in the central securities depository under Hong Kong Securities Clearing Company Limited, and such shares may also be held in the names of the shareholders.

Article 24 The Company or its subsidiaries (including its affiliates) shall not provide financial assistance, such as gift, advance, guarantee, borrowing, to others to acquire the shares of the Company or its parent company, except where the Company implements the employee shareholding scheme.

For the interests of the Company, upon a resolution at the general meeting or the Board makes a resolution pursuant to the Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to others to acquire the shares of the Company or its parent company, provided that the cumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board shall be passed by more than two-thirds of all directors.

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

Section 2 Increase, Decrease and Buyback of Shares

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

- (1) issue of shares to non-specific objects;
- (2) issue of shares to specific objects;
- (3) bonus issue to existing shareholders;
- (4) conversion of funds in the capital common reserve to share capital; or
- (5) any other means stipulated by laws, administrative regulations and the CSRC.

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

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

Article 28 The Company shall not buy back its shares, except in one of the following circumstances:

- (1) cancellation of shares in order to reduce of its registered capital;
- (2) mergers with other companies holding shares of the Company;
- (3) use of shares in the employee shareholding scheme and equity incentive;
- (4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;
- (5) use of shares for conversion into stocks of company-issued convertible corporate bonds;
- (6) when it is necessary for the Company to preserve its value and shareholders' interest.

Article 29 The Company may redeem its issued shares by an open and centralized trading method or other forms approved under laws, administrative regulations and by the CSRC.

The purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) of Article 28 of the Articles of Association shall be done by an open and centralized trading method.

Article 30 The purchase by the Company of its own shares for circumstances provided in items (1) and (2) of Article 28 of the Articles of Association shall require a resolution of the general meeting; the purchase by the Company of its own shares for circumstances provided in items (3), (5) and (6) of Article 28 of the Articles of Association may be approved by a board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

After the Company buying back the shares pursuant to the provisions of Article 28 of the Articles of Association, such shares shall be cancelled within 10 days from the date of buyback under the circumstance as described in Article 28(1); such shares shall be either transferred or cancelled within six months if it is under the circumstances as described in Articles 28(2) and (4); the aggregate number of shares the Company holds shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years under the circumstance as described in Articles 28(3), (5) and (6).

Section 3 Transfer of Shares

Article 31 The shares of the Company shall be transferred in accordance with laws.

Article 32 All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an general or ordinary form or in any other forms acceptable to the Board (including the standard transfer format or form of transfer that Hong Kong Stock Exchange may provide from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house (the "Recognized Clearing House") as defined by relevant regulations in Hong Kong laws from time to time, or any of its agents, the transfer form may be signed manually or mechanically printed.

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

Article 33 The Company shall not accept its own shares as the subject matter of a pledge.

Article 34 Shares already issued by the Company before the public offering shall not be transferred within one year from the date of the shares of the Company are listed on a stock exchange.

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

Article 35 If the Company's shareholders holding 5% or above shares of the Company, Directors, senior management officers sell shares or other securities with an equity nature within six months after buying the same or buy shares or securities within six months after selling the same, the earnings arising there from shall belong to the Company and the Board shall recover such earnings. However, the restriction shall not be applicable to any sale of shares by a securities company holding 5% or above of the Company's shares as a result of its purchase and underwriting of the untaken shares after offering and other circumstances stipulated by the securities regulatory authorities of the State Council.

The shares or other securities with an equity nature held by Directors, senior management officers and natural person shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, children, and any of the above which is held by using others' accounts.

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

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

Section 4 Equity Administration Affairs

Article 36 The Board office of the Company is the department responsible for the Company's equity administration affairs and organizing the implementation of equity administration affairs.

The Chairman of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the Chairman and is the direct responsible person for the Company's equity administration affairs.

Article 37 Where approval by the CSRC is required according to law, shareholders of the Company shall continue to exercise their voting rights independently according to the proportion of their shareholdings prior to the approval. The equity transferer shall not recommend the relevant personnel of the equity transferee to serve as directors and senior management of the Company, or transfer the voting rights in any disguised form.

Article 38 Shareholders of the Company shall fully understand their conditions as well as shareholders' rights and obligations, be fully aware of the Company's operating management, potential risks and other information, have reasonable investment expectation and truthful willingness to make capital contributions, and perform the necessary internal decision procedures.

No agreement with a nature of "betting on" shall be entered into or related arrangements be formed for the Company or other designated entities to redeem equity from or accept transfer of equity from specific shareholders in the event that the Company does not meet specific conditions in the future.

Article 39 The shareholding period of the shareholders of the Company shall comply with laws, administrative regulations and relevant regulations of the CSRC, which provides that the shareholding period may be calculated in continuance if other shareholders of a securities company acquire equity in the Company by way of share swap, etc.

If the major assets of a shareholder of the Company are equities in the Company, the controlling shareholders and the actual controller of the shareholder shall abide by the same lock-up period as the shareholders of the Company with respect to the equities of the Company under their control, with the exception of situations recognized by the CSRC in accordance with law.

Article 40 Shareholders of the Company shall not pledge the equity of the Company held by them during the equity lock-up period. Upon the expiry of the equity lock-up period, the proportion of the Company's equity held by a shareholder of the Company that is pledged shall not exceed 50% of the proportion of the Company's equity held by such shareholder.

Where shareholders pledge their equity of the Company, they shall not prejudice the interests of other shareholders and the Company, and shall not agree to exercise the shareholder's rights such as voting rights by the pledgee or other third parties, or transfer the control over the Company's equity in a disguised form.

The requirement in the first paragraph of this Article shall not apply to shareholders who hold less than 5% of the equity in the Company.

Article 41 Shareholders of the Company and their controlling shareholders and actual controllers shall not:

- (I) make false and discrepant capital contribution to the Company, withdraw capital contribution or withdraw capital contribution to the Company in a disguised form;
- (II) intervene in the business and management of the Company in violation of laws, administrative regulations and requirements stipulated by the Articles of Association;
- (III) abuse their right or influence, occupy the assets of the Company or clients to carry out benefits transmission, which infringes the legitimate rights and interests of the Company, other shareholders or clients;
- (IV) illegally require the Company to provide financing or guarantee for them or their related parties, or force, instruct, assist or accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;
- (V) conduct improper related party transactions with the Company and obtain improper benefits with their influence on the Company's management;
- (VI) entrust others or accept any entrustment from others to hold or manage the Company's equity without approval, and accept or transfer the control over the Company's equity in disguise;
- (VII) other actions prohibited by the CSRC.

The Company, its directors, senior management and other relevant entities shall not cooperate with the shareholders of the Company and their controlling shareholders and actual controllers in the above situations.

If the Company finds out that the shareholders and their controlling shareholders and actual controllers have the above-mentioned acts, it should take timely measures to prevent the violations from intensifying, and report to the local office of the CSRC within 2 working days.

Article 42 In the event of any illegal conduct or misconduct related to equity administration affairs in violations of laws, administrative regulations and regulatory requirements, the Company shall promptly investigate and report to the Board of Directors, and the Board of Directors shall agree on rectification measures, accountability programs and penalty opinions within the scope of its authority.

CHAPTER IV SHAREHOLDERS AND THE GENERAL MEETING

Section 1 General Provisions for Shareholders

Article 43 The Company shall prepare a register of shareholders and amend the Articles of Association based on the evidence provided by securities registration and clearing institutions, the approval documents and filing documents of the CSRC or its delegated authorities, and conduct the industrial and commercial registration process according to relevant laws. The register of shareholders shall be sufficient evidence to verify that a shareholder holds shares of the Company. A shareholder shall enjoy rights and bear obligations according to the class and quantity of his or her shares. Holders of the same class shall enjoy the same rights and bear the same obligations.

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

Article 44 When the Company convenes a general meeting, distributes dividends, commences liquidation proceedings or engages in other activities requiring the identification of shareholders, the Board or the convener of a general meeting shall decide the date of record. The shareholders whose names appear on the register of shareholders at the close of trading on the date of record are entitled to the relevant rights of shareholders.

Article 45 The shareholder of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to the shares they hold;
- (2) to lawfully request to hold, convene, preside over, and attend general meetings either in person or by proxy and exercise the corresponding voting right;
- (3) to supervise, raise suggestions on or make inquiries about the operations of the Company;
- (4) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association;
- (5) to inspect and copy the Articles of Association, register of shareholders (the branch register of members in Hong Kong shall be open for inspection by members but the Company may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance of Hong Kong), minutes of the general meetings, resolutions of meetings of the Board and financial accounting reports; and shareholders who satisfy the requirements may inspect the Company's accounting books and accounting vouchers;

- (6) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;
- (7) to require the Company to buy back their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and
- (8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Article 46 The shareholder who requests to inspect and copy relevant materials of the Company shall abide by the Company Law, the Securities Law and other laws and administrative regulations, and submit to the Company written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after authenticating his or her identity.

Article 47 If a resolution of the general meeting or the Board violates any law or administrative regulation, the shareholder shall have the right to petition a court to invalidate the resolution.

If the convening procedure or voting method violates any law, administrative regulation or the Articles of Association, or the contents of a resolution breaches the Articles of Association, the shareholder shall have the right to petition a court to revoke such resolution within 60 days from the date on which the resolution is approved. However, this shall not apply when there are only minor defects in the convening procedures or voting method of the general meeting or meeting of the Board, which do not materially affect the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of the general meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling such as a revocation of the resolution, the stakeholders shall execute the resolution of the general meeting. The Company, Directors and senior management officer shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, requirements of the CSRC and stock exchanges, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

Article 48 Resolutions of the general meeting or Board meeting of the Company shall not be valid under any of the following circumstances:

- (1) no general meeting or Board meeting has been convened to pass a resolution;
- (2) the resolution is not voted on at the general meeting or Board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association; or
- (4) the number of persons agreeing to the resolution or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association.

Article 49 If the Director or any other senior management officer (other than members of the Audit Committee) violates any law or administrative regulation or breaches the Articles of Association in performing his or her duties, causing losses to the Company, shareholders that holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Audit Committee in writing to institute a legal action in a people's court; if a member of the Audit Committee violates any law or administrative regulation or breaches the Articles of Association in performing his or her duties, causing losses to the Company, the aforesaid shareholders may request the Board in writing to institute a legal action in a people's court.

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

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

If the director, supervisor or any other senior management officer of a wholly-owned subsidiary of the Company violates any law or administrative regulation or breaches the Articles of Association in performing his or her duties, causing losses to the Company, or in the event that a third party infringes upon the legal rights and interests of a wholly-owned subsidiary of the Company, thereby causing the subsidiary to sustain a loss, shareholders that holds 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days may request the supervisory committee or board of directors of the wholly-owned subsidiary in writing to institute a legal action in a people's court or initiate a legal action in a people's court in its own name pursuant to the first three paragraphs of Article 189 of the Company Law.

