



*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “东方证券股份有限公司” and carrying on business in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))*

## ARTICLES OF ASSOCIATION

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.

# Chapter 1 General

**Article 1** In order to safeguard the legitimate rights and interests of ORIENT SECURITIES COMPANY LIMITED (hereinafter referred to as the “Company”), its shareholders and creditors thereof, to regulate the organization and acts of the Company, the Articles of Association is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Rules for Governance of Securities Companies, the Guidelines for the Articles of Association of Listed Companies, the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), the Letter of Opinions on Supplements and Amendment to these Articles of Association of Companies Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (hereinafter referred to as the “Hong Kong Listing Rules”), and other relevant provisions.

**Article 2** The Company was registered with Shanghai Administration for Industry and Commerce, in accordance with the Company Law, the Securities Law and other applicable regulations and upon the approval of Zheng Jian Ji Gou Zi (2003) No. 184 (證監機構字(2003)184號文) of the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) and Hu Fu Ti Gai Shen (2003) No. 004 (滬府體改審(2003)004號文) of the Shanghai Municipal People’s Government, with its name changing from “東方證券有限責任公司” to “東方證券股份有限公司” and obtained its business license (Registration No.: 310000000092649).

**Article 3** Upon approved by the CSRC on February 27, 2015, the Company initially issued 1,000,000,000 RMB ordinary shares to the public and the Company was listed on Shanghai Stock Exchange on March 23, 2015. Upon approved and verified by the CSRC on May 13, 2016, the Company issued [ ] overseas listed foreign shares (H shares) and listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”) on July 8, 2016.

**Article 4** Registered Name of the Company:

Chinese Name: 東方證券股份有限公司

English Name: ORIENT SECURITIES COMPANY LIMITED

**Article 5** The address of the Company: 22F, 23F and 25–29F, Building 2, No. 318, South Zhongshan Road, Shanghai; Postal code: 200010; Telephone number: 021-63325888; Fax number: 021-63326010.

**Article 6** The registered capital of the Company is RMB[ ] million.

**Article 7** The Company is a joint stock company with limited liability with no definite term of existence.

**Article 8** The chairman of the Board of Directors of the Company shall be the legal representative of the Company.

**Article 9** All the assets of the Company are divided into shares of equal par value. Each shareholder shall be liable to the Company to the extent of the shares as held by such shareholder. The Company is liable for its debts to the extent of all of its assets.

**Article 10** From the date when it comes into effect, the Articles of Association shall be a legally binding document that regulates the Company's organization and actions, governs the rights and obligations between the Company and its shareholders and amongst the shareholder themselves, and shall constitute a legally binding document governing on the Company, its shareholders, Directors, Supervisors, senior management. The aforesaid personnel shall be entitled to claim their rights on matters relating to the Company in accordance with the Articles of Association. Pursuant to the Articles of Association, a shareholder may take legal actions against the Company or other shareholders, and the shareholders may take legal actions against the Company's Directors, Supervisors, President and other senior management. Pursuant to the Articles of Association, the Company may take action against its shareholders, Directors, Supervisors, President and other senior management.

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

**Article 11** Other senior management referred to in the Articles of Association include the vice president, chief financial officer, chief operating officer, chief risk officer, chief investment officer, chief compliance officer, investment banking director, and the secretary to the Board of Directors of the Company.

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

**Article 12** The objectives of business of the Company are to standardize operations and to seek to maximize the long-term interests of shareholders.

**Article 13** The business scope of the Company is: securities brokerage, margin financing and securities lending; securities investment advisory; financial advisory related to securities trading and securities investing activities; proprietary trading of securities; proxy sale of securities investment funds; intermediary introduction business for futures companies; proxy sale of financial products; securities underwriting (only including treasury bonds, financial bonds of policy banks, short-term financing bills and medium-term notes); stock option market-making. The business scope of the Company must conform to the items approved by the company registration authority.

The Company shall conduct all business within the business scope approved by the securities regulatory authority as well as other businesses approved by the securities regulatory authority.

**Article 14** Within the scope permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock limited companies, and is accountable to such investees subject to the capital commitment of the Company. The Company can establish wholly-owned subsidiaries or set up subsidiaries with other investors through joint contributions. The Company may establish a subsidiary engaging in direct investment business or a subsidiary engaging in other businesses as permitted by the securities regulatory authority.

In accordance with the Articles of Association, the Company may set up a subsidiary engaging in investment businesses of financial products and others upon consideration by the shareholders' general meeting or the Board of Directors.

## **Chapter 3    Shares**

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

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

The Company shall have common shares at all times. With the approval of the department authorized by the State Council, the Company may have other forms of shares when needed.

**Article 16**    The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price, and every share purchased by any entity or individual shall be at the same price.

**Article 17**    All the shares issued by the Company shall have a par value denominated in Renminbi of RMB1 per share.

**Article 18**    Upon approval by the securities regulatory authority of the State Council or other relevant regulatory authorities, the Company may offer its shares to both domestic and foreign investors.

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

The shares issued by the Company to domestic investors and other qualified investors for subscription in Renminbi shall be referred to as “domestic shares”. The domestic shares listed in domestic exchanges shall be referred to as “A Shares”. The shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as “foreign shares”. The foreign shares that are listed overseas shall be referred to as “overseas listed foreign shares”(H Shares).

Each class of shareholders of the Company shall have the same rights in dividend distributions or any other forms of distributions.

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

**Article 19** The Company was approved to issue a total of 2,139,791,800 ordinary shares upon its establishment and all the promoters contributed their capital in 2003. The number of shares initially subscribed and the method of capital contribution are as follows:

|    | <b>Name of shareholders</b>                                       | <b>Number of<br/>shares<br/>subscribed<br/>(share)</b> | <b>Percentage</b> | <b>Method of<br/>capital<br/>contribution</b> |
|----|-------------------------------------------------------------------|--------------------------------------------------------|-------------------|-----------------------------------------------|
| 1  | Shenergy (Group) Company Limited                                  | 603,335,458                                            | 28.20%            | Assets and cash                               |
| 2  | Shanghai Tobacco Group Co., Ltd                                   | 213,979,180                                            | 10.00%            | Assets and cash                               |
| 3  | Wenhui Xinmin United Press Group                                  | 200,000,000                                            | 9.35%             | Cash                                          |
| 4  | Shanghai Maosheng Enterprise<br>Development (Group) Co., Ltd.     | 170,000,000                                            | 7.94%             | Cash                                          |
| 5  | Shanghai Jiushi Corporation                                       | 163,979,180                                            | 7.66%             | Assets and cash                               |
| 6  | Shanghai Post Bureau                                              | 113,979,180                                            | 5.33%             | Assets                                        |
| 7  | Shanghai Electric (Group) Company<br>Limited                      | 113,979,180                                            | 5.33%             | Assets                                        |
| 8  | Hunan Computer Co., Ltd                                           | 100,000,000                                            | 4.67%             | Cash                                          |
| 9  | Shanghai Jinqiao Export Processing<br>Zone Development Co., Ltd.  | 79,785,426                                             | 3.73%             | Assets                                        |
| 10 | Shanghai Construction Co., Ltd.                                   | 64,193,754                                             | 3.00%             | Assets and cash                               |
| 11 | Shanghai Educational Development<br>Co., Ltd.                     | 56,989,590                                             | 2.66%             | Assets                                        |
| 12 | Shanghai Greenland (Group) Co., Ltd.                              | 56,989,590                                             | 2.66%             | Assets                                        |
| 13 | Shanghai Gaoyuan Property (Group)<br>Co., Ltd.                    | 50,000,000                                             | 2.34%             | Cash                                          |
| 14 | Shanghai Minhang and Hongqiao<br>Development Corp.                | 34,193,754                                             | 1.60%             | Assets                                        |
| 15 | Shanghai Taiyu Group Co., Ltd.                                    | 30,000,000                                             | 1.40%             | Cash                                          |
| 16 | Shanghai Transportation Investment<br>(Group) Co., Ltd.           | 22,795,836                                             | 1.07%             | Assets                                        |
| 17 | Weida Hi-Tech Holding Co., Ltd.                                   | 20,000,000                                             | 0.93%             | Cash                                          |
| 18 | Shanghai Join Buy Co., Ltd.                                       | 17,096,877                                             | 0.80%             | Assets                                        |
| 19 | Shanghai International Trade &<br>Investment Developing Co., Ltd. | 17,096,877                                             | 0.80%             | Assets                                        |
| 20 | Shanghai No. 1 Department Store Co.,<br>Ltd.                      | 11,397,918                                             | 0.53%             | Assets                                        |
|    | Total                                                             | 2,139,791,800                                          | 100.00%           |                                               |

**Article 20** The total number of shares of the Company is [ ] shares; the shareholding structure of the Company: ordinary shares [ ] shares, among which [ ] shares held by holders of domestic shares and [ ] shares held by holders of overseas listed foreign shares.

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

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

**Article 22** If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issuance plans, the said shares shall be issued respectively at one time. If it is impossible for the shares to be issued at one time for special reasons, the shares may be issued several times upon approval by the securities regulatory authority under the State Council.

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

**Article 23** Upon approval by separate resolution of the shareholders' general meeting, the Company may, based on its operation and development needs and in accordance with applicable laws and regulations, increase its capital by way of:

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

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

**Article 24** 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 25** The Company may, in the following circumstances, repurchase shares of the Company in accordance with the procedures provided in the Articles of Association and with the approval of the relevant authorities of the PRC:

- (1) canceling shares in order to reduce the registered capital of the Company;
- (2) merging with other companies holding shares of the Company;
- (3) awarding shares to employees of the Company;
- (4) shareholders objecting to resolutions of the shareholders' general meeting concerning merger or division of the Company requesting the Company to repurchase their shares;
- (5) other circumstances approved by laws, administrative regulations and the securities regulatory authority in the place where the Company's Shares are listed.

The Company shall not trade its shares unless in the aforesaid circumstances. Where the Company purchases its shares due to reasons stated in previous Clause (1) to Clause (3), a resolution by the shareholders' general meeting is required.

**Article 26** The Company may repurchase its shares in any of the following ways:

- (1) making a general offer to repurchase shares from all shareholders on a pro rata basis;
- (2) repurchasing shares through open transactions in the stock exchange;
- (3) repurchasing shares based on an off-market agreement;
- (4) in other forms approved by laws, administrative regulations and competent authorities.

**Article 27** When repurchasing shares based on an off-market agreement, the Company shall obtain prior approval at the shareholders' general meeting in accordance with the Articles of Association. Where prior approval has been obtained from the shareholders in a shareholders' general meeting in the same manner, the Company may release or modify the contracts entered into in the aforesaid manner or waive any rights granted under such contracts.

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

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

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

**Article 28** After repurchasing its shares according to the aforesaid provisions, where it is in the circumstance stated in Clause (1) in Article 26 of the Articles of Association, the Company shall cancel such shares within ten days from the date of repurchase; where it is in the circumstances stated in Clause (2) or Clause (4), the Company shall transfer or cancel such shares within six months. Where the registered capital is changed, the Company shall register the change of the registered capital with the State Administration for Industry & Commerce. The total par value of the cancelled shares shall be reduced accordingly from the registered capital of the Company. Where the Company repurchases its Shares in accordance with Clause (3) in Article 26 of the Articles of Association, such repurchased shares shall not exceed 5% of the issued shares of the Company. The payment for the repurchase shall be made out of the after tax profits of the Company and such repurchased shares shall be transferred to employees within one year from the repurchase.

**Article 29** Except where the Company is in course of liquidation, it must comply with the following provisions in repurchasing its issued and outstanding shares:

- (1) Where the Company repurchases shares at their par value, the amount of total par value shall be deducted from the book balance of distributable profits or out of the proceeds of a new issuance of shares made to repurchase the old shares;
- (2) Where the Company repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (i). Where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profits of the Company;
  - (ii). Where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profits of the Company or from the proceeds of a new issuance of shares made to repurchase the old shares; provided that the amount deducted from the proceeds of the new issuance of shares shall not exceed the total premium obtained at the time of issuance of the old shares so repurchased nor exceed the amount in the Company's capital common reserve account (including the premium from the new issuance of shares) at the time of repurchase;
- (3) Payments by the Company in consideration for the following purposes shall be made out of the Company's distributable profits:
  - (i). Acquisition of the right to repurchase its own shares;
  - (ii). Amendments to any contract for the repurchase of its own shares;
  - (iii). Release from any of its obligations under any repurchase contract.

- (4) After the aggregate par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profits and used to repurchase shares at the par value of the repurchased shares shall be included in the Company's capital common reserve account.

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

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

**Article 30** Unless otherwise specified by laws and administrative regulations and relevant provisions of the securities regulatory authorities at the locations where the Company's shares are listed, shares of the Company may be transferred freely and without any liens. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the share registry in Hong Kong appointed by the Company.

**Article 31** All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without stating any reasons unless the following conditions are satisfied:

- (1) instrument of transfer and any other documents related to the ownership of any shares or likely to affect the ownership of any shares shall be registered, and payment shall be made to the Company for such registration according to the standard expenses stipulated by the Hong Kong Listing Rules and the expense shall not exceed the highest amount stipulated by the Hong Kong Listing Rules from time to time;
- (2) the instrument of transfer only involves the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (4) the relevant share certificate and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (5) in the event that the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;
- (6) the relevant shares are free from all liens of the Company.

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

**Article 32** All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board of Directors (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the seal of the company. Where the transferor or transferee is a recognized clearing house ("Recognized Clearing House") as defined by relevant regulations in Hong Kong laws from time to time, or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 33** The Company shall not accept its own shares as pledge object.

**Article 34** The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Domestic shares issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the Shanghai Stock Exchange.