If the Company's wholly-owned subsidiary has not established a supervisory committee or any supervisor, but established an audit committee, the matter shall be dealt with in accordance with paragraphs 1 and 2 of this article.

Article 50 The Company shall establish an effective communication mechanism with its shareholders and shall protect the shareholders' right of information pursuant to laws.

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

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

Article 51 If any Director or senior management officer violates laws, administrative regulations or the Articles of Association, thereby incurring any loss of the shareholders, the shareholders may institute legal proceedings to the people's court.

Article 52 The shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay monies as per the shares subscribed for and the method of subscription;
- (3) not to withdraw their share capital unless in the circumstances stipulated by laws and regulations;
- (4) to fulfill obligation of capital contribution in strict accordance with the laws and regulations, and the stipulations of the CSRC. The shares of the Company shall be purchased with shareholders' own funds and the funds shall be obtained from legal sources rather than entrusted funds and other funds not owned by themselves, with the exception of situations recognized by the laws and regulations and the CSRC;
- (5) to describe shareholding structure truly, accurately and completely up to the de facto controller, the ultimate equity holder, as well as the affiliation relationship with other shareholders or the relationship with persons acting in concert, and not to evade the approval or supervision in connection with shareholders' qualification by way of concealing or cheating, etc.;
- (6) major shareholders and controlling shareholders shall pay supplementary capital to the Company when necessary;
- (7) any shareholder who is subject to but has not obtained the approval or has not made due filings with the appropriate regulatory authority, or has not completed mandatory rectification process, is forbidden to exercise such rights of requesting a general meeting of shareholders, voting, nomination, making a proposal, and disposal;
- (8) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the interests of the creditors of the Company. Any shareholder who makes misrepresentation, abuses his or her rights as a shareholder, or engages in any conduct impairing the interests of the Company shall not exercise such rights of requesting a general meeting of shareholders, voting, nomination, making a proposal, and disposal. Shareholders of the Company who abuse their shareholders' rights and thereby cause loss on the Company or other shareholders shall be liable for loss compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;

- (9) the shareholder holding 5% or more shares and the de facto controller of the Company shall notify the Company in writing within five business days of any of the following events: 1. equity of the Company it holds or controls is subject to property preservation or other mandatory enforcement measures; 2. any shareholder who holds more than 5% of the shares of the Company changes its de facto controller; 3. he or she decides to transfer the shares of the Company it holds or controls; 4. he or she entrusts another person to exercise his or her shareholder's rights, or reaches an agreement with another person with respect to the exercise of his or her shareholder's rights; 5. he or she changes his or her name; 6. it or he or she engages in any merger or division; 7. he or she is ordered to suspend operation, or is appointed a receiver, or is taken over, subject to revoke or other regulatory measures or in the process of dissolution, bankruptcy or liquidation; 8. he or she is imposed upon administrative penalties or criminal punishments due to serious violation of laws or regulations; 9. he or she encounters any other circumstances that may lead to transfer of the shares he or she holds or controls or that may affect the Company's operation. The Company shall, within five business days from the day on which any of the foregoing events is known, report such to the delegated authority of the CSRC where the Company is domiciled. (If such shareholder is a Recognized Clearing House as defined by the relevant laws and regulations of the location where the Company's shares are listed or a depository of GDR (the "Depository"), the provisions of this Article shall not apply to such Recognized Clearing House or the Depository)
- (10) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Article 53 Where a shareholder holding more than 5% of shares of the Company pledges any of his or her shareholdings in the Company, he or she shall notify the Company within five business days. The Company shall, within five business days from the day on which any of the foregoing circumstances is known, report to the delegated authority of the CSRC where the Company is domiciled.

Any entity or individual which becomes a major shareholder of the Company or the actual controller of the Company without approval from the securities regulatory authorities of the State Council shall make rectifications within the specified time limit; the corresponding equity will not carry voting rights before such rectification.

Article 54 The Company shall not have the following connections with its shareholders (or their connected persons):

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

Section 2 Controlling Shareholders and De Facto Controllers

Article 55 The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations and the requirements of the CSRC and the stock exchanges, and safeguard the interests of the Company.

The provisions under this section shall be applicable to the largest shareholder of the Company.

Article 56 The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (2) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (3) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (4) not to appropriate the Company's funds in any way;

- (5) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Company's undisclosed material information to gain benefits, not to divulge in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (7) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;
- (9) other provisions prescribed by laws, administrative regulations, the requirements of the CSRC, the business rules of the stock exchanges and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not act as a Director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of Directors shall apply.

Where a controlling shareholder or de facto controller of the Company instructs a Director or senior management officer to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such Director or senior management officer.

Article 57 Where a controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the Company's control and production operations.

Article 58 Where a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions concerning the transfer of shares set out in the laws, administrative regulations and the requirements of the CSRC and the stock exchanges, as well as his/her undertakings in respect of the restriction on the transfer of shares.

Section 3 General Provisions for General Meetings

Article 59 The general meeting of the Company shall comprise all shareholders. The general meeting, as the organ of authority of the Company, shall have the following functions and powers in accordance with law:

- (1) to elect and replace a Director who is not an employee representative, and decide on matters relating to the remuneration of the Directors;
- (2) to consider and approve the report of the Board;
- (3) to consider and approve the profit distribution plans and the plans for making up losses of the Company;
- (4) to pass resolutions on any increase or decrease of the Company's registered capital;
- (5) to pass resolutions on the issue of corporate bonds;
- (6) to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;
- (7) to amend the Articles of Association;
- (8) to pass resolutions on the engagement and dismissal of any accounting firm undertaking audit services of the Company by the Company;
- (9) to consider and approve matters relating to guarantees under Article 60 of the Articles of Association;
- (10) to consider and approve matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30% of the Company's audited total asset of the Company as at the most recent period;
- (11) to consider and approve any change in the use of offer proceeds;
- (12) to consider and approve any share incentive scheme and the employee shareholding scheme;
- (13) to consider and approve any proposal by the shareholders that hold, individually or collectively, 1% or more of shares with the voting rights in the Company;

- (14) to decide on the purchase of the shares of the Company by the Company due to circumstances specified in items (1) and (2) of Article 28 of the Articles of Association;
- (15) to consider other matters required to be resolved by the general meeting pursuant to laws, administrative regulations, departmental rules and regulations, the listing rules of the place where the Company's shares are listed or the Articles of Association.

The general meeting may authorize the Board to resolve matters in relation to corporate bond issuance.

The Company may issue shares, corporate bonds convertible into shares by a resolution of the general meeting or by a resolution of the Board as authorized by the Articles of Association or the general meeting, the specific implementation of which shall comply with the laws, administrative regulations and the requirements of the CSRC and the stock exchanges.

Unless otherwise stipulated by laws, administrative regulations, the requirements of the CSRC, the rules of the stock exchanges or the Articles of Association, the functions and powers of the general meeting above-mentioned shall not be delegated through authorization to the Board or any other body or individual.

Article 60 The following external guarantees given by the Company shall be examined and approved by the general meeting:

- (1) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;
- (2) one item of security the amount secured by which exceeds 10% of the audited asset as at the most recent period;
- (3) the total amount of the external guarantees provided by the Company and wholly-owned, holding subsidiaries exceeding 50% of the latest audited net assets;
- (4) the total amount of the external guarantees provided by the Company exceeding 30% of the latest audited total assets;
- (5) the amount of the guarantees to other parties provided by the Company within one year exceeding 30% of the latest audited total assets.

External guarantees of the Company and wholly-owned, holding subsidiaries include guarantees provided by the Company to its wholly-owned, holding subsidiaries and guarantees provided by the Company's wholly-owned, holding subsidiaries to their subsidiaries. External guarantees provided by the Company are relevant to its business needs and matches its business scale.

Guarantees to be provided by the Company to the connected persons, regardless of the amount, should be examined and approved at the general meeting after the consideration and approval of the Board meeting. Except for the provision of margin financing and securities lending to customers in accordance with the regulations, the Company shall not provide financing or guarantee for its shareholders or the connected persons of its shareholders.

In case of violation of the approval authority or review procedures of the general meeting or the Board of Directors for external guarantees as stipulated in the Articles of Association, the Company shall investigate the corresponding legal and economic responsibilities of the responsible person according to the seriousness of the situation.

Article 61 The general meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be called once a year, within six months following the end of the previous fiscal year. If the meeting has to be postponed for special reasons, the Company shall report to the delegated authority of the CSRC where the Company is domiciled in a timely manner, and explain the reasons for the postponement.

Article 62 An extraordinary general meeting shall be called, within two months from the date of the occurrence of any of the following circumstances:

- (1) the number of Directors is less than the minimum number specified in the Company Law, or less than two-thirds of the number specified in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of its total share capital;
- (3) shareholders that hold, individually or collectively, more than 10% of the shares in the Company request to hold such meeting;
- (4) the Board considers it necessary;
- (5) the Audit Committee proposes to hold such a meeting; or
- (6) other circumstances under relevant laws, administrative regulations, departmental rules or the Articles of Association.

Article 63 The venue of the general meeting shall be the domicile of the Company or the venue explicitly notified in the notice of the general meeting.

A venue shall be set for the general meeting which shall be convened on-site. The Company shall make it convenient for the shareholders through online voting. The general meeting may be held not only in person at the meeting venue in the form of an onsite meeting, but also simultaneously through electronic communication means.

Where the Company convenes a general meeting by online poll, all shareholders whose names appear on the register of members on the shareholding record date shall confirm their identity and participate in voting through the online system.

Article 64 During the general meeting, the Company will retain an attorney to issue legal opinions on the following matters and publish the same:

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

Section 4 Assembling of General Meetings

Article 65 The Board shall convene the general meeting on time within the prescribed time limit.

With the consent of a majority of all independent Directors, the independent Directors shall have the right to propose to the Board to call an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the independent Directors to call such meeting. If the Board agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement.

Article 66 The Audit Committee shall propose to the Board in writing to hold an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the independent Directors to call such meeting.

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

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

Article 67 Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall request in writing the Board to hold an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the abovementioned shareholders to call such meeting.

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

If the Board disagrees to hold an extraordinary general meeting or fails to give a response within 10 days after the receipt of the proposal, the Shareholders that hold, individually or collectively, 10% or more of the Shares of the Company may propose in writing to the Audit Committee to hold an extraordinary general meeting.

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

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

Article 68 The Audit Committee or the shareholders that decide to hold a general meeting by itself or themselves must notify the Board thereof in writing, and file it with the stock exchange.

Upon issuing the notice of the general meeting and the resolutions of such meeting, the Audit Committee or the convening shareholder shall provide relevant supporting documents to the stock exchange.

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

Article 69 If the Audit Committee or shareholders itself/themselves convene a general meeting, the Board and the secretary to the Board shall provide cooperation. The Board will provide the register of shareholders as of the date of record.

Article 70 The necessary expenses of the general meeting convened by the Audit Committee or the shareholders itself/themselves shall be borne by the Company.

Section 5 Proposals and Notices of General Meetings

Article 71 The substance of the motion proposed shall fall within the functions and powers of the general meeting. It shall have a clear subject of discussion and a specific resolution, and shall be in compliance with laws, administrative regulations and the relevant requirements set forth in the Articles of Association.

Article 72 The Board, the Audit Committee and shareholders that hold, individually or collectively, 1% or more of the shares in the Company shall have the right to propose motions to the Company at the general meeting.

Shareholders that hold, individually or collectively, 1% or more of the shares in the Company may submit extempore motions in writing to the convener 10 days prior to the date of such meeting. The convener shall, within two days after receipt of the motion, issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore motion, and such extempore motion shall be submitted to the general meeting for consideration, unless such extempore motion is in violation of any law, administrative regulation or the Articles of Association or fails to fall within the functions and powers of the general meeting.

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

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

Article 73 The Company shall give a written notice 20 days prior to the holding of an annual general meeting, or give a written notice 15 days prior to the holding of an extraordinary general meeting, informing all registered shareholders of the matters to be considered at the meeting and the date and place of the meeting. If there are other provisions in laws and regulations, and any other stipulations of the relevant regulators and stock exchanges where the Company's shares are listed, such provisions and stipulations shall prevail.

Article 74 A notice of general meeting shall include the following contents:

- (1) specifying the time, place and duration of the meeting;
- (2) matters and motions submitted to the meeting for consideration. The notice and the supplementary notice, if any, of the general meeting shall disclose, fully and completely, the contents of all the motions, and all such information and explanation as is necessary for the shareholders to make a reasonable judgement on the matters to be discussed;
- (3) the notice shall specify the time and place for lodging a power of attorney for voting by proxy;

- (4) containing conspicuously a statement that all shareholders have the right to attend and vote at the general meeting either in person or by proxy in writing, and that such proxy need not be a shareholder of the Company;
- (5) the date of record for shareholders entitled to attend the general meeting;
- (6) the name and telephone number of a contact person for the meeting; and
- (7) the time and procedure for voting online or through other means.

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

Article 75 Where the general meeting proposes to consider the election of a Director, the notice of the meeting shall fully disclose the details of Director nominees, which shall at minimum include the following:

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

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

Article 76 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two trading days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.

Section 6 Convening of General Meetings

Article 77 The Board and other conveners shall take necessary measures to ensure the normal order of the general meeting. It/they will take measures to halt acts that disrupt the general meeting, seek to cause trouble or infringe upon the lawful rights and interests of shareholders and promptly report the same to the relevant authorities to investigate and deal with the matters.

Article 78 The shareholder that has the right to attend and vote at the general meeting shall be entitled to appoint one or more persons (who need not be shareholders) as his or her proxy to attend and vote at the meeting on his or her behalf. Such proxy may exercise the following rights in accordance with his or her appointment by the shareholder:

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

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

Article 79 An individual shareholder that attends the meeting in person shall produce his or her own ID card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.

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

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

Article 80 The instrument of appointment by which a shareholder appoints another person to attend the general meeting on his or her behalf shall include:

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

Article 81 Where such a proxy form for voting is signed by a person authorized by the principal, the power of attorney for authorized signature or other authorization documents shall be notarized. The power of attorney or other authorization documents upon notarized shall, together with the proxy form for voting, be placed at the Company’s domicile or such other location as specified in the notice of the meeting.

Article 82 The attendance register of persons attending the meeting in person shall be made by the Company. The register shall specify the attendants’ names (or the name of his or her entity), ID numbers, number of voting shares held or represented, and the names of the proxies’ principals (or the names of the principals’ entities), if any.

Article 83 The convener and the attorney retained by the Company shall verify the legal qualification of shareholders according to the register of shareholders provided by the securities registrations and clearing organizations, and register the names of the shareholders and the numbers of voting shares. The registration process shall end before the chairman of the meeting announces on site the number of shareholders and proxies that attend the meeting, and the number of their voting shares.

Article 84 If the general meeting requires the Directors or senior management officers to attend the meeting, the Directors or senior management officers shall do so and shall face the shareholders’ inquiries.

Article 85 The Chairman shall preside over the general meeting. If the Chairman is unable to perform his or her duties or fails to perform his or her duties, the vice chairman (and in case of two or more vice chairmen in the Company, the vice chairman elected by more than half of Directors shall preside over the meeting) shall preside over the meeting. If both the Chairman and the vice chairman are unable to perform his or her duties or fails to perform his or her duties, more than half of Directors shall jointly elect one Director to preside over the meeting.

The convener from the Audit Committee shall preside over the general meeting convened by the Audit Committee. If the convener from the Audit Committee cannot or does not fulfill his or her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting.

The convener or a representative elected by the convener shall preside over the general meeting convened by the shareholders.

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

Article 86 The Company shall formulate the rules of procedure for the general meeting to provide details on the assembling, convening and voting procedures, including notification, registration, consideration of proposals, voting, vote counting, the announcement of the voting results, the adoption of resolutions, the minutes, and the signing and publication, as well as the principles for the authorization of the Board by the general meeting (where the contents of authorization shall be explicit and specific). However, the functions and powers to be exercised by the general meeting as specifically stipulated in the Company Law shall not be authorized to the Board. The rules of procedure for the general meeting, as an Annex to the Articles of Association, shall be drafted by the Board and adopted by the general meeting.

Article 87 At the annual general meeting, the Board shall report on their work over the previous year, and disclose the implementation of duties of the Directors in the annual report, including the number of presence of Directors at the Board meetings, the voting results and others. Each independent Director shall give a report on the performance of his or her duties.

Article 88 The Directors and senior management officers of the Company shall answer and explain inquiries and proposals made by shareholders at the general meeting.

Article 89 The chairman of the meeting shall, before voting begins, announce the number of attending shareholders and proxies and the total number of their voting shares according to the register of the meeting.

Article 90 Minutes shall be kept of the general meeting and the secretary to the Board shall be responsible therefore. The meeting minutes shall record the following particulars:

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

Article 91 The convener shall ensure that the minutes of a meeting are true, accurate and complete. The minutes shall be signed by attending or presenting Directors, the secretary to the Board, the convener or his or her representative, and the chairman of the meeting. The minutes shall be kept for a term of not less than 15 years, together with the book of signatures of the attending shareholders, the power of attorney for shareholders that attend the meeting by proxy, and effective information concerning voting online or by other such means.

Article 92 The convener shall ensure that the general meeting continues until a final resolution is reached. Where the general meeting is interrupted or fails to reach a resolution due to force majeure or any other exceptional cause, the convener shall take necessary actions to restore the meeting as soon as practicable, or terminate the meeting immediately with a timely publication, in which circumstance, the convener shall report it to the local CSRC agency where the Company is located and the stock exchange.

Section 7 Voting and Resolutions at General Meetings

Article 93 Resolutions of the general meeting include ordinary resolutions or special resolutions.

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

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

Article 94 The following shall be passed by an ordinary resolution of the general meeting:

- (1) the work report of the Board;
- (2) the profit distribution plan and plans for making up losses drafted by the Board;
- (3) the appointment or dismissal and the remuneration of the members of the Board and the method of payment of the remuneration;
- (4) matters other than those to be passed by a special resolution of the general meeting under relevant laws, administrative regulations and the Articles of Association.

Article 95 The following shall be passed by a special resolution of the general meeting:

- (1) the increase or reduction of the registered capital by the Company;
- (2) the division, spin-off, merger, change in the form of the Company, dissolution or liquidation of the Company;
- (3) any amendment to the Articles of Association;
- (4) the amount of purchase or sale by the Company within one year of material asset(s) or guarantee provided to other parties exceeding, alone or in aggregation, 30% of the audited total assets of the Company as at the most recent period;
- (5) any share incentive scheme; and
- (6) other matters which laws, administrative regulations or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

Article 96 A shareholder (including his or her proxy) shall vote based on the number of his or her voting shares, with one share representing one vote.

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

The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

If a shareholder buys voting shares of the Company in violation of the provisions of Articles 63 (1) and (2) of the Securities Law, such shares in excess of the prescribed proportion shall not be entitled to exercise voting rights for a period of thirty-six months after the purchase, and shall not be counted in the total number of voting shares represented by shareholders attending the general meeting.

The Board, independent directors, shareholders holding 1% or more of the voting shares or investor protection institutions established pursuant to laws, administrative regulations or the provisions of the securities regulatory authorities of the State Council, may as proxy solicitors, by themselves or through their appointed securities companies or securities service institutions publicly invite the shareholders of the Company to entrust them to attend the general meeting and exercise the rights of shareholders such as to propose and vote on resolutions, on their behalf.

Where the rights of shareholders are solicited in accordance with the provisions of the preceding paragraph, the solicitors shall disclose the solicitation documents, and the Company shall cooperate.

Information including specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for publicly soliciting shareholders' rights is prohibited. Except for statutory conditions, the Company and the convener of the general meeting shall not impose any minimum shareholding limitation for soliciting voting rights.

Any public solicitation of shareholders' rights in violation of the laws, administrative regulations or relevant provisions of the securities regulatory authorities of the State Council, which causes the Company or the shareholders of the Company to suffer losses, shall be liable for compensation in accordance with the laws.

Article 97 When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the voting of non-connected shareholders.

Article 98 Unless the Company is in a crisis or under any other exceptional circumstance, the Company shall not enter into a contract with any person other than a Director or senior management officers of the Company, according to which the Company entrusts its business, wholly or essentially, to such person, unless this is approved at the general meeting in a special resolution.

Article 99 The list of candidates for Directors shall be submitted to the general meeting for voting by way of proposal.

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

- (1) shareholder(s) severally or jointly holding more than 1% of the total outstanding issued voting shares of the Company may propose to the Board of the Company about the candidates for Directors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the laws and regulations and the provisions of the Articles of Association, and shall not exceed the number to be elected. The Board shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;
- (2) pursuant to the requirements of laws, regulations and the Articles of Association and based on the proposed number of candidates to be elected, the current Chairman may propose a list of recommended candidates for Directors (not being employee representatives), which shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board;
- (3) the approach and procedures for nomination of independent Directors should be made in accordance with the laws, regulations and the relevant requirements of the securities regulatory authorities.

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

If the sole shareholder of the Company and its person acting in concert hold more than 30% shares of the Company, or for resolutions in respect of the election of more than two Directors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.

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

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

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

Article 100 In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be put aside nor denied at the general meeting.

Article 101 When considering a proposal, the general meeting shall not revise it; if there are any amendments, such amendments shall be deemed as a new proposal and may not be voted on during the current meeting.

Article 102 The same vote may only be cast once at the location of a general meeting, or by online voting or other means. Where the same vote is cast for two or more times, the first cast shall hold.

Article 103 At any general meeting, voting shall be conducted by open poll.