The Directors, Supervisors, President and other senior management of the Company shall, in their terms of office, periodically report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office (except for changes of shares due to judicial enforcement, inheritance, bequest, properties division according to laws). Shares of the Company held by them shall not be transferred within one year after the shares of the Company are listed on the Shanghai Stock Exchange and within 6 months after they terminate service with the Company.

**Article 35** If the Directors, Supervisors, senior management of the Company and shareholders holding more than 5% of the shares of the Company sell shares within 6 months after buying the same or buy shares within 6 months after selling the same, the gains arising therefrom shall belong to the Company and the Board of the Company will recover the said gains. However, the 6-month restriction shall not apply to a securities firm which holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer.

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

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

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

**Article 36** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares for the purpose of the purchase or potential purchase of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations for the purchase or potential purchase of the Company's shares.

The provisions of this Article shall not apply to the circumstances described in Article 38 of these Articles of Association.

**Article 37** The term "financial assistance" mentioned in this chapter of the Articles of Association shall include (but not limited to) the financial assistance in the forms set out below:

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

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

**Article 38** The acts listed below shall not be regarded as the acts prohibited under Article 36 of the Articles of Association:

- (1) the Company provides the relevant financial assistance in the interest of the Company in good faith, and the main purpose of said financial assistance is not to purchase the Company's shares, or said financial assistance is a part of a general plan of the Company;
- (2) the Company distributes its properties as dividends in accordance with the laws;

- (3) the Company distributes shares as dividends;
- (4) the Company reduces its registered capital, repurchases its shares or adjusts the shareholding structure in accordance with the Articles of Association;
- (5) the Company provides a loan for its normal business operations within its scope of business (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is made out of the distributable profits of the Company);
- (6) the Company provides funds for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is made out of the distributable profits of the Company).

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

**Article 39** The Company's share certificates are in registered form which shall include the followings:

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

For non-voting shares in the share capital of the Company, the words "non-voting" shall be in their designation;

In the case that the share capital includes shares carrying different voting rights, the words "restricted voting right" or "limited voting right" shall be in the designation of each class of shares (except for shares with the most privileged voting rights).

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

During the listing of the H Shares on the Hong Kong Stock Exchange, the Company shall ensure that the following statements are included in the H Share documents and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately signed form relating to such shares to the share registrar and the form shall include the following statements:

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

**Article 40** The share certificates shall be signed by the Chairman of the Board of Directors. Where the signatures of the President and other senior management of the Company are required by the securities regulatory authorities or the stock exchange(s) at the locations where shares of the Company are listed, the share certificates shall also be signed by such President and other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of seal shall be authorized by the Board. The signature of the Chairman of the Board, the President or such other senior management on the share certificates may also be in printed form.

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

**Article 41** The Company shall establish a register of shareholders recording the following matters:

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

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

The domestic shares issued by the Company shall be kept collectively in the Shanghai Branch of the China Securities Depository and Clearing Corporation. The Company shall establish a register of shareholders of domestic shares as per the certificates provided by securities registration authorities.

**Article 42** The Company may keep overseas the register of holders of overseas listed foreign shares and entrust an overseas agency for its custody in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original of the register of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

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

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

**Article 43** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

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

**Article 44** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where each part is kept.

**Article 45** Change of the register of shareholders arising from share transfer shall not be registered within 30 days before convening of a shareholders' general meeting or within 5 days prior to the record date for the purpose of dividend allocation by the Company.

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

**Article 46** When the Company needs to identify the shareholders who are entitled to relevant interests at the shareholders' general meeting or in the process of dividends distribution and liquidation, the Board of Directors or the convener of the shareholders' general meeting shall determine a date as the record date. When making settlement of transactions at the record date, the registered shareholders shall be the shareholders who are entitled to relevant interests.

**Article 47** Any person who has an objection to the register of shareholders and requests to have his/her name (title) entered into or removed from the register of shareholders may file a petition to the court of competent jurisdiction for rectification.

**Article 48** Any registered shareholder or any person who claims to have his/her name (title) entered into the register of shareholders in respect of shares in the Company may apply to the Company for a new share certificate for replacement in respect of such shares (the "Relevant Shares"), in the event that his/her share certificate (the "Original Share Certificate") has been stolen, lost or destroyed.

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

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

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

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the stealing, loss or destruction, and declaring that no other person is entitled to have his/her name entered in the register of shareholders in respect of the Relevant Shares.

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

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

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

**Article 49** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (company name) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 50** The Company shall not have any obligation to indemnify any person for any damages suffered from the cancellation of the Original Share certificate or the issuance of a new replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

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

## **Section 1 Shareholders**

**Article 51** Shareholders of the Company are persons lawfully holding shares of the Company, with names (titles) recorded in register of shareholders.

The shareholders are entitled to rights and obligations according to the class of shares and portion they held. Shareholders of the same class shall be entitled to the same rights and the same obligations.

As for overseas listed foreign shares, where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (1) the Company shall not register more than four persons as joint shareholders of any shares;
- (2) all joint shareholders of any shares shall be jointly and severally liable for all relevant costs payable;
- (3) if one of the joint shareholders is deceased, only the other existing shareholder(s) shall be deemed as the owners of relevant shares, provided that the Board of Directors may require a certificate of death of the relevant shareholder it deems appropriate for the purpose of updating the register of shareholders;
- (4) in respect of the joint shareholders of any shares, only the joint shareholder first named in the register of shareholders have the right to receive the certificate of relevant shares and notices of the Company, and to attend or vote at shareholders' general meetings of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all joint shareholders of the relevant shares. Any of the joint shareholders may sign the proxy form. In case that more than one of the joint shareholders attend the meeting, whether in person or by proxy, the vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholder(s), and for this purpose, seniority will be determined by the order in which the names stand in the register of shareholders in respect of the joint shareholding.

**Article 52** Holders of the ordinary shares of the Company shall be entitled to the following rights:

- (1) to receive dividends and other distributions in proportion to the shares they hold;
- (2) to lawfully request, convene, hold and attend the shareholders' general meetings either in person or by proxy and exercise their corresponding voting right;
- (3) to supervise, present suggestions on or make inquiries about the operational conduct of the Company;
- (4) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, relevant requirements provided by the securities regulatory authorities in the places where the Company's shares are listed and the Articles of Association;

- (5) to gain relevant information in accordance with laws and the Articles of Association, including:
- (i) receiving the Articles of Association after payment of production cost;
  - (ii) being entitled to consult for free and copy after payment of reasonable cost for the following:
    - (a) all parts of the register of shareholders;
    - (b) personal data of Directors, Supervisors, President and other senior management of the Company, including:
      - (A) their present and former names, alias;
      - (B) address (residence);
      - (C) nationality;
      - (D) full-time and all other part-time jobs and titles;
      - (E) identity documents and numbers;
    - (c) shareholding in the company;
    - (d) the latest audited financial statements and reports of the Board of Directors, of the auditors and of the Supervisory Committee of the Company;
    - (e) special resolutions of the shareholders' general meetings and/or of the Board meetings of the Company;
    - (f) report of the total par value, quantity, the highest and lowest price of each class of shares repurchased by the Company from the last fiscal year and the total amount paid by the Company for this purpose, refined according to domestic shares and foreign shares;
    - (g) minutes of shareholders' general meetings;
    - (h) a copy of the latest annual inspection report filed with the State Administration for Industry & Commerce or other competent authorities.
    - (i) corporate bond stub;
    - (j) the resolutions of the Board of Directors and the resolutions of the Supervisory Committee.
- (6) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

- (7) to require the Company to buy their shares in the event of objection to resolutions of the shareholders' general meeting concerning merger or division of the Company;
- (8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules and the Articles of Association.

The Company shall not exercise any power to freeze or otherwise damage any rights attached to the shares held by a person directly or indirectly interested in the Company due to failure of the person to disclose its rights and interests to the Company.

**Article 53** When a shareholder requests to inspect the relevant information mentioned in the preceding Article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder identity.

**Article 54** Without the approval of the CSRC, any units or individuals holding or actual controlling more than 5% Shares of the Company shall rectify within a time limit and their corresponding Shares shall not have the right to vote before the rectification.

**Article 55** shareholders shall have the right to protect their legitimate rights and interests through civil procedures or other legal means according to laws and administrative regulations.

In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles of Association by the directors or senior management when performing their duties, any of the shareholders who holds 1% or more of the shares individually or jointly for no less than 180 consecutive days shall have the right to request the Supervisory Committee in writing to initiate litigation before the people's court. In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles of Association by the Supervisory Committee when performing its duties, any of the shareholders may request the Board in writing to initiate litigation before the people's court (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

In the event that the Supervisory Committee or the Board of Directors dismisses the written request of any of the shareholders as specified in the preceding paragraph, or withholds from instituting litigation within 30 days of the receipt of the request, or that the failure to institute litigation immediately may otherwise cause irreparable damage to the interests of the Company in an urgent circumstance, such shareholder(s) as mentioned in the preceding paragraph shall have the right to initiate litigation before the people's court in the name(s) of such shareholder(s) in the interest of the Company (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholder(s) as mentioned in the first paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

In the event that any director or senior management violates laws, administrative regulations or the Articles of Association to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

**Article 56** In the event that any resolutions of the shareholders' general meeting and the Board of Directors violate laws and administrative regulations, such resolutions are void. In the event that the procedures for convening and the voting at a shareholders' general meeting or a board meeting violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, any shareholder may request the people's court to revoke within 60 days from the date of the resolutions (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

**Article 57** The holders of ordinary shares of the Company shall have the following obligations:

- (1) to comply with the laws, administrative regulations and the Articles of Association;
- (2) to make the payment in respect of the shares subscribed for and the method of subscription; a shareholder shall not be liable to make further contribution to the share capital other than the terms as agreed by the subscriber at the time of subscription;
- (3) to be prohibited from claiming the share capital in respect of its shares, unless otherwise specified by laws or regulations;
- (4) not to abuse rights of shareholder to the detriment of the interests of the Company or other shareholders, or abuse the Company's independent legal person status or the limited liability of the shareholders, to the detriment of the interest of the creditors of the Company;

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

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

- (5) not to appoint or remove Directors, Supervisors and senior management of the Company without authorization by the shareholders' general meeting and the Board of Directors;
- (6) not to intervene in the operation and management activities of the Company by violating laws, administrative regulations and the Articles of Association;
- (7) other obligations prescribed by laws, administrative regulations and the Articles of Association.

**Article 58** Any shareholder who holds or controls no less than 5% of the voting shares of the Company shall notify the Company within five business days of any of the following events:

- (1) the shares of the securities company held or controlled by it are subject to any property preservation or other mandatory measures;
- (2) its actual controller has been changed;
- (3) its name has been changed;
- (4) a merger or division has been effected;
- (5) there have been regulatory measures taken such as suspension of operation for rectification, appointment of trustee, takeover or revocation or is in the process of dissolution, bankruptcy or liquidation;
- (6) administrative penalties or criminal punishment have been imposed due to serious violation of laws or regulations;
- (7) other material circumstances that may result in the transfer of the shares of the Company that it holds or otherwise affect the operation of the Company;
- (8) other circumstances which shall be notified to the Company in accordance with relevant laws, regulations, rules and regulatory documents.

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

**Article 59** If any material situation specified in relevant laws, regulations, rules, and normative documents which may affect the Company's operation occurs, the Company shall inform all shareholders within the time limit and report to the local office of the CSRC in the place where the Company is registered and its principal place of business is located.

**Article 60** The Controlling Shareholders of the Company shall not make any decisions that may harm the legitimate rights and interests of the Company and other Shareholders upon exercising their rights to vote. The Controlling Shareholders and de facto controller of the Company shall not exploit their connected relationship to harm the interests of the Company. In the event of any damage caused to the Company due to their violation of regulations, they shall be liable for such damages.

The Controlling Shareholders and de facto controller of the Company shall bear the fiduciary duty to the Company and the public shareholders of the Company. The Controlling Shareholder shall strictly abide by laws in exercising the investor's rights and shall not infringe the legitimate rights of the Company and the public shareholders by way of profit distribution, asset reorganization, external investment, misappropriation of capital and providing guarantee for borrowings. The Controlling Shareholders shall also not exploit their controlling position or abuse their rights to harm the interests of the Company or the public shareholders.

In addition to the obligations imposed by laws and administrative regulations or required by the securities regulatory authorities in the places where the Company's shares are listed, the Controlling Shareholder, in exercising the power as a shareholder, shall not exercise his/her voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following matters:

- (1) to remove a director or supervisor of his/her duty to act in good faith in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another), in any manner, the assets of the Company, including but not limited to an opportunity beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another) the individual interests of other shareholders, including but not limited to rights to distributions and voting rights except for restructuring of the Company submitted for approval by the shareholders in shareholders' general meeting in accordance with the Articles of Association.

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

**Article 61** The shareholders' general meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to determine the operating policies and investment plans of the Company;
- (2) to elect and replace Directors and to determine the remuneration of the relevant Directors;
- (3) to elect and replace supervisors appointed from shareholder representatives, and to determine the remuneration of the relevant supervisors;
- (4) to consider and approve the reports of the Board;
- (5) to consider and approve the reports of the Supervisory Committee;
- (6) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to approve resolutions on increase or reduction of share capital and issuance of stocks of any type, warrants and other similar securities of the Company;
- (9) to resolve on the issuance of bonds of the Company;
- (10) to resolve on matters such as merger, division, dissolution, liquidation or change of form of the Company;

- (11) to amend the Articles of Association;
- (12) to resolve on the appointment, removal or non-renewal of any accounting firm;
- (13) to consider the guarantees specified in Article 62;
- (14) to consider and approve the connected transactions which shall be considered by the shareholders' general meeting, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, namely transactions between the Company and connected persons (excluding provision of guarantees, receipt of cash assets for free and any transaction that simply relieves the Company of any obligatory debt) amounting to RMB30 million or above and accounting for 5% or higher of the absolute value of the latest audited net assets of the Company (hereinafter referred to as "material related transactions"); consider and approve the connected transactions, which are subject to approval of independent shareholders (i.e. shareholders who don't have interest in connected transactions), according to the Hong Kong Listing Rules; as the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules are revised to be applicable from time to time, the Company shall comply with the specific provisions concerning connected transactions as set out in the aforesaid two listing rules revised to be applicable from time to time;
- (15) to consider external investment, purchasing or selling material assets and financing, in which a single operating capital or operating capitals accumulated within 4 months amounting to or exceeding 20% of the latest audited net assets of the Company;
- (16) to consider matters of which material assets purchased or sold within one year exceed 30% of the latest audited total assets of the Company;
- (17) to consider and approve any change of the use of proceeds raised;
- (18) to consider share incentive scheme;
- (19) to consider such other matters to be resolved at shareholders' general meeting as required by laws, regulations, listing rules of the places where the shares of the Company are listed or the Articles of Association.