Article 104 Before the general meeting votes on a proposal, two shareholders' representatives shall be elected to participate in the vote counting and vote scrutiny. When a shareholder is related to a matter being considered, he or she and his or her proxies may not participate in the vote counting or vote scrutiny.

When votes are cast on proposals at the general meeting, attorneys and representatives of the shareholders shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes.

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

Article 105 The ending time of a general meeting shall not be earlier than that of online or other access to the meeting. The chairman of the meeting shall announce the outcome and results of the vote on each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

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

Article 106 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. Save for the circumstance under which the securities registration and settlement institution acting as the nominal holder of Shares under the Stock Connect between Mainland and Hong Kong and the nominal holder of some H Shares and the Depositary acting as the nominal holder of A Shares, the underlying securities represented by GDR, make reporting in accordance with the instruction of the de facto holders of relevant shares.

If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as “abstained”.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

Article 107 In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he or she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

Article 108 The resolution of the general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.

Article 109 Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

Article 110 Where a resolution on the election of Directors is passed at the general meeting, the term of office of the newly-elected Director shall commence immediately after the relevant resolution is passed at the general meeting.

Article 111 Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.

CHAPTER V DIRECTORS AND BOARD OF DIRECTORS

Section 1 General Provisions for Directors

Article 112 The Directors of the Company shall be natural persons. A person shall be ineligible to serve as a Director of the Company under any of the following circumstances:

- (1) a person who is subject to the circumstances provided in Article 178 of the Company Law, Paragraph 2 under Article 124 and Paragraphs 2 and 3 under Article 125 of the Securities Law, and Article 15 of the Securities Investment Fund Law;
- (2) a person who has committed an offence of endangering national security, terrorism, corruption, bribery, infringement of property, misappropriation of property, crime of underworld or sabotaging social economic order and has been punished for committing such offence, or who has been deprived of his/her political rights for a criminal act;
- (3) a person who has received any administrative punishments from any financial regulators or is prohibited by the CSRC from participating in the securities market for seriously violating laws, rules and regulations, where no more than 5 years have elapsed since the expiry of the enforcement period;
- (4) a person who is prohibited by the CSRC from participating in the securities market, where the prohibition period has not expired;
- (5) a person whose fund practicing qualification has been revoked by the CSRC or fund practicing qualification has been cancelled by the fund industry association in the past 5 years;
- (6) a person who is a legal representative and principal person in charge of the operation and management of an institution which has been taken over, cancelled or declared bankrupt or whose business license has been revoked, where no more than 5 years have elapsed since the date on which the company was taken over, cancelled or declared bankrupt or its business license was revoked, unless it is proven that such person is not personally liable for such issues;
- (7) a person determined by the CSRC to be inappropriate candidates or subject to disciplinary sanction by an industry association of being unsuitable for engaging in the relevant business, where the relevant limitation period has not expired;
- (8) a person who has been subject to an investigation by administrative authorities or an investigation by judicial authorities for suspected illegal crimes, while such case has not yet been closed to form a final opinion;
- (9) other circumstances as determined by the CSRC according to law;
- (10) other circumstances provided by laws, administrative regulations, departmental rules or the listing rules of the stock exchanges where the shares of Company are listed.

In the case of the election or appointment of Directors which violates the provisions of this Article, the election, appointment or employment shall be null and void. Where a Director falls under the circumstances referred to in this Article during his/her tenure, the Company shall terminate his/her appointment and cease his/her duties.

Article 113 Directors shall be elected or replaced at the general meeting, and could be removed from their office by the general meeting prior to expiration of the term thereof. A Director shall serve a term of 3 years, and may be re-elected upon expiration of his or her term, provided that an independent Director shall not hold office for a period over 6 years. Where a Director is removed from office prior to the expiration of his or her term of office, the general meeting of shareholders shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.

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

The appointment and removal of any director by the Company shall be reported to the securities regulatory authorities of the State Council for filing. Directors of the Company must meet the following requirements:

- (1) being a person of honesty, integrity and good behavior;
- (2) being conversant with laws and regulations in respect of securities and funds, and the requirements of the CSRC;
- (3) having more than three years of working experience in securities, funds, finance, laws, accounting and information technology relevant to his/her proposed position;
- (4) having management experience and business management capability commensurate with his/her proposed position;
- (5) other requirements as stipulated by laws and regulations and the CSRC.

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

Senior management officers may serve concurrently as Directors (other than the independent Directors), provided that the total number of such Directors who concurrently serve as senior management officers and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

The Board shall comprise one employee representative. The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting or the staff meeting or by other democratic means, and is not required to be submitted to the general meeting for consideration.

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

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

Article 114 Directors shall observe laws, administrative regulations and the provisions of the Articles of Association, and fulfill the obligations of loyalty to the Company. They shall take measures to avoid conflicts between their own interests and those of the Company, and shall not leverage their powers and positions to seek improper benefits.

Directors shall fulfill the following obligations of loyalty to the Company:

- (1) not to misappropriate the Company's property or divert the money of the Company;
- (2) not to deposit any money of the Company in any amounts under their names or in the names of others;
- (3) not to abuse their powers to take bribes or other unlawful income;
- (4) not to directly or indirectly sign any contract or deal with the Company without reporting to the Board or the general meeting and being approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (5) not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, unless such opportunities have been reported to the Board or the general meeting and approved by a resolution of the general meeting or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the provisions of the Articles of Association;

- (6) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the Board or the general meeting and being approved by a resolution of the general meeting;
- (7) not to take as their own any commission for any transaction between other parties and the Company;
- (8) not to disclose any secret of the Company;
- (9) not to use his or her connected relationships to harm the interests of the Company; and
- (10) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules and Articles of Association.

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

The provisions of item (4) of paragraph 2 of this Article shall apply to the conclusion of contracts or engagement in transactions with the Company by close relatives of the Directors and senior management officers or enterprises directly or indirectly controlled by the Directors and senior management officers or their close relatives, as well as persons who are otherwise related to the Directors and senior management officers.

Article 115 Directors shall observe laws, administrative regulations and the provisions of the Articles of Association and fulfill the obligations of diligence to the Company. Directors should exercise the reasonable care that a manager generally should have to serve the best interests of the Company in performing their duties.

Directors shall fulfill the following obligations of diligence to the Company:

- (1) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of the securities issuance documents and regular reports of the Company to assure that the Company discloses information in a timely and fair manner and the information disclosed by the Company is true, accurate and complete. If he/she cannot guarantee the truthfulness, accuracy and completeness of the contents of securities issuance documents and periodic reports or has disputes, he/she shall issue opinions and state reasons in the written confirmation and the Company shall disclose them. Where the Company refuses to disclose, he/she may directly apply for disclosure;

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

Article 116 If a Director fails to attend Board meetings, either in person or by authorizing another Director on behalf of him or her, for two consecutive meetings, he or she shall be deemed as failing to perform his or her duties. The Board shall propose at the general meeting to replace him or her.

Article 117 A Director may resign before expiry of his or her term of office, provided that a written resignation report in respect of his or her resignation shall be submitted to the Company. The resignation shall take effect on the day when the Company receives the resignation report, and the Company shall disclose the relevant information within two trading days. If the number of the Directors falls below the minimum quorum due to the resignation of Directors, the resigned Director shall continue to perform his or her duties pursuant to the requirements of the laws, administrative regulations, departmental rules and the Articles of Association before the newly elected Director takes office.

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

Article 118 The Company shall establish a director resignation management system, specifying safeguards to hold accountable and seek compensation for unfulfilled public commitments and other outstanding matters. When a Director's resignation takes effect or his or her term of service expires, the Director shall complete all transfer procedures with the Board. His or her obligations of loyalty towards the Company and the shareholders do not necessarily cease after the termination of his or her term of service and shall still be in effect for a period of 2 years. A Director's liability arising from the performance of his/her duties during his/her tenure shall not be exempted or terminated by his/her resignation.

Article 119 The general meeting may remove any Director by a resolution, which shall come into effect from the date on which such resolution is made.

Where a Director is removed prior to expiration of his/her tenure without reasonable cause, the Director may demand compensation from the Company.

Article 120 No Director may act on behalf of the Company or the Board in his or her own name unless the Articles of Association specifies that he or she may do so or he or she is lawfully authorized to do so by the Board. A Director shall declare his or her position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the Board.

Article 121 If any damage is caused to others due to the performance of his/her duties by a Director to the Company, the Company shall be held responsible for damages. If the Director is found to have acted intentionally or with gross negligence, he/she shall also be held responsible for damages.

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

Section 2 Board of Directors

Article 122 The Company shall have a Board, and the Board shall comprise 13 Directors with at least one-third of them being independent Directors; The Company shall have one Chairman and may have vice chairman. The Chairman and vice chairman shall be elected by a majority of all members of the Board. The number of internal directors shall not exceed a half of the number of Directors.

An individual proposed to serve as the Chairman of the Company shall meet the requirements for professionals engaged in the securities and fund industries. Individuals proposed to serve as the Chairman or vice chairman of the Company may participate in the level assessment test organized by industry associations as a reference to demonstrate their familiarity with laws and regulations in respect of securities and funds; those who do not participate in such tests shall meet one of the following requirements:

- (1) having more than 10 years of domestic work experience in securities, funds, finance, laws, accounting and information technology relevant to his/her proposed position, and having not received any administrative punishments or administrative regulatory measures from any financial regulators;
- (2) other requirements stipulated by the CSRC and industry associations.

Article 123 The Board shall exercise the following functions and powers:

- (1) to convene general meetings and report to general meetings;
- (2) to implement resolutions of general meetings;
- (3) to resolve on the Company's business plans and investment plans;
- (4) to prepare the profit distribution plan and loss makeup plan of the Company;
- (5) 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;
- (6) to prepare plans for material acquisitions, purchase of shares of the Company (due to circumstances provided in items (1) and (2) of Article 28 of the Articles of Association), merger, division, dissolution or transformation of the Company;
- (7) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations, etc.;
- (8) to decide on the establishment of internal management organizations of the Company;
- (9) to determine the appointment or dismissal of the Chief Executive Officer, the Co-Chief Executive Officer, secretary to the Board and other senior management officers of the Company, and to determine their remunerations, rewards and penalties; to determine the appointment or dismissal of senior management officers including the Co-Chief Executive Officer, members of the executive committee, the Chief Operation Officer, the Chief Financial Officer, the Chief Compliance Officer, the Chief Risk Officer and Chief Information Officer of the Company in accordance with the nominations by the Chief Executive Officer, and to determine their remunerations, rewards and penalties;
- (10) to set up the basic management system of the Company;
- (11) to formulate the proposals for any amendment to the Articles of Association;
- (12) to manage information disclosure of the Company;
- (13) to be responsible for the strategic decision of the objectives and planning of cultural construction, and direct the Company to strengthen its cultural construction;

- (14) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (15) to listen to work reports of the executive committee and review its work;
- (16) to determine the compliance management objectives of the Company, and assume responsibility for the effectiveness of compliance management, including but not limited to, to consider and approve the fundamental system of compliance management and the annual compliance reports, to evaluate the effectiveness of compliance management, to supervise the resolution of problems existing in compliance management and to establish the mechanism for direct communication with the Chief Compliance Officer to ensure assessment by the Chief Compliance Officer on senior management officers, each department, branch and subsidiary of each level (“Subordinate Units”), compliance department and compliance management personnel;
- (17) to formulate corruption-free practice management goal and overall requirements, and to take the responsibility for the effectiveness of corruption-free practice management; to decide on honest practice management goal, and to take responsibility for the effectiveness of honest practice management;
- (18) to take ultimate responsibility for comprehensive risk management, to establish a risk management concept aligned with the Company, and to advance the overall development of the Company’s risk culture; to review and approve the Company’s risk management strategy, and to promote its effective implementation in the operation and management of the Company; to review and approve the basic system for comprehensive risk management of the Company; to review and approve the Company’s risk appetite, risk tolerance and material risk limits; to review the Company’s periodic risk assessment reports; and to establish a direct communication mechanism with the Chief Risk Officer;
- (19) to determine Directors’ remunerations and distribution plan thereof;
- (20) to decide on the purchase of the shares of the Company by the Company due to circumstances provided in items (3), (5) and (6) of Article 28 of the Articles of Association;
- (21) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules, the Articles of Association or the general meeting.

The Board may resolve as specified in the above paragraphs by approval of more than half of all Directors by way of a resolution save for the issues specified in (5), (6) and (11), for which approval of more than two-thirds of all Directors by way of a resolution is required. If the laws, administrative regulations, departmental rules, normative documents or the listing rules of the place(s) where the Company's shares are listed have any other provisions, such provisions shall prevail.

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

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

Article 124 The Board shall explain at the general meeting with respect to any nonstandard audit opinions that any certified public accountant issues for the financial report of the Company.

Article 125 The Board shall formulate the rules of procedures of the Board meetings to ensure the Board's implementation of the resolutions of the general meeting, so as to improve the efficiency of work and ensure scientific decision-making.

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

Articles 126 The Board shall determine the scope of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations, etc., and establish strict examination and decision-making procedures; major investment projects shall be assessed by relevant experts and professionals engaged for this purpose and proposed to the general meeting for approval.

Save for the guarantees subject to consideration and approval at the general meeting as provided in Article 60, external guarantees provided by the Company are subject to approval of the Board:

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

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

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

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

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

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

Article 127 The Chairman shall exercise the following functions and powers:

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

Article 128 The vice chairman of the Company shall assist the Chairman in work. Where the Chairman is unable or fails to perform his or her duties, the vice chairman shall discharge such duties (if the Company has two or more vice chairmen, then the duties shall be performed by the vice chairman elected by more than one half of the Directors). Where the vice chairman is unable or fails to perform his or her duties, more than one half of the Directors shall elect a Director to discharge such duties.

Article 129 Regular meetings of the Board shall be held at least 4 times a year. Meetings shall be convened by the Chairman. Notice of the meeting shall be given to all Directors 14 days before convening the meeting.

Article 130 Any shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors or the Audit Committee and the Chief Executive Officer may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.

Article 131 The notice of an extraordinary meeting of the Board shall be served by: personal delivery, written notice, fax or other means. The time limit of such notice is 5 days prior to the date of meeting.

Article 132 The notice of the Board meeting shall include the following:

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

Article 133 Unless otherwise specified in the Articles of Association, a Board meeting shall be attended by more than one half of the Directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board must be passed by more than half of all Directors.

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

Article 134 If a Director has a connected relationship with an enterprise or individual involved in a matter on which a resolution is to be made at a meeting of the Board, such Director shall report to the Board in writing in a timely manner. The connected Director may not exercise his or her right to vote regarding such resolution, nor may he/she exercise the voting right of another director as such Director's proxy thereon. Such a Board meeting may be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a connected relationship. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

Article 135 Voting of the Board shall be conducted by name-recording polls or a show of hands. Each Director is entitled to one vote.

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

Article 136 If any resolution of the Board meeting is in violation of the laws, administrative regulations or the requirements of the CSRC, the operational management shall refuse to execute the resolution.

Article 137 Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he or she may authorize in writing another director to act on his or her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he or she shall be deemed to have waived the voting rights at the meeting.

Article 138 The Board shall file resolutions passed at the meeting as minutes, and audio record can be made. Minutes shall be true, accurate and complete records of the meeting process, the content of the resolution, speech and voting results of directors. Minutes shall be signed by the attending Directors and the recorder. The directors shall be responsible for the resolutions passed at Board meetings. If any resolution made by the Board is in violation of the laws, administrative regulations, the Articles of Association or the resolutions of the general meeting and causes any substantial losses to the Company, directors who vote for the said resolution shall be liable for compensation to the Company. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

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

Article 139 The minutes of the Board shall consist of the following:

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

Section 3 Independent Directors

Article 140 Independent Directors shall diligently perform their duties in accordance with laws, administrative regulations, and the provisions of the CSRC, stock exchanges and the Articles of Association. They shall play roles in participating in decision-making, supervising and checking balances, and providing professional consultation in the Board, safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

Article 141 Independent Directors must maintain their independence. None of the following persons may serve as Independent Directors:

- (1) any person who holds a position in the Company and its subsidiaries or the related parties of the Company in recent three years;
- (2) any person whose immediate relative and major social contact holds a position in the Company and its subsidiaries or the related parties of the Company;
- (3) any individual shareholder who directly or indirectly holds 1% or more of the issued shares of the Company or who ranks among the top 10 shareholders of the Company, or his/her immediate relatives;
- (4) any person who holds a position in a shareholder entity that directly or indirectly holds 5% or more of the issued shares of the Company or that ranks among the top 5 shareholders of the Company, or his/her immediate relatives;
- (5) any person who holds a position in a subsidiary of the controlling shareholder or de facto controller of the Company, or his/her immediate relatives;

- (6) any person who provides financial, legal, consulting, sponsorship, or other services to the Company, its controlling shareholder, de facto controller, or any of their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, persons who sign the reports, partners, directors, senior management officers, and the primary persons in charge of the intermediaries that provide services;
- (7) any person who has interest relationship with senior management officers, other directors, supervisors and other personnel in important position of the Company and its related parties;
- (8) any person who holds a position in an organization that has business transactions with or is interested in the Company and its subsidiaries;
- (9) any person who has significant business transactions with the Company, its controlling shareholder, de facto controller, or any of their respective subsidiaries, or any person who holds a position in an entity that has significant business transactions with the Company or its controlling shareholder or de facto controller;
- (10) any person who holds a position other than independent director in other securities and fund business institution;
- (11) any person who falls under any of the circumstances set forth in items (2) to (10) in one recent year;
- (12) any other person who is not independent as prescribed by laws, administrative regulations, the provisions of the securities regulatory authority of the places where the Company's shares are listed, the business rules of the stock exchanges and the Articles of Association.

The subsidiaries of the controlling shareholder or de facto controller of the Company as mentioned in items (5), (6) and (9) in the preceding paragraph shall not include an enterprise controlled by the same state-owned assets management institution with the Company and does not constitute any related party relationship with the Company according to relevant requirements.

Independent Directors shall conduct a self-assessment on their independence annually and submit the self-assessment results to the Board. The Board shall annually evaluate the independence of the incumbent Independent Directors and issue a specific opinion, which shall be disclosed concurrently with the annual report.

Article 142 An Independent Director of the Company shall satisfy the conditions as follows:

- (1) being qualified to be a director of the listed companies or securities companies in accordance with laws, administrative regulations and other relevant provisions;
- (2) meeting the independence requirement as required by relevant laws and regulations and the Articles of Association;
- (3) having basic knowledge on the operation of listed companies and financial enterprises and being familiar with relevant laws, administrative regulations, policies and rules;
- (4) having over five years of work experience in law, accounting or economics and other necessary experience for performing the duties of an independent director;
- (5) having good personal moral character and no major breach of integrity or other adverse records;
- (6) not subject to the circumstances specified in Article 7 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management Officers and Practitioners of Securities Fund Operating Institutions;
- (7) at least one of the Independent Directors of the Company shall be ordinarily resident in Hong Kong;
- (8) other conditions provided by laws, administrative regulations, the requirements of the CSRC, the business rules of the stock exchanges of the place(s) where the Company's shares are listed and the Articles of Association.

Article 143 As members of the Board, the Independent Directors shall have duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) participating in the decision-making of the Board and expressing explicit opinions on the matters considered;
- (2) supervising matters on potential material conflicts of interest between the Company and controlling shareholders, de facto controllers, Directors and senior management officers, and protecting the lawful rights and interests of minority shareholders;
- (3) providing professional and objective advice on the operation and development of the Company and improving the decision-making of the Board;
- (4) performing other duties prescribed by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

Article 144 The Independent Directors may exercise the following special powers:

- (1) engaging intermediaries independently to conduct audit, consultation or verification on specific matters of the Company;
- (2) proposing to the Board to convene an extraordinary general meeting;
- (3) proposing to convene Board meetings;
- (4) soliciting shareholders' rights from shareholders publicly in accordance with laws;
- (5) expressing independent opinions on matters that may prejudice the rights and interests of the Company or minority shareholders;
- (6) other powers prescribed by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

Independent Directors shall seek the consent of a majority of all Independent Directors before exercising the powers under items (1) to (3) of the preceding paragraph.

The Company shall make disclosure in a timely manner if an Independent Director exercises the power specified in paragraph 1 of this Article. If the aforesaid power cannot be performed normally, the Company shall disclose the specific circumstances and reasons therefor.

Article 145 The following matters shall be submitted to the Board for consideration after approval by a majority of all Independent Directors of the Company:

- (1) related party transactions that should be disclosed;
- (2) the Company and the relevant parties' plan to change or waive the undertaking;
- (3) the decisions made and measures taken by the board of directors of the acquired listed company regarding the acquisition;
- (4) other matters stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

Article 146 The Company shall establish a mechanism for special meetings attended by all Independent Directors. Matters such as the consideration of related party transactions by the Board shall require prior approval by the special meeting of Independent Directors.

The Company shall hold a special meeting of Independent Directors on a regular or irregular basis. Matters listed in items (1) to (3) of paragraph 1 of Article 144, and Article 145 of the Articles of Association shall be considered at the special meeting of Independent Directors.

The special meeting of Independent Directors may study and discuss other matters of the Company if necessary.

The special meeting of Independent Directors shall be convened and presided over by an Independent Director jointly elected by a majority of the Independent Directors; in the event that the convener fails to or is unable to perform his/her duties, two or more Independent Directors may convene and elect a representative to preside over the meeting on their own.

Meeting minutes shall be prepared for the special meeting of Independent Directors in accordance with regulations, and the opinions of Independent Directors shall be recorded in the meeting minutes. Independent Directors shall sign the meeting minutes for confirmation.