The foregoing functions and powers of the shareholders' general meeting shall not be exercised by the Board of Directors or any other body or individual on its behalf by means of authorization. When it is deemed necessary and reasonable, in relation to resolutions that have been made but their relevant specific matters cannot be decided upon during the shareholders' general meeting, the shareholders' general meeting may authorize the Board to decide upon such matters within the scope of authorization of the shareholders' general meeting subject to the applicable laws, regulations and the Articles of Association. Without the prior approval from the shareholders' general meeting, the Company shall not enter into a contract with a person other than a Director, Supervisor, president or other senior management whereby the management of all or a material part of the business of the Company is delegated to such person.

**Article 62** The Company shall not provide guarantee for its shareholders, de facto controller or its related parties. The Company shall comply with relevant provisions regarding guarantee for any external party by any securities firm or listed company. The provision of any of the following guarantee for any external party by the Company shall be considered and approved by the shareholders' general meeting:

- (1) any guarantee after the total amount of guarantee for external parties by the Company and its controlled subsidiaries has reached or exceeded 20% of the Company's latest audited net assets (except providing security or a counter-security for its own liabilities);
- (2) any guarantee provided for any entity with a gearing ratio of more than 70%;
- (3) any single guarantee with a value of more than 10% of the latest audited net assets of the Company;
- (4) guarantees exceeding 30% of the latest audited total assets of the Company when being aggregated with guarantees incurred in the preceding 12 consecutive months;
- (5) guarantees exceeding 50% of the latest audited net assets of the Company when being aggregated with guarantees incurred in the preceding 12 consecutive months, with absolute amount exceeding RMB50 million;
- (6) other guarantees which are subject to consideration at the shareholders' general meeting as required by relevant laws, regulations and the stock exchanges of the places where shares of the Company are listed.

Any guarantee for any external party, which are subject to consideration by the shareholders' general meeting shall not be submitted to the shareholders' general meeting for approval before approval by the Board. Guarantee in circumstance (4) above shall be passed by at least two-thirds of the voting rights represented by shareholders present at the meeting.

**Article 63** Shareholders' general meeting consists of annual general meeting and extraordinary general meeting. The annual general meeting shall be held once every year within six months following the end of the previous financial year. In case of adjournment under special circumstances, the Company shall promptly report to the local branch of the CSRC in the place at which the Company is located with the reasons for adjournment.

**Article 64** The Company shall hold an extraordinary general meeting within two months subsequent to the occurrence of any of the following events:

- (1) when the number of incumbent Directors falls below the mandatory minimum requirement of the Company Law, or is less than two-thirds of the number specified by the Articles of Association;
- (2) when the uncovered loss is more than one-third of the Company's total share capital;

- (3) when any of the shareholders individually or jointly holding no less than 10% of total number of the Company's voting shares make any written request;
- (4) when the Board considers it necessary;
- (5) when the Supervisory Committee proposes to convene such meeting;
- (6) such other circumstances as specified by laws, administrative regulations, departmental rules, normative documents or the Articles of Association.

Number of shares in circumstance (3) above shall be calculated as of the date on which the written request is made.

**Article 65** The venue to hold a shareholders' general meeting of the Company shall be the domicile of the Company or other location specified by the convener.

A shareholders' general meeting shall usually be in the form of physical meeting to be held on-site. The Company shall facilitate the participation of shareholders at the shareholders' general meetings by the Internet or other ways. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

**Article 66** The Company shall engage lawyers to attend the shareholders' general meeting and advise on the following issues with announcements made thereon:

- (1) Whether the convening of the shareholders' general meeting and its procedures are in compliance with laws, administrative regulations and the Articles of Association;
- (2) Whether the attendees are eligible and whether the eligibility of the convener is lawful and valid;
- (3) Whether the procedures of voting and the voting outcome of the meeting are lawful and valid;
- (4) Legal opinions on other related matters at the request of the Company.

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

**Article 67** Shareholders' general meetings shall be convened by the Board of Directors, and presided over by the chairman of the Board of Directors, unless the Articles of Association requires otherwise.

**Article 68** Any independent Director may propose to the Board to convene an extraordinary general meeting, and the Board shall reply in writing in response to such proposal, whether consent or not, within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

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

**Article 69** The Supervisory Committee may propose in writing to the Board to convene an extraordinary general meeting. The Board shall reply in writing in response to such proposal, whether consent or not, within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

If the Board consents to the proposal, a notice on convening such meeting shall be issued within five days following the date of such resolution of the Board, provided that any change to the proposal made in notice shall be subject to approval of the Supervisory Committee.

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

**Article 70** Any of the shareholders individually or jointly holding no less than 10% of the Company's shares may propose in writing to the Board to convene an extraordinary general meeting. The Board shall reply in writing in response to such proposal, whether consent or not, within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

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

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

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

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

**Article 71** If the Supervisory Committee or any such shareholder(s) decide(s) to convene an extraordinary general meeting, the Board shall be notified in writing, and the meeting shall be registered with the local branch of the CSRC in the place in which the Company is located and the stock exchange(s).

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

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

**Article 72** The Board and its secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting. The Board shall provide the register of shareholders as of the record date.

**Article 73** In case the Supervisory Committee or shareholder(s) fail(s) to convene meetings in line with above requirements, any such expense necessary to convene the meeting shall be reimbursed by the Company, and any sum so reimbursed shall be deducted from the amount payable by the Company to the defaulting Directors.

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

**Article 74** The contents of the proposed motion shall fall within the functions of the shareholders' general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 75** As a shareholders' general meeting is convened, the Board, Supervisory Committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose resolution(s) to the Company.

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

Other than the above circumstances, the convener shall not make any change in the notice of the shareholders' general meeting to the existing proposals or add any new proposal after the publication of the notice.

Such motions which are not specified in the notice of the shareholders' general meeting or which do not comply with Article 74 of the Articles of Association shall not be voted or resolved at the shareholders' general meeting.

**Article 76** When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given by the convener 45 days before the date of the meeting to notify all of the shareholders whose names appear in the register of shareholders of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.

**Article 77** The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to not less than half of the Company's total voting shares, the Company may hold a shareholders' general meeting; if not, the Company shall within 5 days notify the shareholders by way of public announcement of matters to be considered and the place and date of the meeting.

**Article 78** The notice of a shareholders' general meeting shall comply with the following requirements:

- (1) made in writing;
- (2) specify the date, time and venue of the meeting;
- (3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. For those items proposed for discussion requiring the opinions of independent Directors, the notice of the shareholders' general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent Directors);
- (4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, president and other senior management in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the Directors, Supervisors, president and other senior management in their capacity as shareholders from that on the shareholders of the same class, explain such difference;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy needs not be a shareholder of the Company;
- (8) specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;
- (9) specify the date and place for the delivery of proxy forms for voting;
- (10) state the names and telephone numbers of the standing contact persons for the meeting;

- (11) in the event that a shareholders' general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting.

The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed.

**Article 79** Unless otherwise stipulated by laws, regulations, the listing rules of the places where shares of the Company are listed and the Articles of Association, the notice of a shareholders' general meeting shall be published on the websites, sent to shareholders (regardless of whether they are entitled to vote at the shareholders' general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For the shareholders of domestic shares, the notice of the shareholders' general meeting may also be given by way of announcement.

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

The notices of the shareholders' general meeting shall be delivered to the shareholders of overseas listed foreign shares in any of the following manners, 45 to 50 days prior to the said meeting:

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

**Article 80** Where the election of Directors and Supervisors are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:

- (1) personal information including education background, work experience and part-time job;
- (2) whether he/she has connected relations with the Company or its controlling shareholders and de facto controller;
- (3) his/her shareholding in the Company;

- (4) whether he/she has received any punishment from the CSRC and other relevant authorities and any penalty and warning from stock exchanges;
- (5) disclosable information in relation to the new appointment or re-designation of Directors or Supervisors as required by the listing rules of the places where shares of the Company are listed.

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

Where material connected transactions are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the following contents:

- (1) a summary of the connected transaction(s);
- (2) the information about the connected person(s);
- (3) the basic information about the underlying of the connected transaction(s);
- (4) the main profile and the pricing policy of the connected transaction(s);
- (5) the goal of the connected transaction(s) and its effect on the Company;
- (6) prior approvals of the independent Directors;
- (7) opinions from independent financial adviser(s) (if any);
- (8) the history of connected transaction(s);
- (9) commitments of the controlling shareholder(s) (if any).

**Article 81** After the notice of the shareholders' general meeting is issued, the shareholders' general meeting shall not be postponed or cancelled, and the proposals set out in such notice shall not be cancelled without valid reasons. Where a shareholders' general meeting has to be postponed or cancelled, the convener shall state the relevant reasons at least 2 business days before the original date of the shareholders' general meeting.

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

**Article 82** The Board and other conveners shall take necessary measures to ensure the good order of the shareholders' general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authorities for investigation and punishment.

**Article 83** Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to attend the shareholders' general meeting and vote at such meeting in accordance with relevant laws, regulations, the listing rules of the places where shares of the Company are listed and the Articles of Association.

A shareholder may attend the shareholders' general meeting in person or appoint one or several persons to act as his proxy(ies) to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

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

**Article 84** The shareholders shall entrust his proxy(ies) by an instrument in writing, and such instrument shall be signed by the principal or by his proxy duly entrusted in writing; in the event that the principal is a legal person, the corporate seal of the legal person shall also be chopped or signed by its duly appointed proxy(ies).

**Article 85** Individual shareholders attending a shareholders' general meeting in person shall produce their identity cards or other valid proof or evidence of their identities or stock account cards; in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the power of attorneys from shareholders.

Where a shareholder is a legal person, its legal representative or a person authorized by such legal representative, the boards or other decision-making bodies shall attend a shareholders' general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and proof of ownership; in the case of attendance by proxies, such proxies shall produce their identity cards and the power of attorneys in writing as duly issued by such legal representatives, the boards or other decision-making bodies and the proof the ownership.

In the event that the shareholder is a recognized clearing house (hereinafter referred to as "recognized clearing house") as defined in relevant regulations established at the places where shares of the Company are listed or its agent, such shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy(ies) at any shareholders' general meeting or shareholders' class meeting. However, in the event that two or more persons are appointed as representatives, the powers of attorney shall specify the number and the class of shares as represented by each of the said persons. The persons so authorized may represent the recognized clearing house (or its agent) to attend the meetings and exercise their rights, as if such persons are individual shareholders of the Company.

**Article 86** The power of attorney issued by a shareholder to appoint a representative to attend a shareholders' general meeting shall specify:

- (1) the name of the proxy;
- (2) whether or not the proxy has any voting right;
- (3) directives to vote for or against or abstain from each and every issue included in the agenda of the shareholders' general meeting;
- (4) the date of issue and validity period of the power of attorney;
- (5) the signature (or seal) of the principal. In the event that the principal is a corporate shareholder, the corporate seal shall be affixed.

Any blank form of the power of attorney as issued by the Board to any shareholder to appoint a proxy of a shareholder, shall allow the shareholder to freely choose to direct the shareholder's proxy to vote in favor of, against or abstain from each resolution and to give separate instructions regarding the matters to be voted for every topics. The power of attorney shall expressly state that if the shareholder does not make any direction whether the proxy of the shareholder may vote at his/her discretion or not.

**Article 87** The power of attorney for voting shall be placed at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is entrusted to vote or 24 hours before the scheduled voting time. Where such a power of attorney for voting is signed by a person authorized by the principal, the power of attorney for authorized signature or other authorization documents shall be notarized. Such power of attorney or other authorization documents upon notarized shall, together with the power of attorney for voting, be placed at the domicile of the Company or such other location as specified in the notice of the meeting.

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

**Article 88** A vote given in accordance with the terms of the power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting at which the proxy is issued.

**Article 89** An attendees register shall be prepared by the Company, which shall state the name (or names of the corporations), identification document number and the address of each attendee, the number of voting shares held or represented by them, the names of the principals (or names of the corporations) and so on.

**Article 90** The convener and the lawyers engaged by the Company shall verify the validity of the qualifications of shareholders based on such shareholders' register as provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of their voting shares.

**Article 91** All Directors, Supervisors and the secretary to the Board shall attend shareholders' general meeting of the Company, while the president and other senior management shall be present at the meetings.

Where the shareholders' general meeting is convened by the Board, the chairman of the Board shall act as the chairman of the meeting (or the "chairman of the conference") and preside over the meeting. In the event that the chairman of the Board is unable to or fails to fulfill the duty thereof, the vice chairman shall act as the chairman of the meeting and preside over the meeting, where there are more than one vice chairmen, the chairman of the meeting shall be the vice chairman of the Board jointly elected by more than half of the Directors. In the event that even the vice chairman is unable to or fails to fulfill the duty thereof, the majority of the Directors shall jointly elect a Director to act as the chairman of the meeting and preside over the meeting.

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

Where a shareholders' general meeting is convened by shareholders themselves, the chairman of the meeting shall be elected by the conveners and the shareholders' general meeting shall be presided over by the chairman of the meeting elected.

Where the chairman of the meeting violates the rules of procedure during the shareholders' general meeting and renders it impossible for the meeting to continue, the shareholders present at the meeting may by majority vote elect a person as the chairman of the meeting to proceed with the meeting.

Where no chairman of the meeting is specified, one shall be elected by shareholders attending the meeting; in the event that the shareholders fail to elect a chairman of the meeting for any reason, the chairman of the meeting shall be the shareholder (including the proxy) who holds the most voting shares among the shareholders attending the meeting.

**Article 92** The Company shall formulate rules of procedure for shareholders' general meeting defining the convening and voting procedures thereof, covering notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and signing thereof and announcement, and the principles and contents of the authorization of the Board on the shareholders' general meeting. The rules of procedure for shareholders' general meeting shall be formulated by the Board and approved at the shareholders' general meeting.

**Article 93** The Board and the Supervisory Committee shall report on their work during the preceding year at the annual general meeting. Every independent Director shall also prepare his work report.

**Article 94** Directors, Supervisors and senior management shall provide explanations in relation to the inquiries and suggestions made by shareholders at shareholders' general meeting.

**Article 95** The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be subject to registration of the shareholders' general meeting.

**Article 96** The shareholders' general meeting shall be recorded in minutes, for which the secretary to the Board shall be responsible. The minutes of a shareholders' general meeting shall record the following contents:

- (1) the date, place and agenda of the meeting, and the name or title of the convener;
- (2) the name of the chairman of the meeting, and the directors, supervisors, president and other senior management attending or present at the meeting;
- (3) the number of such shareholders and the proxies thereof as attending the shareholders' general meeting, the number of voting shares held by the said shareholders and proxies thereof, and the percentage of the said shares to the total shares of the Company;
- (4) the process of discussion in respect of each proposal, highlights of speeches and the voting results;
- (5) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;
- (6) the name(s) of the lawyer(s), counting officer(s) and monitoring officer(s); and
- (7) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 97** The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, Secretary to the Board, convener or representative thereof, and the chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the scene and the powers of attorney of those attending by proxy, as well as valid information relating to the voting online or by other means shall be kept together for no less than 20 years.

**Article 98** The convener shall ensure that the shareholders' general meeting is held continuously until final resolutions are arrived at. In the event that the shareholders' general meeting is terminated or fails to reach any resolution owing to force majeure or for other special reasons, immediate action shall be taken to resume the shareholders' general meeting as soon as possible or the shareholders' general meeting shall be directly terminated, and such termination shall be announced in time. Meanwhile, the convener shall report to the authorities delegated by the CSRC in the place where the Company is located and the stock exchange.

## **Section 6 Voting and Resolutions at the Shareholders' General Meeting**

**Article 99** Shareholders (including their proxies) shall exercise their voting rights represented by the number of voting shares they represent. Each share shall have one vote.

When the shareholders' general meeting considers significant matters that could affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

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

The soliciting of voting rights can be carried out by the Board of Directors, independent directors, and shareholders who satisfy relevant requirements. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 100** Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting for any resolution or restricted to voting only for or only against it, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 101** Resolutions of the shareholders' general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by votes representing more than half of the voting rights carried by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing more than two-thirds of the voting rights carried by the shareholders (including their proxies) present at the meeting.

**Article 102** The following matters shall be approved by ordinary resolutions at the shareholders' general meeting:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) profit distribution proposals and proposals for recovery of losses formulated by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and the Supervisory Committee and their remuneration and methods of payment;
- (4) the Company's annual budget and final accounts, balance sheet, income statement and other financial statements;
- (5) the Company's annual report;
- (6) such matters other than those that are required to be adopted by way of special resolution by laws, administrative regulations or the Articles of Association.

**Article 103** The following matters shall be approved by special resolutions at the shareholders' general meeting:

- (1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;
- (2) issuance of bonds by the Company;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) share incentive scheme;
- (6) purchase or disposal of substantial assets by the Company within one year or the guaranteed amount exceeding 30% of the Company's latest audited total assets;
- (7) other matters specified by laws, regulations, listing rules of the places where shares of the Company are listed or the Articles of Association and matters specified by ordinary resolutions of the shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

**Article 104** The Company shall, on the premise of ensuring a valid shareholders' general meeting, through multiple means and method, among others, provide the online voting system in priority and other means of up-to-date information technology, with the purpose of facilitating shareholders in participating the shareholders' general meeting.

**Article 105** Unless voting by ballot is conducted particularly pursuant to the listing rules or relevant provisions of the securities regulatory authorities of the places where shares of the Company are listed, or voting by ballot is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be conducted by a show of hands:

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

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

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

The method of open ballot shall be adopted for a poll vote.

**Article 106** In the event that the issue required to be voted by ballot is the election of chairman or the termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 107** Upon voting, the shareholders (including their proxies) entitled to two or more votes need not cast all their votes in the same way (vote in favor of, against or abstain from each resolution).

In the event that the number of dissenting votes equals that of supporting votes, the chairman of the meeting shall have one more casting vote whether on a show of hands or on a poll.

**Article 108** Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a shareholders' general meeting, the Company shall not enter into any contracts with any person other than the directors, president and other senior management under which the management of all or a substantial part of the business of the Company will be transferred to such person.

**Article 109** The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of directors or supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions of the shareholders' general meeting. In respect of the election of directors or supervisors, the cumulative voting system shall be adopted when the largest shareholder holds 30% or above or the connected persons together hold 50% or above of the total shares of the Company. The cumulative voting system as referred to in the preceding paragraph means that when directors or supervisors are elected at a shareholders' general meeting, each share shall carry the same number of voting right as the number of directors or supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.

**Article 110** Other than the cumulative voting system, the shareholders' general meeting shall vote on all proposals one by one. For two proposals on the same matter, voting shall be proceeded according to the time order of these proposals and voting shall not be proceeded once one of two proposals has been passed. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the shareholders' general meeting shall not set aside the proposals or withhold from voting.

**Article 111** No change of the proposal by the shareholders' general meeting shall be allowed in the course of deliberating proposal at the meeting; otherwise, any amendment made to such proposal shall be considered as a new proposal, which shall not be eligible for voting at the same meeting.

**Article 112** Each voting right shall be exercised either at the meeting, online, or by any of other available means. The first vote shall prevail in cases when a given voting right is exercised repeatedly.

**Article 113** Where a shareholders' general meeting adopts vote by ballot, two shareholder representatives shall be appointed for the purpose of counting and monitoring the votes before voting on proposals. In the event that the shareholders have interests in the proposals to be deliberated, such relevant shareholders or their proxies shall not be appointed for counting and monitoring the votes.

The lawyers, shareholder representatives and supervisor representatives shall be jointly responsible for counting and monitoring the votes when the shareholders' general meeting commences voting on proposals. The voting results are to be announced immediately. The voting results on resolutions shall be recorded in the minutes of the meeting.

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

**Article 114** Where a shareholders' general meeting adopts vote by ballot, shareholders attending the meeting shall vote in one of the following categories on the proposal to be voted on: vote in favor of the proposal, vote against the proposal, or abstain from voting on the proposal. Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "abstentions" in the voting results.

**Article 115** The on-site meeting shall not close earlier than that held online or by other means. The chairman of the meeting shall announce the voting results on each proposal and decide whether a proposal has been passed or not based on its respective results.

Listed companies, counting and monitoring parties, significant shareholders, the online voting system provider and others involved in on-site, online or other kinds of voting at the shareholders' general meeting shall not disclose the voting results to any other party before such results are officially announced.

**Article 116** The shareholders' general meeting shall prepare an integrated written resolution or specific written resolutions based on the voting results and minutes of the meeting after it has considered all the resolutions being proposed at such meeting. The chairman of the meeting shall be responsible for deciding whether or not a resolution is duly passed. The chairman's decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting. Resolutions of a shareholders' general meeting shall be announced timely, and the announcement shall contain the number of shareholders and proxies present, the total number of shares carrying voting rights and the percentage of the total voting shares of the Company, means of voting, the voting result for each proposal and the details of each resolution passed.

**Article 117** The chairman of the meeting shall be entitled to organize the counting for the votes if he/she challenges the voting result for any resolution. Provided that no counting has been organized by the chairman, such shareholders or their proxies attending the meeting who challenge the result of voting, shall be entitled to require an immediate count upon the announcement of the voting result. A second round of counting shall be immediately organized by the chairman.

**Article 118** The results of vote counting at the shareholders' general meeting shall be recorded in the minutes of the meeting.

Such minutes of meeting, together with the signatures of the shareholders attending meeting and the powers of attorney concerning the proxies attend the meeting on behalf of others, shall be kept at the domicile of the Company.

**Article 119** Shareholders may consult photocopies of the minutes of meetings free of charge during the business hours of the Company. In the event of any shareholder asking for photocopies of such minutes, the Company shall deliver the photocopies in seven days after receiving rational expenses.

**Article 120** A special note should be marked in the announcement on resolutions of general meeting for the resolution regarding failed proposals or previous resolutions that were amended at this shareholders' general meeting.

**Article 121** When a connected transaction is considered at a shareholders' general meeting, the connected shareholders shall abstain from voting. The voting shares represented by connected shareholders shall not be counted in the total number of shares with voting rights. In the event that connected shareholders are unable to abstain from voting in special circumstances, the resolution may be voted on in accordance with normal procedures upon the approval of relevant authorities.

- (1) When the shareholders' general meeting considers matters relating to a connected transaction, the connected shareholders shall withdraw from voting; where the meeting requires the connected shareholders to give explanations, the connected shareholders bear the duty and obligation to make truthful explanation at the meeting.
- (2) The chairman of the meeting shall announce at the beginning of the meeting where there are matters that connected shareholders shall withdraw from voting. Connection relationship mentioned in the preceding paragraph refers to the relationship between the Controlling Shareholders, de facto controllers, directors, supervisors, or senior management of the Company and the enterprise directly or indirectly controlled thereby and any other relationship that may lead to the transfer of any interest of the Company. However, the enterprises controlled by the state do not incur a connection relationship simply because their shares are controlled by the state.

The announcement on the resolutions of the shareholders' general meeting shall fully disclose the voting of the shareholders who are not connected parties. Material connected transactions shall be disclosed in regular or irregular reports.

**Article 122** Where a resolution on the election of directors or supervisors is passed at the shareholders' general meeting, the term of office of the newly-elected director or supervisor shall, upon they are qualified as directors and supervisors of a securities firm, commence when the relevant resolution is passed at the shareholders' general meeting.

**Article 123** Where the shareholders' general meeting has passed proposals regarding cash distribution, bonus issue or conversion of statutory surplus reserve into share capital, the specific proposals shall be implemented within 2 months after the close of the general meeting.

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

**Article 124** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders enjoy rights and responsibilities, pursuant to laws, administrative regulations and the Articles of Association.

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

**Article 125** Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution at the shareholders' general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with Article 127 to Article 131.

**Article 126** The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

- (1) increase or decrease in the number of shares of that class, or increase or decrease in the number of shares of another class having the same or more rights in voting, distribution or other privileges;
- (2) conversion of all or part of the shares of that class into shares of other classes, or conversion of all or part of the shares of other classes into shares of that class or granting rights of such conversion;
- (3) removal or reduction of the entitlement and rights to receive or retain dividends attributable to shares of that class;
- (4) reduction or removal of the priority of the shares of that class to receive dividends or distribution in the event of liquidation of the Company;
- (5) increase, removal or reduction of the right of conversion, options, voting rights, the right to transfer, priority in placement of shares and the right to acquire securities of the Company attached to shares of that class;
- (6) removal or reduction of the right to receive sums payable by the Company in particular currencies attached to shares of that class;
- (7) creation of a new class of shares having the same or more rights in voting, distribution or other privileges;
- (8) imposing or strengthening the restriction on the transfer or holding of the shares of that class;
- (9) issue of rights to subscribe for or convert into shares of that class or other classes;
- (10) increase in the rights and privileges of shares of other classes;
- (11) proposed restructuring of the Company which shall result in different classes of shareholders having to assume disproportionate liabilities;
- (12) alteration or cancellation of the provisions set out in this chapter.

**Article 127** Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall have the right to vote at the class meeting in relation to any of the matters referred to in items (2) to (8), (11) to (12) of Article 126 above, but interested shareholders shall abstain from voting at the relevant class meeting.

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

- (1) in case of a repurchase of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 26 of the Articles of Association, the controlling shareholders as defined herein shall be the "interested shareholders";
- (2) in case of a repurchase of shares by the Company by an over the counter agreement in accordance with Article 26 of the Articles of Association, the shareholders in relation to such agreement shall be the "interested shareholders";
- (3) in case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of obligations than those imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other shareholders of that class shall be the "interested shareholders".

**Article 128** Resolution of a shareholders' class meeting shall be passed only by two-thirds or above of the total voting rights being held by the shareholders of that class, who are entitled to do so, present and vote at the shareholders' class meeting in accordance with Article 129.

**Article 129** When the Company is to convene a shareholders' class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as shareholders of that class in the register of shareholders of the matters to be deliberated at the meeting as well as the time, date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.

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

**Article 130** Notice of the shareholders' class meeting shall be served only on the shareholders entitled to vote thereat. The shareholders' class meeting shall be held according to the procedures, to the extent possible, as that applicable to a shareholders' general meeting, unless otherwise specified in the Articles of Association. The provisions related to the procedures for the holding of a shareholders' general meeting in the Articles of Association shall be applicable to a shareholders' class meeting.