The Company shall facilitate and support the convening of the special meeting of Independent Directors.

Section 4 Special Committees under the Board

Article 147 The Board establishes Audit Committee, Compliance and Risk Management Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee, which perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals from special committees shall be submitted to the Board for review and decision. The rules of procedure for special committees shall be formulated by the Board. All members of the special committees shall be Directors, among which, more than half of the members of Audit Committee, Nomination Committee and Remuneration and Appraisal Committee shall be independent Directors, with independent Director acting as the convener. The establishment of special committees under the Board is subject to the approval in the general meeting.

Article 148 The Audit Committee of the Board of the Company shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

Article 149 The Audit Committee shall comprise more than three members. Members of the Audit Committee shall be the Directors who do not hold senior management positions in the Company. A majority of them shall be Independent Directors, and an accounting professional among the Independent Directors shall serve as the convener. The employee representative among the members of the Board may become a member of the Audit Committee.

Article 150 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external auditing work and internal control. Main duties of the Audit Committee:

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

The following matters shall be submitted to the Board for consideration with the approval of more than half of all members of the Audit Committee:

- (1) disclosure of financial information in the financial accounting report and periodic report, as well as the internal control and evaluation report;
- (2) engagement or dismissal of the accounting firm performing audit of the Company;
- (3) appointment or dismissal of the Chief Financial Officer of the Company;
- (4) change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

Article 151 The Audit Committee shall hold at least one meeting every quarter. An extraordinary meeting may be convened upon proposal by two or more members, or when deemed necessary by the convener. Meetings of the Audit Committee require the attendance of over two-thirds of its members.

Resolutions of the Audit Committee shall be passed by more than half of its members.

Voting on resolutions of the Audit Committee shall be on a one-member, one-vote basis.

Meeting minutes shall be prepared for the resolutions of the Audit Committee in accordance with regulations, and members of the Audit Committee attending the meeting shall sign the meeting minutes.

The rules of procedure for the Audit Committee shall be formulated by the Board.

Article 152 Main duties of the Compliance and Risk Management Committee:

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

Article 153 The Development Strategy Committee is mainly responsible for studying and predicting the long-term development strategies of the Company and determining the development strategic plan of the Company. Main duties of the Development Strategy Committee are:

- (1) understanding and grasping the comprehensive situation of the operation of the Company;
- (2) understanding, analyzing and grasping the current situation of the international and domestic industries;
- (3) being aware of and supervising relevant national policies;
- (4) studying the short-term, medium-term and long-term development strategies and relevant issues of the Company;

- (5) providing consultation and advice on the long-term development strategies, material investment, reform and other substantial decisions of the Company, and promoting the deep integration of the Company's cultural concept and the Company's development strategies;
- (6) reviewing and approving the special research report on the development strategies;
- (7) issuing daily research report on a regular or irregular basis;
- (8) other duties granted by the Board.

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

Article 154 The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management officers, selecting and reviewing candidates for Directors and senior management officers and their qualifications, and making recommendations to the Board. Main duties of the Nomination Committee include:

- (1) reviewing the structure, headcount and composition (including skills, knowledge and experience) of the Board at least once each year, assisting the Board in preparing a Board skills matrix, and making recommendations regarding any proposed changes in the Board in line with the Company's strategies;
- (2) considering and opining on the criteria and procedures for the selection of Directors and senior management officers;
- (3) searching for qualified candidates for Directors and senior management officers, and selecting from the list of nominated Director candidates or making recommendations to the Board;
- (4) reviewing and opining on the qualification criteria of candidates for Directors and senior management officers;
- (5) assessing the independence of independent Directors;
- (6) making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors (in particular the Chairman and the Chief Executive Officer);
- (7) supporting the Company in regularly assessing the performance of the Board; and
- (8) other matters as required by laws, administrative regulations, the CSRC, listing rules of the stock exchanges where the Company's shares are listed, and the Articles of Association.

If the Board fails to adopt or fails to fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the resolutions of the Board, and make disclosures accordingly.

Article 155 The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for Directors and senior management officers and conducting appraisals, formulating and reviewing the remuneration policies and proposals including compensation decision mechanism and process, payment and stop-payment recourse arrangements for Directors and senior management officers, and making recommendations to the Board. Main duties of the Remuneration and Appraisal Committee include:

- (1) reviewing and opining on the remuneration and appraisal management system of Directors and senior management officers;
- (2) assessing the Directors and senior management officers and making recommendations on their remuneration;
- (3) making recommendations on formulating or changing equity incentive schemes, employee shareholding schemes, and conditions for incentive participants to be granted with and exercise interests;
- (4) making recommendations on arrangement of stock ownership plans for subsidiaries to be spun off by Directors and senior management officers; and
- (5) other matters as required by laws, administrative regulations, the CSRC, listing rules of the stock exchanges where the Company's shares are listed, and the Articles of Association.

If the Board fails to adopt or fails to fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the resolutions of the Board, and make disclosures accordingly.

Article 156 A specialized committee may engage intermediaries to provide professional advice. The expenses incurred by the specialized committee in performing its duties shall be borne by the Company.

Article 157 Specialized committees shall be accountable to the Board and submit working reports to the Board pursuant to the requirements of the Articles of Association.

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

Section 5 Secretary to the Board

Article 158 The Company shall have a secretary to the Board, concurrently being a senior management officer of the Company and shall be responsible for the organization of the general meeting and the Board meeting, document keeping and management of information regarding the shareholders of the Company, and shall provide relevant information and deal with information disclosure and other matters pursuant to the provisions and according to the requirements of the relevant unit including the CSRC and its delegated authorities and shareholders or of individuals.

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

Article 159 The secretary to the Board shall have the requisite professional knowledge and experience and shall be appointed by the Board.

Directors and other senior management officers of the Company, except for independent directors, may also act as the secretary to the Board.

The registered accountant(s) of the certified public accountants' firm and attorney(s) of the law firm appointed by the Company shall not act as the secretary to the Board.

Article 160 Main duties of the secretary to the Board:

- (1) taking charge of the Company's information disclosure affairs, coordinating the Company's information disclosure, organizing and formulating the Company's information disclosure affairs management system, and urging the Company and the relevant information disclosure obligors to comply with the relevant information disclosure regulations;
- (2) being responsible for investor relations management, coordinating the information communication between the Company and securities regulatory authorities, investors and de facto controllers, intermediary agencies, media, etc.;
- (3) preparing and organizing meetings of the Board and its specialized committees and general meetings, attending general meetings, Board meetings and meetings of the senior management officers, and being responsible for making minutes for the Board meetings and signing thereon;
- (4) being responsible for the confidentiality of the Company's information disclosure, and reporting and disclosing any leakage of major undisclosed information to the Shanghai Stock Exchange in a timely manner;
- (5) paying attention to media coverage and taking the initiative to verify the truth, and urging the relevant parties in the Company to reply to the inquiries of the Shanghai Stock Exchange in a timely manner;

- (6) arranging trainings on the relevant laws and regulations and the relevant rules of the Shanghai Stock Exchange for the Company's Directors and senior management officers, and assisting such persons to understand their responsibilities in respect of information disclosure;
- (7) urging the Directors and senior management officers to abide by the laws and regulations, the relevant rules of the Shanghai Stock Exchange and the Articles of Association, and earnestly fulfil the commitments they have made; when he/she is aware that the Company, Directors and senior management officers have made or may make resolutions that violate the relevant provisions, he/she shall remind them and report the same to the Shanghai Stock Exchange in a timely manner;
- (8) being responsible for the management of the changes in the Company's shares and the derivatives thereof;
- (9) other duties as required under the laws, regulations, departmental rules, normative documents and the listing rules of the place where the Company's shares are listed.

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

Article 161 The secretary to the Board shall be 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, he/she shall not perform the act in dual capacity.

CHAPTER VI SENIOR MANAGEMENT OFFICERS

Article 162 The Company shall have an executive committee and the Chief Executive Officer and Co- Chief Executive Officer. The Executive Committee is the highest operational and management organ of the Company for the purpose of carrying out the guidelines and policies of the Board of Directors, which consists of the director of the Executive Committee and several other members of the Executive Committee. The Chief Executive Officer is the director of the Executive Committee of the Company. The Board may appoint Co-Chief Executive Officers as necessary for management purposes to assist the Chief Executive Officer in the exercise of his or her powers.

A Director may be employed to concurrently act as the Chief Executive Officer, Co-Chief Executive Officer, members of the Executive Committee or other senior management officers.

The Chief Executive Officer, Co-Chief Executive Officer, members of the Executive Committee and other senior management officers shall be appointed or dismissed by the Board.

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

The senior management officers shall meet the requirements of laws and regulations and the CSRC. Persons failing to meet such requirements shall not be authorized by the Company to perform the duties of the senior management officers.

The appointment or removal of senior management officers of the Company shall be reported to the securities regulatory authority of the State Council for filing.

Article 163 The provisions under the Articles of Association in relation to circumstances under which a person may not serve as a Director and the resignation management system shall be applicable to senior management officers.

The provisions under the Articles of Association in relation to fiduciary duties and due diligence obligations of Directors shall be applicable to senior management officers.

Article 164 Administrative staff who serve positions other than Directors and Supervisors of the controlling shareholders of the Company shall not serve as senior management officers of the Company.

Senior management officers of the Company may only receive remuneration from the Company and may not be paid by the controlling shareholder.

Article 165 The principal person in charge of the operation and management of the Company shall report to the Board on the execution of significant contracts, implementation status, application of funds as well as profit and loss of the Company as requested by the Board. The principal person in charge of the operation and management shall ensure the trueness, accuracy and completeness of the report.

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

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

Article 166 The Company shall have a general counsel who is acted for senior management officers and responsible for the legal affairs of the Company.

Article 167 The senior management officers in charge of compliance management, risk management, legal affairs and the audit department shall not concurrently hold the office of other positions and duties of which conflict with compliance management, risk management, legal affairs and auditing, and shall not concurrently take charge of the department and the functions of which conflict with compliance management, risk management, legal affairs and auditing.

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

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

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

Article 168 The Chief Executive Officer, Co-Chief Executive Officer, members of the Executive Committee and other senior management officers shall serve a term of three years and may serve consecutive terms upon reappointment.

Article 169 The Chief Executive Officer shall be accountable for the Board and exercise the following powers:

- (1) to be in charge of the operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her work to the Board;
- (2) to organize and implement the Company's annual operational plan and investment plan;
- (3) to prepare the plan of the basic management system of the Company;
- (4) to formulate the Company's specific rules;
- (5) to propose to the Board to appoint or dismiss Co-Chief Executive Officer, members of the executive committee, Chief Operation Officer, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and other senior management officers of the Company;
- (6) to decide to appoint or dismiss executives other than those appointed or removed by the Board;
- (7) to determine the appointment and dismissal of the staff of the Company;
- (8) to carry out the Company's risk control system, and to ensure the Company complies with the risk control index prescribed by the CSRC;
- (9) to exercise other functions and powers conferred in the Articles of Association and by the Board.