**Article 131** The special procedures for voting by class shareholders shall not apply under the following circumstances:

- (1) with the approval by a special resolution at a shareholders' general meeting, the Company issues domestic shares and overseas listed foreign shares at intervals of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of its respective numbers of each of the issued and outstanding domestic shares and overseas listed foreign shares;
- (2) a plan of the Company to issue domestic shares and overseas listed foreign shares upon its establishment, and which had been completed within 15 months from the date of approval by the securities regulatory authority under the State Council;
- (3) with the approval of the securities regulatory authority under the State Council, the shareholders of domestic shares of the Company transfer their shares to overseas investors and list and trade the said shares on overseas stock exchanges.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 132** Directors are natural persons and need not hold shares of the Company.

**Article 133** Where any person is identified by the CSRC as being prohibited from accessing the securities market within the ambit of Article 146 of the Company Law or Article 131 of the Securities Law and such prohibition has not been discharged, and where any person shall not hold any directorship in the Company as stipulated by the Articles of Association, they shall not hold any directorship in the Company.

The election, appointment or engagement of directors in contravention of this Article shall be void. Directors, involved in any of the circumstances specified in this Article during the term of their office shall be removed by the Company.

**Article 134** The Board of Directors or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent directors to the shareholders' general meeting; the Board of Directors, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent directors to the shareholders' general meeting.

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

**Article 135** Directors shall be elected or replaced at the shareholders' general meeting. A director shall serve a term of three years, and may seek reelection upon expiry of the said term. The term of a director shall be calculated from the date upon which the resolution was approved at the shareholders' general meeting to the expiry of the current Board.

The shareholders' general meeting shall not dismiss any director without valid reasons prior to the expiry of his/her service term. If a director is removed by the shareholders' general meeting before his/her term of office expires, relevant explanation shall be provided. The director being removed shall be entitled to state his/her opinion to the shareholders' general meeting, CSRC or its delegated authority.

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

If the term of office of a director expires but reelection is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

**Article 136** Directors shall observe laws, regulations and the Articles of Association, and undertake the following fiduciary duties to the Company:

- (1) not to abuse their official powers to accept bribes or other unlawful income, and not to expropriate the assets of the Company;
- (2) not to misappropriate the capital of the Company;
- (3) not to open in their own names or in others' names any account for the purpose of depositing any of the Company's assets or capital;
- (4) not to lend monies of the Company to other persons or provide guarantee for other persons with the property of the Company counter to the Articles of Association or without the consent of the shareholders' general meeting or the Board;
- (5) not to conclude any contract or conduct transactions with the Company counter to the Articles of Association or without the consent of the shareholders' general meeting;
- (6) not to take advantage of their positions to seek for themselves or others business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company without the consent of the shareholders' general meeting;

- (7) not to receive as their own commission for transaction with the Company;
- (8) not to disclose secret of the Company without authorization;
- (9) not to use their connected relations to damage the interests of the Company;
- (10) to fulfill other fiduciary duties stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Any incomes obtained by directors in violation of any provisions of this Article shall belong to the Company. The director shall be accountable to indemnify the Company against any losses incurred.

**Article 137** Directors shall observe laws, administrative regulations and the Articles of Association, exercise the rights conferred by the Company with due discretion, care and diligence and undertake the following obligations of diligence to the Company:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business operations of the Company comply with PRC laws, administrative regulations and all PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (2) to treat all shareholders impartially;
- (3) to carefully read the relevant business and financial reports of the Company and keep informed of the operation and management conditions of the Company in a timely manner;
- (4) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (5) to accept the lawful supervision and rational suggestions of the Supervisory Committee on their performance of duties; honestly provide the Supervisory Committee with the relevant circumstances and information, not to prevent the Supervisory Committee or supervisors from exercising their functions and powers;
- (6) to personally exercise the legally conferred disposal right of the Company, shall not be manipulated by others; without the permit of laws and administrative regulations or without the approval of the shareholders' general meeting upon informed circumstances, shall not grant the disposal right to others for exercise;
- (7) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 138** Except as specified in the Articles of Association or properly authorized by the Board, no director shall act on behalf of the Company or the Board in his/her personal name. If a director acts in his/her own name but a third party may reasonably think that the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her stand point and capacity.

**Article 139** Where a director is, personally or through other company in which he/she holds office, in any way directly or indirectly connected in a contract, transaction or arrangement (other than the service contract), he/she shall disclose the nature and extent of his/her connection to the Board of Directors at the earliest opportunity, whether or not such matter is subject to the approval of the Board in normal circumstances.

Unless the connected director has disclosed his/her connection to the Board in accordance with the preceding paragraph and the above matter has been approved by the Board at a meeting in which the connected director(s) is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable by the Company except against a bona fide third party.

**Article 140** In the event that a director of the Company notifies the Board in writing and makes a representation that on the basis of contents of the notice, he/she will be interested in the contract, transaction or arrangement to be entered into by the Company before the Company firstly considers the relevant contract, transaction or arrangement, the relevant director shall be deemed to have made a disclosure as required in the previous paragraphs.

**Article 141** If any director fails to attend board meetings in person or by proxy for three consecutive times, the said director shall be deemed incapable of performing his/her duties and the Board shall suggest that the shareholders' general meeting dismiss the said director.

**Article 142** A director may resign before his/her term of office expires. When a director resigns, he/she shall submit a written resignation notice to the Board. The Board will disclose the relevant information within 2 days.

**Article 143** If the number of directors of the Board falls below the quorum as a result of any resignation, their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new directors. Save as disclosed above, the resignation of directors shall become effective when the resignation is served on the Board.

**Article 144** Upon his/her resignation or expiry of his/her term of office, the duties of directors to the Company and the shareholders are not necessarily released when his/her resignation is not effective or within a reasonable period after his/her resignation becomes effective or upon the expiry of his/her term of office. The duty of confidentiality in respect of trade secrets of the Company survives the termination of his/her term of office until such trade secrets become publicly known. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances and conditions under which the relationship between the director and the Company was terminated.

**Article 145** If a director violates any laws, administrative regulations, departmental rules and the Articles of Association during performing his/her duties of the Company and causes losses to the Company, such a director shall be liable for compensation.

**Article 146** The provisions on the obligations of a director in this section shall apply to the supervisors, president and other senior management of the Company.

**Article 147** The Company shall have independent directors, except for the satisfaction with the relevant qualifications requirements for an independent director stipulated in the Articles of Association, the independent directors shall also have the qualifications and independence required by relevant laws, regulations, rules, the listing rules of the place where the shares of the Company are listed and normative documents. The number of independent directors of the Company shall not be less than the minimum required by national laws, regulations and the securities regulatory authority of the place where the shares of the Company are listed.

**Article 148** The tenure of the independent directors is the same as those of other directors of the Company but shall not serve for more than 6 years. If an independent director resigns or is removed during his/her term of office, the independent director itself and the Company shall submit a written statement to the delegated authority of the CSRC where the Company is located and the shareholders' general meeting respectively.

**Article 149** The independent directors shall have the following functions and powers besides those conferred to directors by the Company Law and other laws, administrative regulations and the requirements of the listing rules of the place where the shares of the Company are listed:

- (1) any contemplated connected transactions between the Company and its connected person with a total amount of more than RMB3 million or 5% of the Company's latest audited net assets shall be submitted to the Board for consideration upon approval of the independent directors; Before making a judgment, an independent director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;
- (2) to propose to the Board of engaging or dismissing an accounting firm;
- (3) to propose to the Board of convening an extraordinary general meeting;
- (4) to propose to convene a Board meeting;
- (5) to independently engage external audit institutions and advisory institutions.

The independent directors shall exercise the above functions and powers with the approval of more than half of all independent directors.

Except performing the aforesaid duties, the independent directors may also express independent opinions to the Board or the shareholders' general meeting on the following material matters,:

- (1) the nomination and removal of directors;
- (2) the appointment or dismissal of senior management;
- (3) the remuneration of directors and senior management;
- (4) the existing or new borrowings with an amount of more than RMB3 million or 5% of the Company's latest audited net assets or other flow of funds between shareholders of the Company, beneficial controllers, related companies, and whether effective steps shall be taken by the Company to recover the arrears;

- (5) matters that the independent directors consider would impair the interests of minority shareholders;
- (6) other matters stipulated by the Articles of Association.

The independent directors shall submit a working report at the annual general meeting.

If the independent directors fail to perform their duties, they shall be liable for the corresponding responsibilities.

**Article 150** The provisions on a director as stated in the Articles of Association shall be applicable to independent directors.

## **Section 2 Board of Directors**

**Article 151** The Company shall have a board accountable to the shareholders' general meeting. The Board consists of 16 directors, including at least one-third of independent directors. The Board shall have a chairman and a vice chairman.

**Article 152** The Board shall perform the following duties:

- (1) to convene shareholders' general meetings and to report to shareholders' general meetings;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to determine operation plans and investment plans of the Company;
- (4) to formulate annual preliminary and final financial budgets of the Company;
- (5) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (6) to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (7) to formulate plans for any substantial acquisition by the Company, repurchase of Shares or merger, division, and dissolution of the Company;
- (8) to decide on matters relating to the Company's external investments, disposal of substantial assets, financing, mortgage of assets, external guarantees and connected transactions as authorized by the shareholders' general meetings;
- (9) to decide on the establishment of the Company's internal management structure;
- (10) to appoint or dismiss the Company's President; appoint or dismiss Chief Risk Officer, Chief Compliance Officer and Secretary to the Board based on the nominations of Chairman of the Board; to appoint or dismiss other senior management including Vice President, Chief Finance Officer, Chief Operating Officer, Chief Investment Officer and Investment Banking Director based on the nominations of President and to determine their remuneration and penalties;

- (11) to formulate the basic management policies of the Company;
- (12) to formulate proposals for any amendments to the Articles of Association;
- (13) to manage the disclosure of information of the Company;
- (14) to propose to the shareholders' general meeting the appointment or change of the accounting firm acting as the auditors of the Company;
- (15) to consider and review the working report and the work of the President of the Company;
- (16) to review and decide on compliance management policy and urge, examine and assess compliance management;
- (17) other duties and powers granted by the laws, regulations and the Articles of Association.

Resolutions regarding increase or reduction of registered capital, issuance of bonds, merger, division, dissolution and amendments to the Articles of Association of the Company shall be passed with the approval of over two-thirds of all directors and other resolutions shall be passed with the approval of over half of all directors.

**Article 153** The Board shall make explanation at the shareholders' general meeting for the qualified audit opinions on the audit report on the financial report of the Company issued by the certified public accountant.

**Article 154** The Board shall formulate the rules of procedures of the Board to ensure the working efficiency and scientific decision making.

**Article 155** The Board shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:

- (1) external guarantee matters which may not be submitted to the shareholders' general meeting for consideration as required by the Articles of Association;
- (2) any matters concerning guarantee and counter guarantee provided for the Company's own liabilities due to its own financing and business development needs;
- (3) any matters concerning disposal of major assets, financing and external investment with funds used for each or accumulated funds used in four consecutive months accounting for 5% or more of the latest audited net assets of the Company, which may not be submitted to the shareholders' general meeting for consideration as required by the Articles of Association;

- (4) any contemplated connected transactions (except for the guarantee provided by the Company) between the Company and its connected person in an amount over RMB3 million or accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board for consideration and approval upon approval of the independent directors; Any material connected transactions matters which shall be submitted to the shareholders' general meeting for consideration as per the Articles of Association, shall also be submitted to the shareholders' general meeting for consideration and approval. Other connected transactions matters which shall be determined by the Board as required by the listing rules of the place where the shares of the Company are listed.

When disposing fixed assets, the Board shall not, without prior approval of the shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected consideration for the proposed disposal and the proceeds from any such disposal of any fixed assets of the Company completed within four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet considered at the shareholders' general meeting. For the purposes of this Article, disposal of fixed assets includes the transfer of interest in assets but does not include the charge of fixed assets as security. The validity of a disposal of fixed assets by the Company shall not be affected by any breach of this Article.

The above authorizations shall be also subject to the applicable provisions of the listing rules of the place where the shares of the Company are listed. If the applicable provisions of the Articles of Association and the listing rules of the place where the shares of the Company are listed both apply to the same matter, principle applying more stringent provisions shall be adopted as the decision-making authorization.

**Article 156** Chairman and vice chairman shall be directors and shall be elected and removed by over half of the members of the Board.

**Article 157** Chairman of the Board shall exercise the following duties and powers:

- (1) to preside the shareholders' general meeting and convene and preside the meeting of the Board;
- (2) to urge and examine the implementation of resolutions of the Board;
- (3) to execute the certificates of shares, bonds and other negotiable securities of the Company;
- (4) to sign major documents of the Board and other documents that shall be signed by the legal representative(s) of the Company;
- (5) to exercise the duties and powers of legal representative(s);
- (6) other duties and powers granted by the Board.

**Article 158** The vice chairman of the Company shall assist the Chairman in working. Where the chairman is unable to or does not perform his/her duties, the vice chairman shall perform such duties(if the Company has two or more than two vice chairman, then more than one half of the directors shall elect one vice chairman to perform such duties). Where the vice chairman is unable to or does not perform his/her duties, more than one half of the directors shall elect one director to perform such duties.

**Article 159** The meetings of the Board shall be held at least four times a year. Such meetings shall be convened by the chairman. Written notice of the meeting shall be given to all directors at least fourteen days before convening the meeting.

**Article 160** When it falls within one of the following circumstances, the chairman shall convene an extraordinary meeting within ten working days:

- (1) when the shareholders representing more than one-tenth of voting rights make a proposal;
- (2) when the Chairman thinks necessary;
- (3) when more than one-third directors jointly make a proposal;
- (4) when the Supervisory Committee makes a proposal;
- (5) when the President makes a proposal;
- (6) when over half of the independent directors make a proposal;
- (7) other circumstances stipulated by relevant laws, regulations, rules, normative documents and the Articles of Association;

**Article 161** The notice of extraordinary meeting of the Board shall be delivered by hand, post or facsimile, and the time period for notification shall be five days before the date of meeting. In the case of emergency when it is required to convene the extraordinary board meeting, the Board may issue the notice for the meeting at any time by telephone, facsimile or email, but the convener shall give explanation at the meeting.

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

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

**Article 163** The quorum of the meeting of the Board shall be over half of the directors. Each director shall have one voting right. Unless otherwise provided in the Articles of Association, the resolutions of the Board shall be passed with the approval of over half of all directors.

In the case of an equality of votes, the Chairman of the board shall be entitled to one additional vote.

**Article 164** Where a director is related to the enterprises involving in the resolution discussed in the meeting of the Board, such director shall neither exercise his/her voting right on such resolution nor exercise the voting right on behalf of other directors. Such meetings of the Board may be held with the attendance of over half of the non-related directors, and the resolutions made by the meetings of the Board must be passed with the approval of over half of the non-related directors. Where the number of non-related directors is less than three, relevant matters shall be submitted to the shareholders' general meeting for approval.

**Article 165** The Board meeting shall be convened by way of physical meetings, or through video and teleconference to ensure that the directors can fully express their opinions; If the meeting is convened through video and teleconference, the voting and resolutions can be made by means of facsimile.

The Board meeting may be convened by way of combination with physical meetings, or through video and teleconference as needed.

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, the voting can be made in writing by means of letter and facsimile, which means that the directors shall sign the vote opinions and serve them on the Company within the specified time by means of letter or facsimile.

**Article 166** The meetings of the Board shall be attended in person. Where the directors are unable to attend the meetings for any reasons, other directors may be delegated to attend the meetings on behalf with written consent.

The power of attorney shall specify the name of the proxy, the entrusted matters, the scope of authorization and validity period, and shall be signed or sealed by the appointing director. The appointed director who attends the meeting shall exercise the duties of the director within the scope of authorization. In the event that a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, such director shall be deemed to have waived the voting rights at the meeting.

**Article 167** Voting of the Board shall be conducted by name-recording ballots or a show of hands.

**Article 168** The board meeting should keep minutes. The directors attending the meeting and the recorders shall sign on the minutes of the meeting. Directors attending the meeting are entitled to request that an explanation of his/her comments made at the meetings be noted in the minutes. The minutes of board meetings shall be maintained as corporate archives by the Secretary to the Board for a period of not less than 20 years.

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

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the directors present and names of directors being appointed to attend the meeting on the other's behalf (proxy);
- (3) the agenda of the meeting;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the results (the results shall specify the number of votes for, against and abstaining).

**Article 170** Directors shall sign on the resolutions of the Board and bear the responsibilities for the resolutions of the Board. Where the resolutions of the Board violate the laws, regulations or the Articles of Association, resulting in losses to the Company, the directors participating in the resolutions shall be liable to compensate the Company, but the directors that have expressed their objections which have been recorded on the minutes in the meeting may be exempted from the liabilities.

**Article 171** The Company shall disclose to the shareholders on a regular basis the remunerations that the directors, supervisors, president and other senior management receive from the Company.

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

**Article 172** The Board of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee.

The number of independent directors in the audit committee shall be more than half of the total number of members and at least one independent director with more than five years' experiences in accounting work must be included in the audit committee.

The posts of chairmen of the remuneration and nomination committee and the audit committee shall be held by independent directors.

**Article 173** The specialized committee may engage external professionals to provide services, and the expenses reasonably incurred shall be borne by the Company.

The committees shall be accountable to the Board and submit work reports or meeting minutes to the Board in accordance with the Articles of Association. The Board of Directors shall listen to the opinions of the committees before the Board of Directors makes a resolution related to duties of committees.

**Article 174** The principal duties of the strategy development committee shall include:

- (1) to research and recommend on the long term development strategy of the Company;
- (2) to research and recommend on significant investment and financing plans approved by the Board;
- (3) to research and recommend on significant capital operation and asset operation approved by the Board;
- (4) to research and recommend on other significant matters affecting the development of the Company;
- (5) to review the implementation of the above matters;
- (6) to perform such other duties determined by the Board and specified by the listing rules or regulatory rules of the place where the shares of the Company are listed.

**Article 175** The principal duties of the compliance and risk management committee shall include:

- (1) to review and opine on overall objectives and basic policies of compliance management and risk management;
- (2) to review and opine on establishment of specific departments and duties of compliance management and risk management;
- (3) to evaluate and opine on the risk of major decisions subject to the approval of the Board and solution to eliminating such major risk;
- (4) to review and opine on compliance reports and risk evaluation reports subject to the approval of the Board;
- (5) to perform such other duties determined by the Board and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.

**Article 176** The principal duties of the audit committee shall include:

- (1) to monitor the annual audit and assess and advise the Board on the truthfulness, accuracy and integrity of the audited financial statements;
- (2) to propose the appointment or replacement of an external audit firm and to oversee the work of the external audit firm;
- (3) to be in charge of the communications between the Company's internal and external auditors;
- (4) to perform such other duties determined by the Board and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.

**Article 177** The principal duties of the remuneration and nomination committee shall include:

- (1) to review and opine on the election standards and procedures of the directors and senior management; to search for eligible candidates for directors and senior management; to review and opine on the qualification criteria of candidates for directors and senior management; to review the structure, size and composition of the Board (including the expertise, knowledge and experience) annually;
- (2) to review and opine on the appraisal and remuneration management system of directors and senior management;
- (3) to assess and opine on the directors and senior management;
- (4) to perform such other duties determined by the Board and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.

**Article 178** A meeting of each specialized committee shall be convened only when more than half of the members are present at the meeting; each member has one vote; the resolutions made in the meeting shall be passed with the approval of over half of all members.

The Board shall formulate working rules to indicate ways of the exercise of functions including the convening and voting of the meeting of each specialized committee.

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

**Article 179** The Company shall have a secretary to the Board. The Secretary to the Board shall be a senior management of the Company and be accountable to the Board of Directors.

**Article 180** The Secretary to the Board shall have the requisite professional knowledge and working experience and shall be appointed by the Board. The provisions herein in relation to the conditions prohibiting a person from acting as a director of the Company shall be applicable to the Secretary to the Board.

**Article 181** The principal duties of the Secretary to the Board shall include:

- (1) To prepare for shareholders' general meeting and meetings of the Board of Directors, maintain documents and manage shareholders' information;
- (2) To provide related information, submit information or information disclosure and others in accordance with regulations or upon request by the securities regulatory authority under the State Council, shareholders and other relevant units or individuals;
- (3) To ensure that the Company has complete organizational documents and records;
- (4) To ensure that the Company lawfully prepares and submits reports and documents required by competent authorities;

- (5) To ensure that the registers of shareholders of the Company are properly maintained and persons entitled to access the records and documents of the Company are promptly furnished with such records and documents; and
- (6) To perform other duties required by relevant laws, regulations, listing rules applicable to the place where the Company's stocks are listed or granted by the Board of Directors.

Directors of the Company (other than independent directors) or other senior management may serve as the Secretary to the Board concurrently. The accountants of the accountant firm and the lawyers of the law firm engaged by the Company shall not serve as the Secretary to the Board concurrently.

**Article 182** The Company shall facilitate the Secretary to the Board to perform duties and directors, supervisors and other senior management and related staff shall support and cooperate with the Secretary to the Board.

**Article 183** The Secretary to the Board shall be nominated by the Chairman of the Board of Directors and be appointed and removed by the Board of Directors. In the event that an act shall be made respectively by directors and the Secretary to the Board, a person serving both as a director and the Secretary to the Board shall not make such an act by relying on his/her dual identity.

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

**Article 184** The Company shall have one president, who shall be appointed or removed by the Board of Directors. Directors may be appointed concurrently as the president, vice presidents or other senior management. However, the number of directors concurrently serving as the president, vice presidents or other senior management shall not exceed half of the total number of the directors of the Company.

**Article 185** A person shall not serve as a president of the Company if such person faces any of the circumstances specified in Article 146 of the Company Law or in Article 131 of the Securities Law, or has been prohibited from entering the market by the CSRC, where such prohibition has not been removed. The senior management of the Company shall not either involve in operation and management of other economic entities or serve concurrently other securities firms or economic entities whose business is in competition with ours. A person who holds a post other than a director in an entity owned by the controlling shareholder or actual controller of the Company shall not act as the senior management of the Company.

**Article 186** The president shall be appointed for a term of three years subject to re-appointment.

**Article 187** The president shall be accountable to the Board and perform the following duties:

- (1) to be in charge of the production and operation management of the Company and report his/her work to the Board;
- (2) to organize the implementation of the resolutions by the Board of Directors, annual operation plan and investment plan of the Company;

- (3) to formulate the internal management structure of the Company;
- (4) to formulate the basic management policies of the Company;
- (5) to formulate rules and regulations for the Company;
- (6) to implement compliance management of daily operations;
- (7) to propose to the Board the appointment or dismissal of the vice presidents, Chief Financial Officer, Chief Operating Officer, Chief Investment Officer, Investment Banking Director and other senior management;
- (8) to appoint or dismiss management members other than those required to be appointed or dismissed by the Board;
- (9) to prepare plans for salary, welfare, incentive and penalty and decide the employment and dismissal of employees of the Company;
- (10) to propose to the Board of Directors the convening of interim meetings;
- (11) to decide matters on disposal of material assets, financing and foreign investment of which single operation capital or accumulated operation capital in four months does not fall within the consideration authority limit of the Board of Directors;
- (12) to perform other duties delegated by the Articles of Association or the Board.

The senior management, such as vice president, the Chief Financial Officer, Chief Operation Officer, Chief investment Officer and Investment Banking Director shall be in charge of relevant work respectively under the leadership of the President. The Chief Risk Officer shall be responsible for the implementation of the risk management strategies and policies of the Company.

The senior management in charge of compliance management, risk management and the audit department shall not concurrently hold other positions or take charge of other departments that have conflicting duties with their incumbency.

**Article 188** A president who is not a director may attend the meetings of the Board of Directors, but shall not have the right to vote.

**Article 189** The president shall report to the Board or Supervisory Committee on the signing and execution of material contracts, application of funds as well as profit and loss of the Company as requested by the Board or Supervisory Committee. The President shall ensure the trueness of the report.

**Article 190** The president shall first consider the opinions of the labour union and staff representatives committee before making decisions relating to issues such as wages, benefits, occupational safety as well as labour protection, labour insurance, termination of employment (or discharge) in advance and dismissal of staff, all of which involve the vital interests of the staff.

**Article 191** The president shall formulate detailed working rules for president and seek the approval from the Board of Directors before implementation thereof.

**Article 192** The detailed working rules for the president shall include:

- (1) the conditions, procedures and attendees for convening a president's meeting;
- (2) the respective duties and division of responsibilities among the president, vice presidents and other senior management;
- (3) the application of the Company's assets and the limits of his authority to enter into contracts;
- (4) the mechanisms for reporting to the Board of Directors and Supervisory Committee;
- (5) such other matters as the Board of Directors may think necessary.

**Article 193** The senior management shall abide by laws, administrative regulations and the Articles of Association of the Company and fulfill the obligations of good faith and diligence. If a senior management violates any laws, administrative regulations, departmental rules and the Articles of Association during performing his/her duties of the Company and causes losses to the Company, such a senior management shall be liable for compensation.

**Article 194** A senior management may resign before expiry of his/her term of office.

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

**Article 195** The positions of supervisors shall be assumed by shareholder representatives, employee representatives of the Company and external supervisors.

**Article 196** A person shall not serve as a supervisor of the Company if such person faces any of the circumstances specified in Article 146 of the Company Law or in Article 131 of the Securities Law, or has been prohibited from entering the market by the CSRC, where such prohibition has not been removed. The Supervisors of the Company shall not concurrently hold other positions in any other securities firms or any other entities whose business compete with that of the Company.

**Article 197** Directors, president and other senior management shall not concurrently act as supervisors.

**Article 198** The term of office of a supervisor shall be three years. Supervisors who are shareholders shall be elected or replaced by the shareholders' general meeting and supervisors who are employees shall be democratically elected or replaced by the Company's employees. The term of office of a supervisor is renewable upon re-election and re-appointment.

The Supervisory Committee and shareholders individually or jointly hold more than 3% of the shares of the Company may nominate candidates for non-employee supervisors for election at the shareholders' general meeting. If the number of directors nominated by any shareholder of the Company accounts for no less than one half of the total members of the Board of Directors, then the number of supervisors nominated by such shareholder shall not exceed one third of the total members of the Supervisory Committee.

**Article 199** Any Supervisor who fails to attend supervisory committee meetings in person or by proxy three times consecutively, shall be deemed non-performance of duties and shall be removed and replaced by the shareholders' general meeting or the general meeting of employees' representatives.

If a Supervisor is removed from his/her office by the shareholders' general meeting before the expiration of his/her term, relevant explanation shall be provided. The supervisor being removed shall be entitled to express opinions at the shareholders' general meeting, to the CSRC or its local branches.

**Article 200** The Supervisors shall ensure that all information disclosed by the Company is true, accurate and complete.

**Article 201** The Supervisors may attend the board meetings and raise questions or make suggestions with respect to the resolutions of the Board of Directors.

**Article 202** The Supervisors shall not damage the interests of the Company by utilizing their affiliated relationships; otherwise, such supervisors shall be liable to make compensations to the Company if any losses caused by them.

**Article 203** A Supervisor may apply for resignation before the expiration of his/her term of office. The provisions concerning the resignation of directors as set out in Chapter 5 of the Articles of Association shall apply to the supervisors.

**Article 204** A Supervisor is obligated to perform his/her duties with diligence and in good faith in accordance with laws, administrative regulations and the Articles of Association.