The Chief Executive Officer shall be in charge of the daily work of the Company, attend the Board meeting and report his or her work to the Board.

As for the connected transactions between the Company and connected persons, should the transactions not reach the standards specified in paragraph 3 of Article 126 in the Articles of Association, the Chief Executive Officer is entitled to make the decision of examination and approval.

As for external investments, acquisition and disposal of assets, assets mortgages and other matters of the Company, should the foregoing matters not reach the standards specified in paragraph 5 of Article 126 in the Articles of Association, the Chief Executive Officer is entitled to make the decision of examination and approval.

The Chief Executive Officer of the Company shall take the major responsibility for the effectiveness of the execution of the comprehensive risk management of the Company.

Article 170 The executive committee shall perform the following functions and powers:

- (1) to implement business policy as approved by the Board and determine important issues relating to the operation and management of the Company;
- (2) to draft profit distribution plan and loss recovery plan of the Company;
- (3) to draft plans for change of registered capital and issuance of corporate bonds;
- (4) to draft plans for merger, division, change or dissolution;
- (5) to draft business plans, investment, financing and assets disposal plans, which shall be submitted for approval by the board of directors in accordance with corresponding scope of authority;
- (6) to develop specific implementation plans for risk appetite, risk tolerance and major risk limits, regularly assess the Company's overall risk and various important risk management conditions, resolve issues in risk management, and report to the Board;

- (7) to draft the plan for establishment of the internal management departments of the Company;
- (8) to deploy and implement various works for cultural construction;
- (9) to formulate and approve the plans for wages, awards and penalties of the staff of the Company;
- (10) to perform other powers and duties authorized by the Board.

Article 171 The Executive Committee shall formulate working rules, which shall be implemented upon approval by the Board.

The working rules of the Executive Committee shall include the following:

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

Article 172 The Chief Executive Officer, Co-Chief Executive Officer, members of the executive committee and other senior management officers can tender their resignation prior to the expiry of their term of office. The specific procedures for such resignation shall be governed by the labour contract between senior management officers and the Company.

Article 173 Members of the Executive Committee of the Company shall be appointed or dismissed by the Board.

Members of the executive committee shall assist the Chief Executive Officer in working and shall be accountable for and report duty to the president. He or she shall perform the relevant duties according to the business scope of work allocation. Should the Chief Executive Officer be unable to or fails to perform his or her duties, the senior management officers designated by the Board shall perform the duties of the president on his or her behalf.

Article 174 Where the senior management officer causes damage to others in the course of performing their duties, the Company shall be liable for compensation; where the senior management officer acts with willful or material default, he or she shall also be liable for compensation.

Where the senior management officer, in discharging his or her duty with the Company, causes damage to the Company in violation of the laws, administrative regulations, departmental rules or the Articles of Association, shall bear the liability of compensation.

Article 175 Senior management officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

If any senior management officer of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

CHAPTER VII COMPLIANCE MANAGEMENT AND RISK MANAGEMENT

Article 176 The Company shall have the Chief Compliance Officer. The Chief Compliance Officer shall be the Company's senior management officer who shall be accountable for and report duty to the Board for internal matters; and shall be accountable for and report duty to the regulatory authority pursuant to the provisions for external matters. The Chief Compliance Officer shall not concurrently take the duties of operational management or take charge of the department of which conflict with compliance management function, nor make decisions for specific operational management activities.

The Company shall sufficiently protect the independence of the Chief Compliance Officer and safeguard his or her full right of information and enquiry necessary for implementing his or her duties.

Article 177 The Chief Compliance Officer shall be appointed and dismissed by the Board of the Company. Prior to the appointment of the Chief Compliance Officer, the Company shall submit the curriculum vitae and relevant materials of evidence to the delegated authority by the CSRC where the Company is domiciled for approval. The Chief Compliance Officer appointed by the Company shall meet the eligibility requirements specified by the regulatory authorities.

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

Article 178 In the event that the Chief Compliance Officer is unable to perform his or her duties or is absent, the chairman or Chief Operating Officer of the Company shall perform the duties on his or her behalf, within three business days since the date of decision, a report in written form shall be made to the delegated authority by the CSRC at where the Company is domiciled. The period of acting shall not exceed 6 months.

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

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

Article 179 The Chief Compliance Officer shall be responsible for reviewing, supervising and examining the legality and compliance of the operational management and business activities of the Company and its staff members. The Chief Compliance Officer's main duties are as follows:

- (1) to be responsible for organizing the drafting of the basic compliance management rules and other compliance management rules of the Company, and urge and guide the implementation of such rules by all Subordinate Units of the Company;

- (2) Where any change is made to the laws, regulations and standards, to give advice to the Board or senior management officers of the Company in a timely manner and monitor and guide the Company's relevant departments, to evaluate the impact on the Company's compliance management brought by the laws, regulations and standards, to amend and improve the relevant management system and business procedures;
- (3) to conduct compliance examination regarding the Company's internal control system, major decisions, new products and new business proposals, and to issue written opinions on compliance examination. When the securities regulatory authority and the self-disciplinary organization require conducting a compliance examination regarding such application materials or reports submitted by the Company, the Chief Compliance Officer shall examine and sign compliance examination opinions on such application materials or reports. Other relevant senior management officers of the Company shall be responsible for the truth, accuracy and completeness of basic fact and business information in the application materials or reports;
- (4) to supervise and examine the compliance of the operation management and practicing behavior of the Company and its staff members;
- (5) to assist the Board and senior management officers to establish and execute the information separation barriers, interest conflict management and anti-money laundering systems;
- (6) to provide compliance consultancy to and organize compliance trainings for senior management officers and all Subordinate Units, and to guide and urge the relevant departments of the Company to handle such complaints and reports involving the act in violation of laws and regulations conducted by the Company and its staff;
- (7) to report promptly to the Board and Chief Operating Officer of the legal and regulatory compliance of the Company's operation and management and carrying out of compliance management; should any act of the Company be found in violation of laws and regulations or should there be any hidden risk of compliance, such shall be reported to the Company's Board of Directors and Chief Operating Officer, propose opinion to handle and supervise the rectification. At the same time, the Company is urged to report rectification results to the delegated authority of the CSRC where the Company is domiciled. If the Company fails to report promptly, it shall directly report to the delegated authority of the CSRC where the Company is domiciled. If it is necessary, such actor risk shall be also reported to the relevant self-disciplinary organization;

- (8) to handle such matters as required to be investigated by the securities regulatory authority and the self-disciplinary organization in a timely manner, to cooperate with the securities regulatory authority and the self-disciplinary organization in the examination and investigation into the Company and to follow up and evaluate the implementation of regulatory opinions and requirements;
- (9) to conduct special compliance assessment on senior management officers of the Company and all Subordinate Units according to laws, regulations, regulatory and self-disciplinary rules;
- (10) to conduct assessment on the compliance department, compliance management officers and other compliance officers of subsidiaries who shall be assessed by the Chief Compliance Officer according to laws, regulations, regulatory and self-disciplinary rules;
- (11) other compliance duties as required by the regulatory authority or the Company.

Article 180 The Company shall have the Chief Risk Officer to be responsible for comprehensive risk management, who shall be appointed or dismissed by the Board. The Chief Risk Officer shall be the Company's senior management officer who shall not concurrently take duties nor take charge of departments which shall be in conflict with his or her duties. The Chief Risk Officer appointed by the Company shall meet the eligibility requirements specified by the regulatory authorities.

Article 181 The Company shall provide sufficient support to the job performance of the Chief Risk Officer and safeguard the Chief Risk Officer to fully exercise his or her right to information as required for implementing his or her duties. The Chief Risk Officer shall have the right to participate in or attend meetings related to the implementation of his or her duties, access to relevant files to obtain the necessary information.

Article 182 The Company shall sufficiently protect the independence of the Chief Risk Officer. The Company's shareholders and Directors may not violate the stipulated procedures nor give direct instructions to the Chief Risk Officer or interfere with his or her work.

Article 183 The main duties of the Chief Risk Officer are as follows:

- (1) to be responsible for facilitating the construction of the comprehensive risk management system, to formulate risk management procedures and system;
- (2) to be responsible for leading the Company's risk management department, and organizing to identify, monitor, evaluate and report the overall risk level of the Company and various risk situations;
- (3) to conduct examination and evaluation on the risk management regarding the Company's innovative business, and to issue opinions on risk management;
- (4) to organize and conduct assessments and evaluations related to the Company's risk management, be responsible for appointing, dismissing, examining, awarding and punishing the risk management personnel of the Company;
- (5) to cultivate good risk management culture of the Company and to provide guidance on establishing risk culture training and promotion campaigns;
- (6) to organize and formulate important risk management policies such as risk management systems and risk appetite;
- (7) to study and facilitate the Company's implementation of advanced risk management method and tools and to enhance the effectiveness of risk management;
- (8) to assist, instruct and examine the risk management of all departments and branches;
- (9) to provide suggestions regarding risk management for the Company's business development, participate in the Company's strategic planning and annual operational plan, and research or decisions on major business and major risk events;
- (10) to be responsible for handling the Company's major risk events and implementing the examination policy of the risk management of the Company's business.

CHAPTER VIII FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Section 1 Financial Accounting System

Article 184 The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities.

Article 185 The Company shall submit and disclose its annual reports to the delegated authority of the CSRC and the stock exchange(s) within four months from the ending date of each fiscal year, and submit and disclose its interim reports to the delegated authority of the CSRC and the stock exchange(s) within two months from the ending date of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations and the regulations of the CSRC and the stock exchange(s).

Article 186 The Company does not establish account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account.

Article 187 In accordance with the specific ratios as stipulated by the CSRC, the Company shall withdraw the statutory common reserve account. If the cumulative statutory common reserve amount is more than 50% of the registered capital, the Company may stop withdrawing from its profit.

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

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

In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions.

After the Company has made appropriation to the statutory reserve fund from the after-tax profits, optional reserve fund may also be extracted from the after-tax profits upon the resolution at the general meeting.

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

In the event that the general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provision to the Company; where any loss is caused to the Company; the shareholders and the responsible Directors and senior management officers shall be liable for compensation.

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

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

Article 188 The Company's surplus reserves shall be used to cover the Company's losses, expand the Company's production and operation or converted to the Company's additional registered capital.

Where the surplus reserves are used for covering losses of the Company, the optional reserve fund and statutory surplus reserves shall be used in priority; if not sufficient, the capital reserves may be used according to regulations.

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

Article 189 After the general meeting makes resolution for the proposal of profit distribution, or after the Company's Board has formulated specific proposal based on the conditions and upper limit for the next year interim dividend approved by the annual general meeting, the Board shall complete the dividends (or shares) distribution within two months.