## **Section 2 Supervisory Committee**

**Article 205** The Company shall have the Supervisory Committee. The Supervisory Committee shall consist of seven supervisors, of which the employee representatives shall account for at least one third. The employee representatives in the Supervisory Committee are elected by the staff of the Company through employee representatives' meeting, staff meeting or otherwise by democratic election.

**Article 206** A chairman and a vice chairman shall be elected by the Supervisory Committee. The chairman of the Supervisory Committee shall be in charge of the work of the Supervisory Committee and be responsible for convening and presiding over meetings thereof. The chairman shall report his work to the shareholders' general meeting on behalf of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing his/her duties, the vice chairman of the Supervisory Committee shall perform such duties on behalf of the chairman. Where the vice chairman is incapable of performing his/her duties, a supervisor elected by not less than half of the supervisors shall perform such duties on behalf of the vice chairman.

The appointment and removal of the chairman and vice chairman of the Supervisory Committee shall be determined by the affirmative votes of two-thirds or more of the members of the Supervisory Committee.

**Article 207** The Supervisory Committee shall perform the following duties:

- (1) to review the periodical reports of the Company prepared by the Board of Directors and to provide written comments thereon;
- (2) to inspect the financial and compliance management of the Company;
- (3) to require directors, president or other senior management to rectify their behaviors in breach of relevant laws, regulations or the Articles of Association or damaging the interests of the Company, shareholders or customers during the performance of their duties within a limited period. Where the damage is material or relevant directors or senior management fail to rectify such behaviors within the required period, proposal shall be made to remove such directors or senior management or to convene a shareholders' general meeting to submit a special resolution to such shareholders' general meeting;
- (4) to report material breaches of directors and senior management directly to the CSRC or its local branches;
- (5) to require the Board of Directors to rectify its resolutions that are in breach of relevant laws, administrative regulations or the requirements of the CSRC;
- (6) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meeting if the Board of Directors fails to do so as required by the Company Law or the Articles of Association;
- (7) to propose motions in a shareholders' general meeting;
- (8) to examine the financial information such as the financial reports, operating reports and distribution plans of profits to be submitted by the Board of Directors to the shareholders' general meetings. Where any irregularities are found, the Supervisory Committee may engage certified public accountants or certified auditors to help to recheck in the name of the Company;

- (9) to initiate litigations against directors, president and other senior management of the Company in accordance with the provisions of the Company Law or the Articles of Association;
- (10) to perform other duties as stipulated in the Articles of Association of the Company or granted by shareholders' general meeting.

**Article 208** The Supervisory Committee may initiate an investigation in the event that there are any unusual circumstances found in the operations of the Company; and if necessary, it may engage a law firm, accounting firm or other professional institutions to assist in its work at the expenses of the Company.

**Article 209** The Supervisory Committee shall convene at least one meeting every six months and the meeting notice shall be delivered to all supervisors ten days prior to the convening of the meeting. An extraordinary meeting of the Supervisory Committee shall be convened if so proposed by the supervisors. The meeting notice shall be made in writing and delivered to all supervisors by letter, fax or hand five days prior to the convening of the meeting. In case of an emergency in which an extraordinary meeting must be held as soon as possible, the meeting notice can be sent via phone, fax or e-mail, but the convener of the meeting shall give an explanation at the meeting.

**Article 210** A notice of the meeting of Supervisory Committee shall contain the following: the meeting date, place and duration, causes, matters for discussion and the issue date of the notice.

### **Section 3 Resolutions of the Supervisory Committee**

**Article 211** The meeting of the Supervisory Committee shall be held when more than 50% supervisors of the Supervisory Committee attend the meeting. Each supervisor shall have one voting right.

**Article 212** The Supervisory Committee shall organize on-site meetings, video conferences or teleconferences to ensure that all supervisors may fully express their opinions. For any meetings convened via video or telephone, votes may be made and resolutions may be adopted by facsimile.

The meetings of the Supervisory Committee may adopt the form of onsite meetings, video conferences, teleconferences or a combination thereof, if necessary. If the meeting cannot be convened on site or via video or telephone due to emergency or force majeure and other special reasons, voting may be made by letter or facsimile, namely, the result of voting shall be signed by all supervisors and sent to the Company by letter or facsimile within the specified timeframe.

Resolutions made by the Supervisory Committee shall be approved by more than two-thirds of the members of the Supervisory Committee.

**Article 213** The chairman of the Supervisory Committee shall decide whether the votes on resolutions shall be made by open ballot or by a show of hands.

**Article 214** The Supervisory Committee shall maintain meeting minutes. Supervisors attending the meeting and the recorders shall sign on the minutes. Each supervisor shall be entitled to request that an explanation of his/her comments made at the meeting shall be recorded in the minutes. The archives of a meeting of the Supervisory Committee (including meeting notice and meeting materials, attendance book, audio recording materials of the meeting, votes, minutes signed and confirmed by the participating supervisors, resolution notice and others) shall be maintained by a person appointed by the chairman of the Supervisory Committee for a term of no less than 20 years.

## **Chapter 8 Chief Compliance Officer**

**Article 215** The Company shall have a chief compliance officer who is responsible for the compliance of the Company and a senior management of the Company. The chief compliance officer shall be accountable to the Board of Directors. The chief compliance officer shall report his/her daily work to the Chairman.

The chief compliance officer shall not concurrently hold a post contrary to his/her compliance management duties and shall not be in charge of a department of which the functions are contrary to the compliance management duties.

The chief compliance officer shall have the qualifications required by laws and regulations, be nominated by the Chairman, appointed and removed by the Board of Directors. The appointment and removal shall be in compliance with relevant provisions of laws and regulations.

**Article 216** The duties of the chief compliance officer shall be as follows:

- (1) to issue written compliance examination opinions with respect to internal management systems, major decisions, new products and new business plans of the Company. The chief compliance officer shall examine application materials or reports to be submitted to regulatory authorities by the Company as required by such authorities and give opinions on the application materials or reports with his/her signatory;
- (2) to supervise the compliance of operation management and practices of the Company and its employees, and conduct regular and irregular examinations in accordance with requirements of securities regulatory authorities and regulations of the Company;
- (3) to report to the Board of Directors in a timely manner and to the Supervisory Committee, managers and regulatory authorities at the same time when violation of laws and regulations or compliance risk is found. The chief compliance officer shall also report to relevant self-regulatory organizations in the event of violation of industrial standards and self-regulatory rules;
- (4) to timely advise relevant organizations or departments of the Company on stopping and handling of potential violation of laws and regulations and compliance risk and supervise the rectification;
- (5) to maintain communication with securities regulatory authorities and industrial self-regulatory organizations, take initiative to cooperate with securities regulatory authorities and self-regulatory organizations;

- (6) to handle investigation required by securities regulatory authorities and self-regulatory organizations in the timely manner, cooperate with securities regulatory authorities and self-regulatory organizations in their examination and investigation on the Company, and track and evaluate the implementation of regulatory opinions and requirements;
- (7) to organize compliance trainings for senior management and employees of the Company;
- (8) to provide compliance consultation to senior management, all departments and all branches of the Company;
- (9) to consult with securities regulatory authorities or self-regulatory organizations when there are ambiguities in laws, regulations and standards which affect his/her judgment on the compliance of the operation and management and practice of the Company and its employees;
- (10) to organize and implement policies of anti-money laundering and control mechanism on internal information;
- (11) to handle complaints and reports regarding illegal acts and violations of the Company and employees;
- (12) to perform other duties which are not contrary to the compliance management duties, as granted by the Board of Directors.

**Article 217** Guarantees for the chief compliance officer to perform its duties:

- (1) The Board of Directors of the Company shall formulate a set of comprehensive and practicable compliance management system and supervise its implementation, so as to provide institutional protections for the chief compliance officer to exercise its authorities.
- (2) The Company shall ensure that the chief compliance officer enjoys sufficient right of information. The chief compliance officer shall be entitled to participate or attend the relevant meetings of the Company, have access to all relevant documents and materials in relation to fulfillment of his/her duties in order to acquire necessary and sufficient information.
- (3) The Company shall provide material and financial resources and technical supports to the Chief compliance officer as well as compliance officers required for him/her to perform his/her duties.
- (4) The Company shall ensure that the chief compliance officer enjoys an independent right of inspection. The chief compliance officer shall have the right to make investigation into any potential non-compliance independently, have access to relevant documents and records, communicate with the management and staff and gain support from them.

## **Chapter 9   Qualifications and Duties of the Directors, Supervisors, President and other Senior Management**

**Article 218** Persons falling in any of the following categories shall not serve as directors, supervisors, president or other senior management of the Company:

- (1) persons without civil capacity or with limited civil capacity;
- (2) persons who have committed offences relating to corruption, bribery, embezzlement, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- (3) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated due to poor operation and management and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (5) persons who have a substantial amount of debts due and outstanding;
- (6) persons who were investigated by judicial offices and the lawsuit is not settled yet;
- (7) persons who cannot serve as corporate leaders according to laws and administrative regulations;
- (8) non-natural persons;
- (9) persons who have been convicted by the competent authority for violation of securities regulations and acting fraudulently or dishonestly, where less than five years have elapsed since the date of conviction;
- (10) persons who do not meet the requirements of relevant laws, regulations, rules and qualifications stipulated by regulatory departments located in a place where the Company's shares are listed as well as other circumstances required by the Article of Association of the Company.

**Article 219** The validity of the conduct of directors, president or other senior management on behalf of the Company with respect to third parties who act in good faith shall not be affected by any irregularity in their appointment, election or qualification.

**Article 220** Apart from the obligations as required by laws, administrative regulations or the listing rules of the stock exchange where shares of the Company are listed, the directors, supervisors, president and other senior management of the Company shall assume the following obligations to each of the shareholders when exercising their authorities endowed by the Company:

- (1) they may not cause the Company to operate beyond the scope of business indicated on the business license;
- (2) they shall act honestly in the best interests of the Company;
- (3) they may not deprive the Company's properties in any manner, including but not limited to, opportunities beneficial to the Company;
- (4) they may not deprive the Shareholders of personal rights and interests, including but not limited to, the distribution right and voting right, except for restructuring of the Company submitted to the general shareholders' meeting for approval pursuant to the provisions of the Articles of Association.
- (5) perform their duties in good faith and with diligence in accordance with relevant laws, regulations and the Articles of Association.

**Article 221** When exercising their powers and discharging their duties, directors, supervisors, president and other senior management of the Company shall act as cautiously, diligently and skillfully as a reasonably prudential person does under similar circumstances.

**Article 222** The directors, supervisors, president and other senior management of the Company shall perform their duties in accordance with the principle of honesty and shall not put themselves in a position where their duties and their interests may conflict. These principles include but not limited to the following:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of their powers;
- (3) to exercise their discretion vested in them and not to allow themselves to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the consent of shareholders' general meeting, not to delegate others to exercise their discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by the Articles of Association or with the consent of shareholders' general meeting;
- (6) not to use the Company's property for their own benefit without the consent of shareholders' general meeting;
- (7) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (8) not to accept commissions in connection with the transactions of the Company without the consent of shareholders' general meeting;
- (9) to abide by the Articles of Association, perform their official duties faithfully and protect the interests of the Company, and not to exploit their positions and powers in the Company for their own interests;
- (10) not to compete with the Company in any way unless with the consent of shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in their own names or other names for the deposit of the assets of the Company and not to provide guarantee for debts of a shareholder of the Company or other individual(s) with the assets of the Company;
- (12) unless otherwise permitted by shareholders' general meeting, to keep confidential the information acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:
  - (i) by order of the laws;
  - (ii) in the interests of the public;
  - (iii) in the interest of the relevant directors, supervisors, president or other senior management.

**Article 223** Each director, supervisor, president and any other senior management of the Company shall not cause the following persons or institutions (hereinafter referred to as the "associates") to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, president and other senior management;
- (2) a person acting in the capacity of trustee of that director, supervisor, president or other senior management or any person referred to in clause (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president or other senior management or any person referred to in clauses (1) and (2) of this Article;

- (4) a company in which that director, supervisor, president or other senior management, alone or jointly with one or more persons referred to in clause (1),(2), (3) of this Article or other directors, supervisors, president and other senior management have a de facto controlling interest;
- (5) the directors, supervisors, president and other senior management of the controlled company referred to in clauses (4) of this Article.

**Article 224** The fiduciary duties of the directors, supervisors, president and other senior management of the Company do not cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairly required depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 225** Unless otherwise provided by the Articles of Association of the Company, duties imposed on directors, supervisors, president and other senior management due to violation of a specific obligation by such persons may be discharged as consented by a shareholders' general meeting.

**Article 226** Where a director, supervisor, president and any other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall disclose the nature and extent of his/her interests to the Board of Directors as soon as possible, whether or not the related matters under normal circumstances is subject to the approval of the Board of Directors.

Except as provided in Note 1 of Appendix 3 to the Hong Kong Listing Rules or exceptions permitted by the Hong Kong Stock Exchange, a director shall not be entitled to vote on nor shall be counted in the quorum in relation to any resolution of the Board of Directors in respect of any contract or arrangement or any other relevant proposals in which he/she or any of his/her close associates has any material interest.

Unless the interested director, supervisor, president and other senior management of the Company discloses his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested director, supervisor, president or other senior management is not counted in the quorum and has abstained from voting, a contract, transaction or arrangement in which that director, supervisor, president and other senior management is materially interested is avoidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, president or other senior management.

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

**Article 227** Where a director, supervisor, president and other senior management of the Company gives to the Board of Directors a written notice stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 228** The Company shall not in any manner pay taxes on behalf of a director, supervisor, president and other senior management of the Company.

**Article 229** The Company shall not, directly or indirectly, make a loan or provide any guarantee for a loan to a director, supervisor, president and other senior management of the Company or the Company's parent company or any of their respective associates.