Article 190 The policy of the Company's profit distribution is: The Company shall focus on generating a reasonable investment return to the investors and implements continual and steady policy of profit distribution; the Company's profit distribution shall not exceed the scope of accumulated distributable profits nor impair the Company's continual operational capability; the Company may distribute dividends in form of cash, shares or a combination of cash and shares. Except for the special condition under which the Company plans to conduct material investments or make major cash expenses within the next twelve months, or other conditions that may result in the fact that the Company fails to comply with the regulatory requirements regarding net capital, the Company shall distribute its dividends in form of cash if the Company profits for the current year and its accumulated non-distributed profits are positive; for the last three years, the Company's accumulated profits distributed in form of cash shall not be less than 30% of the annual average distributable profit realized for the last 3 years; upon the proposal by the Board of Directors and approval by the general meeting, an interim dividend distribution may be made in the form of cash; the Company may distribute dividends in the form of shares based on the annual profits and cash flow status and subject to the satisfaction of the lowest ratio for cash dividend and the reasonableness of the Company's equity scale.

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

The decision-making procedure regarding the adjustment made to the Company's profit distribution proposal is: If the Company needs to adjust the profit distribution policy due to the external operating environment or some major changes occurred in its operating status, the Company shall be oriented on protection of the interests of the shareholders and shall elaborate and explain the reasons in details. The profit distribution policy after adjustment may not be in violation of the relevant provisions of the CSRC, stock exchange(s) and the Articles of Association. The proposal related to the adjustment made to the profit distribution policy shall be formulated by the Board of Directors. After considered and approved by the Board of Directors, such proposal shall be submitted to the general meeting for consideration and approval. When the general meeting considers the proposal of the adjusted profit distribution policy, it shall sufficiently listen to the opinions of the public shareholders. In addition to setting up on-site voting at the meeting, online voting system shall be provided to shareholders to support the voting. The passing and approval of such proposal shall require more than two-thirds of the effective votes made by the shareholders attending the general meeting.

The Company shall disclose the formulation and implementation of the cash dividend policy, in details, in regular reports.

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

Article 191 The welfare funds and incentive funds of the Company's staff are connected with operational performance. That is, a certain ratio of the total profits shall be included in the costs as the expenses and taxes are adjusted. The specific ratio shall be determined by the Company's Board of Directors.

Section 2 Internal Audit

Article 192 The Company shall implement the internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

The internal audit system of the Company shall be implemented after being approved by the Board and disclosed to the public.

Article 193 The Company's internal audit institution supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

Article 194 The internal audit institution is accountable to the Board.

The internal audit institution shall accept the supervision and guidance of the Audit Committee in the course of supervising and inspecting the Company's business activities, risk management, internal control and financial information. If the internal audit institution discovers relevant major issues or clues, it shall report directly to the Audit Committee immediately.

Article 195 The internal audit institution is responsible for the specific organization and implementation of the internal control evaluation of the Company. The Company issues the annual internal control evaluation report based on the evaluation report issued by the internal audit institution and reviewed by the Audit Committee and relevant materials.

Article 196 When the Audit Committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and collaboration.

Article 197 The Audit Committee participates in the assessment of the person in charge of internal audit.

Section 3 Appointment of an Accounting Firm

Article 198 The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements and reports, net asset verification, audit of information for risk control indicators and other relevant consultancy services. The term of appointment is 1 year and can be re-appointed.

Article 199 The appointment and dismissal of accounting firm by the Company shall be subject to the approval of general meetings. The Board of Directors may not appoint accounting firm before the approval of the general meeting.

Article 200 The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

Article 201 The service fees of the accounting firm shall be approved by the general meeting.

Article 202 If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm thirty days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the general meeting.

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

CHAPTER IX NOTICE AND ANNOUNCEMENT

Section 1 Notice

Article 203 Notices of the Company shall be served by one or a combination of the following methods:

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

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

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

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

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

Article 204 Where a notice of the Company is sent by way of an announcement, the aforesaid notice shall be deemed as received by all relevant persons once it is published.

Article 205 The notice of convening the general meeting of the Company shall be made in form of an announcement.

Article 206 The notice of convening the Board meeting of the Company shall be delivered by hand, mail, facsimile or in the form of an announcement.

Article 207 The Company's notice be delivered by hand, the recipient shall sign (or chop) on the reply slip upon delivery and the receipt date of the recipient shall be the date of delivery. Should the Company's notice be delivered by mail, the delivery date shall be five business days after the mail has been handed to post office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

Article 208 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 solely for such reason.

Article 209 In the event that the listing rules of the place where the Company's shares are listed require the Company to provide the relevant files in English version and Chinese version by delivery, mail, distribution, issuance, publishing or other manners. If the Company has made appropriate arrangement to confirm its shareholders intend to receive the English version only or the Chinese version only, and within the permissible scope of the applicable laws and regulations and pursuant to the applicable laws and regulations, the Company may (based on the intent stated by the shareholders) deliver the English version only or the Chinese version only to the relevant shareholders.

Section 2 Announcement

Article 210 The Company shall issue announcements and disclose information to holders of domestic shares through newspapers and websites designated by the laws, regulations or the securities regulators of China. If it is required to make public announcements to the holders of overseas listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules.

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

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

Article 211 The Company shall disclose to the public the audited annual financial report of the Company and other information pursuant to the regulations and ensure the trueness, accuracy and completeness of such information disclosed.

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

- (1) the basic system and decision-making procedures for remuneration management;
- (2) the total amount of annual remuneration and the distribution status among the directors and senior management officers;
- (3) delayed payment of remuneration and non-cash remuneration.

CHAPTER X MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Section 1 Merger, Division, Capital Increase and Capital Reduction

Article 212 Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

Article 213 If the price paid for the merger of the Company does not exceed 10% of the net assets of the Company, it may not be subject to a resolution of the general meeting, unless otherwise provided in the Articles of Association.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the general meeting, it shall be subject to a resolution of the Board.

Article 214 If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall make an announcement in newspapers or the National Enterprise Credit Information Publicity System.

A creditor may, within 30 days from the date of receipt of the notice or, if he did not receive a notice, within 45 days from the date of the announcement, require the Company to pay its debt to him in full or to provide commensurate security.

Article 215 When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Article 216 Where there is a division of the Company, its assets shall be divided accordingly.

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

Article 217 Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Article 218 Where the Company reduces its registered capital, it will prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days as of the date of the resolution made by the general meeting for the reduction of its registered capital and shall publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. A creditor has the right within 30 days as of the receipt of the notice or, in case where it fails to receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by law or by the Articles of Association.

Article 219 Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 188 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its shareholders, nor exempt the shareholders from their obligation to make capital contribution or calls on share.

The provisions of Paragraph 2 of Article 218 of the Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding paragraph. The Company shall publish an announcement on newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the general meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulated amount of the statutory reserve fund and optional reserve fund reaches 50% of its registered capital.

Article 220 If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, shareholders shall return the funds they have received and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the liable Directors and senior management officers shall be liable for compensation.

Article 221 Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise provided in the Articles of Association or the general meeting resolves that the shareholders shall have pre-emptive right.

Article 222 Where there is a merger or division of the company, the Company shall, in accordance with the laws, apply for change in its registration with the company registration authority for any changes of its registered information caused thereby. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply for change in registration with the company registration authority.

Section 2 Dissolution and Liquidation

Article 223 The Company shall be dissolved upon the occurrence of any of the following events:

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

Upon the occurrence of events of dissolution specified in the preceding paragraph, the Company shall publicize the events of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Article 224 With regard to the occurrence of the situation described in sub-paragraph (1) and (2) of Article 223 in the Articles of Association, and the Company has not distributed any property to its shareholders, the Company may continue to exist by amending the Articles of Association or by resolution of the general meeting.

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

Article 225 Where the Company is dissolved pursuant to sub-paragraph (1), (2), (4) or (5) of Article 223 hereof, it shall be liquidated. The Directors are the obligor of liquidation of the Company, and shall establish a liquidation committee to carry out liquidation within 15 days as of the dissolution circumstance arises.

The liquidation committee shall consist of Directors, unless otherwise provided in the Articles of Association or other persons are elected by the general meeting by way of a resolution.

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

Article 226 The liquidation committee shall perform the following duties:

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

Article 227 As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make public announcement on newspaper(s) or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee.

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

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

Article 228 After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for the confirmation by general meeting or the people's court.

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

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation.

The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

Article 229 If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to pay off its debts, it shall immediately file an application to the people's court for bankruptcy liquidation.

Once the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Article 230 Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for de-registration of the Company.

Article 231 Members of the liquidation committee shall perform the liquidation duties and have obligations of loyalty and diligence.

Where members of the liquidation committee neglect to perform the liquidation duties and cause any loss to the Company, he/she shall be liable to make compensation; where any members of the liquidation committee cause any loss to any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

Article 232 Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

CHAPTER XI AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 233 The Company will amend the Articles of Association in any of the following circumstances:

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

Article 234 Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

Article 235 The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Article 236 Where the matters on the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to these requirements.

CHAPTER XII MISCELLANEOUS

Article 237 Definitions

- (1) the “controlling shareholders” shall refer to shareholders who possess more than 50% of the total equity of the Company; or should the ratio of shareholding of such shareholder is no more than 50%, such voting right he or she is entitled to may produce material impact on the resolution of the general meeting.
- (2) the “major shareholder” refers to a shareholder holding more than 5% of the total share capital of the Company.
- (3) the “de facto controller” refers to the natural person, legal person or other organization that, through investment relations, agreements or other arrangement, can actually dominate the activities of the Company.
- (4) the “connected relations” refers to the relationship between the Company’s controlling shareholders, de facto controller, directors, senior management officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationships which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the State.
- (5) the “internal directors” shall refer to such directors who are concurrently taking other positions in the Company; The “independent directors” shall refer to those external directors who do not have any relationship with the Company and shareholders that may probably prevent them from making independent and objective judgment; The “external directors” shall refer to such directors who do not concurrently have other positions in the Company.
- (6) the “business day” refers to legal business days stipulated by the State Council, including Saturdays or Sundays declared as temporary business days by the State Council (“business day in lieu of holidays”), but excluding legal holidays and Saturdays or Sundays other than business days in lieu of holidays; and the “trading day” refers to each of days from Monday to Friday, excluding legal holidays and business days in lieu of holidays.

Article 238 The Board may formulate by-laws in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

Article 239 The Articles of Association are written in Chinese. In case of any inconsistency between the Articles and the Articles of Association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered with the Administration for Market Regulation of Jiangsu Province shall prevail.

Article 240 The term “or above”, “within”, “following”, as stated in the Articles of Association shall all include the number or amount itself; the term “exceeding”, “except”, “lower”, “more” shall all exclude the number or amount itself.

Article 241 The Board shall be responsible for the interpretation of the Articles of Association.

Article 242 The attachment hereof shall include the rules of procedure for the general meeting and the rules of procedure for the Board.

(No text below)

Huatai Securities Company Limited: (Corporate Chop)

Legal Representative/Authorized Representative: (signature)