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

- (1) a loan or a guarantee for a loan by the Company to its subsidiaries;
- (2) a loan or a guarantee for a loan or other funds to any of its directors, supervisors, president and other senior management by the Company to meet expenditure incurred or to be incurred by him/her in the interests of the Company or for the purpose of enabling him/her to perform duties for the Company in accordance with the terms of an employment contract approved by the shareholders' general meeting;
- (3) the Company can make a loan or provide any guarantee for a loan to a director, supervisor, president and other senior management of the Company and its associates in the ordinary course of business, providing that the conditions for the loan and the guarantee shall be on normal commercial terms.

**Article 230** A loan made by the Company, regardless of its conditions, in breach of the aforesaid regulations shall be repaid immediately by the recipient of the loan.

**Article 231** Loan guarantee provided by the Company in breach of Clause (1) of Article 229 under these Articles of Association shall not be enforceable against the Company, unless:

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

**Article 232** For the purpose of the foregoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided by a guarantor to secure the performance of obligations by the obligor.

**Article 233** In addition to the rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president and other senior management of the Company is in breach of his/her duties to the Company, the Company has the right to:

- (1) claim damages from such director, supervisor, president and other senior management for losses incurred to the Company as a result of his/her dereliction of duty;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president and other senior management or with a third party (where such third party knows or should have known that there is a breach of duties of such director, supervisor, president and other senior management);
- (3) require the director, supervisor, president and other senior management to surrender the profits made due to a breach of duties;
- (4) recover any money received by the director, supervisor, president and other senior management which should have been received by the Company, including but not limited to commissions;
- (5) require the payment of interest earned or which may have been earned by the director, supervisor, president and other senior management on the money that should have been paid to the Company.

**Article 234** The Company shall enter into a written contract with each director, supervisor and senior management and such contract shall at least include the following provisions:

- (1) Directors, supervisors and senior management shall make commitments to the Company and express that they shall comply with the Company Law (《公司法》), Special Provisions (《特別規定》), the Articles of Association, the Code on Takeovers and Mergers (《公司收購及合 守則》), the Code on Share Buy-backs 《股份購回守則》 and other provisions of Hong Kong Stock Exchange and agree that the Company shall be entitled to the remedial measures provided herein. Such contract and such position may not be transferred;
- (2) Directors, supervisors and senior management shall make commitment to the Company and express that they shall comply with and perform such duties that they should be accountable to the shareholders as provided herein;
- (3) such arbitration terms as provided in Article 303 hereof.

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

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

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

**Article 235** The Company shall stipulate the following upon entering into a remuneration-related contract with a director or supervisor: when the company is acquired, the directors or supervisors of the Company shall have the right to obtain compensation or other funds for the loss of their positions as directors or supervisors or for retirement, subject to prior approval of the shareholders' general meeting.

A takeover of the Company referred to in the preceding provisions means any of the following:

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

In the event that relevant director or supervisor does not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of the acceptance of said offer. The expense incurred in distributing that sum pro rata amongst those persons shall not be paid out of that sum.

## **Chapter 10 Financial and Accounting System, Profit Distribution and Audit**

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

**Article 236** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the requirements of the relevant governmental authorities.

**Article 237** The Company shall prepare an annual financial report within 120 days upon expiration of each fiscal year; the Company shall prepare an interim financial report within 2 months from the end of the first 6 months of each fiscal year and submit the same to the local branch office of the CSRC and the stock exchange in which shares of the Company are listed; and the Company shall prepare and submit to the local branch office of the CSRC and Shanghai Stock Exchange a quarterly financial report within 1 month from the end of first 3 months and first 9 months of each fiscal year, respectively.

The abovementioned financial reports shall be prepared in accordance with relevant laws, administrative regulations and departmental rules, and shall be disclosed in accordance with the requirements of the securities regulatory authorities of the locality where shares of the Company are listed.

**Article 238** The Board of Directors of the Company shall submit financial reports prepared by the Company as are required by relevant laws, administrative regulations or normative documents promulgated by local government and competent department, to the shareholders at every annual general meeting.

**Article 239** The financial reports of the Company shall be made available for the inspection of shareholders at the Company 20 days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Unless otherwise specified in these Articles of Association, the Company shall deliver by personal delivery or by prepaid mail to each shareholder of overseas listed foreign shares a copy of the aforesaid report or the report of Board of Directors together with the balance sheet (including each document shall be included as appendix to the balance sheet as required by the laws) and profit and loss account or statement of income and expenditure, or summary financial report not later than 21 days before the date of every annual general meeting, and the addresses of recipient shall be the addresses appear on the register of shareholders.

**Article 240** The annual financial reports of the Company include:

- (1) the balance sheet;
- (2) the income statement;
- (3) the profit distribution statement;

- (4) the cash flow statement;
- (5) notes to the financial statement.

**Article 241** In addition to the PRC accounting standards and regulations, the financial statements of the Company shall also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the notes to the financial statements. Distribution of profits after tax of the relevant financial year shall be based on the lower of the profits after tax shown in the two financial statements mentioned above.

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

**Article 242** The Company shall not keep accounts other than those required by laws. The assets of the Company shall not be kept under the name of any individual.

**Article 243** Capital reserve fund includes the following items:

- (1) premium proceeds from the shares issued over their par value;
- (2) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

**Article 244** The profits after income tax paid by the Company shall be distributed in the following order:

- (1) to make up the losses of the previous year;
- (2) to extract 10% as general risk reserve fund;
- (3) to extract 10% as statutory reserve fund;
- (4) to extract 10% as transaction risk reserve fund;
- (5) to extract discretionary reserve fund;
- (6) to distribute dividends to shareholders.

When the aggregate statutory reserve fund of the Company has reached 50% or more of the registered capital, the Company may cease to make further contribution.

The appropriation of discretionary reserve fund subsequent to the appropriation of the statutory reserve fund should be determined by the shareholder's general meeting. The Company shall make appropriation of the general risk reserve fund at the proportion as stipulated by the CSRC. When the balance of the general risk reserve fund has reached 50% of the registered capital, the Company may cease to make any further contribution. The Company shall not distribute any profits to its shareholders before making up the losses and making appropriation of general risk reserve fund, statutory reserve fund and transaction risk reserve fund.

If there are requirements on reserve extraction proportions and accumulated extraction balance applicable to statutory reserve fund, general risk reserve fund and transaction risk reserve fund of securities companies as stipulated by the state, the Articles of Association shall be implemented according to the requirements of the state.

If a shareholders' general meeting violates the provisions in the preceding paragraph and profits are distributed to the shareholders before the Company making up losses and making allocations to the statutory reserve fund, the profits distributed in violation of the provisions shall be returned to the Company.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

**Article 245** The principle of allocating profits of the Company: adhering to the principle of "the same shares entitled to the same rights and dividend", the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.

The policy of profit distribution of the Company is as follows:

- (1). Forms of profit distribution: the Company may distribute its profits in cash, shares or a combination of both or in any other forms as permitted by the laws. The Company shall determine a cash dividend policy that enables the shareholders to share the growth and development results of the Company and receive reasonable investment returns, by considering factors such as its development stage, capital requirements.
- (2). Specific conditions and proportions of dividends in cash: the Company adopts cash dividend as its priority dividend distribution policy, i.e. the Company shall distribute its dividends in cash when the Company gains profit in that year and the accumulated undistributed profits are positive and if there are distributable after-tax profits available after making up losses, and making appropriation of various accumulation funds and reserve funds in accordance with the laws. The profit distributed by the Company shall not exceed its accumulated distributable profit. Profit distributed in cash in a single year shall be no less than 30% of the distributable profit of that year.

- (3). Intervals of profit distributions: the Company generally distributes its profit on a yearly basis. Subject to the compliance of the profit distribution principle and cash dividends conditions, the Company may also distribute interim cash dividends.
- (4). Specific conditions of distributing dividends: if the Company grows rapidly and the Board considers that there is a mismatch between Company's share price and the size of its share capital, the Company may, after making the above cash dividends distribution and taking into consideration the growth of the Company and the diluted net assets per share, propose and implement a proposal on distribution of dividends in cash.
- (5). The Board shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level and whether it has any significant capital expenditure plans, and formulate differentiated cash dividend proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:
  - (i) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;
  - (ii) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;
  - (iii) If the Company is at the growing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 20% in the profit distribution;

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

**Article 246** Decision-making procedures and mechanism of the profit distribution plan are as follows:

- (1) The decision-making procedures of the profit distribution plan of the Company shall be as follows: the Board shall formulate a clear and definite shareholders' return plan every three years after carrying out a thorough discussion of the conditions and percentage of profit distribution, the development stage of the Company, and its significant capital expenditure plans; and the Company shall formulate profit distribution plan for the current period after conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends as well as conditions of adjustment. The profit distribution proposal proposed by the Board of Directors shall be passed by a majority of the directors of the Company, and independent directors shall express their independent opinions on the profit distribution plan before it is submitted to the shareholders' general meeting for consideration and approval.

The independent directors may collect opinions from minority shareholders for formulating and putting forward a profit distribution proposal to the Board of the Company for consideration. When the profit distribution plan is considered at the shareholders' general meeting, the Company shall communicate and contact with its shareholders, especially minority shareholders, and discuss in detail and exchange ideas with shareholders on the profit distribution plan. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting.

If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend under special circumstances, the Company shall disclose specific reasons and definite opinions of independent directors in regular reports, and make specific explanation to matters such as use of retained earnings, estimated investment income, etc. Profit distribution plan for the current year shall be passed by more than two thirds of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting and the shareholders shall be accessible to network voting when attending the shareholders' general meeting to consider such plan.

The Supervisory Committee shall monitor the execution of cash dividend policy and the Shareholders' Return Plan carried out by the Board of Directors, as well as the execution of appropriate decision-making procedures and the information disclosure. The Supervisory Committee shall express explicit opinions and urge the Board to make correction in a timely manner in case of the Board's failure to strictly implement the cash dividend policy and Shareholders' Return Plan, failure to strictly execute appropriate decision-making procedures for cash dividends, and failure to make an authentic, accurate and complete disclosure of the cash dividend policy and its implementation.

- (2) The decision-making procedures for the adjustment of the profit distribution policy of the Company are as follows: where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operation, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operation of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchange. The proposal on the adjustment of the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be submitted to the shareholders' general meeting for consideration.

When formulating the proposal on the adjustment of the profit distribution policy, the Board of Directors shall listen fully to the opinions of the independent Directors and discuss their opinions in detail. The proposal on the adjustment of the profit distribution policy formulated by the Board of Directors shall be approved by a majority of all directors of the Company, and independent directors shall express their independent opinions on such proposal.

The Supervisory Committee shall monitor the adjustment of profit distribution policy by the Board of Directors. The Supervisory Committee shall be entitled to request the Board to correct the adjusted profit distribution policy when such adjustment made by the Board damages the interests of minority shareholders, or is in conformity with relevant laws and regulations, and relevant requirements as stipulated by the CSRC and the stock exchanges.

The shareholders' general meeting shall communicate and contact with the shareholders, especially the minority shareholders, and make full discussion and communication with them before considering the proposal on the adjustment of profit distribution policy. The proposal on the adjustment of the profit distribution policy shall be approved by more than 2/3 of the voting rights represented by the shareholders (including proxies) present at the shareholders' general meeting, and the Company shall provide an online voting system to facilitate the shareholders to vote on the relevant proposal.

**Article 247** In the event of misappropriation of funds of the Company by any shareholders, the Company shall deduct the cash dividends attributable to such shareholders to such extent as to repay the above funds.

**Article 248** The common reserve funds of the Company shall be applied for making up for losses, expanding the Company's production and operation or capitalization. However, the capital reserve fund shall not be applied for making up losses of the Company.

When the common reserve funds are converted into share capital, the Company shall distribute new shares to the shareholders according to their original shareholdings. The statutory reserve fund after capitalization shall not be less than 25% of the registered capital of the Company before the capitalization.

**Article 249** After the profit distribution plan has been adopted at shareholders' general meeting, the Board shall complete the dividend (or share) distribution within two months after the end of the shareholders' general meeting.

**Article 250** The Company may distribute dividends by means of cash or shares. Interests incurred from cash or other amounts involved in the payment of dividends shall not be borne by the Company. When distributing dividends, the Company shall withhold tax payables on the dividend income of the shareholders in accordance with the requirements of relevant laws and regulations.

**Article 251** Any amount paid up in advance of calls on any shares may bear interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

Subject to relevant laws, regulations, rules and regulative documents, the Company may confiscate any unclaimed dividends after the expiry of the applicable term of validity.

If dividend warrants have been left uncashed on two consecutive occasions, the Company shall be entitled to stop sending dividend warrants to holders of overseas listed foreign shares by post. However, such power may be exercised after the first occasion on which such a warrant is returned and undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any overseas-listed foreign shares of a holder who is untraceable subject to the following conditions:

- (1) the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed;
- (2) the Company, after the expiration of a period of 12 years, made an announcement in one or more newspapers in the place in which the share of the Company is listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the share of the Company is listed of such intention.

**Article 252** The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign shares to receive, on behalf of the relevant shareholders, the dividends declared and all other payables.

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

The receiving agents appointed for holders of overseas-listed foreign shares listed in the Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audits**

**Article 253** The Company shall adopt an internal audit system and designate auditors to supervise the internal audits of incomes and expenses as well as the business activities of the Company.

**Article 254** The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

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

**Article 255** The Company shall appoint an independent accounting firm that is qualified under the relevant national regulations to engage in the securities related business to audit the financial statements, verify the net assets, audit other financial reports of the Company and provide other relevant consultancy services.

**Article 256** The accounting firm appointed by the Company shall hold office for a period of one year commencing from the end of the annual general meeting of the Company and expiring upon the end of the next annual general meeting and which is subject to renewal.

**Article 257** The accounting firm appointed by the Company shall have the following rights:

- (1) to review the accounts, financial statements, records and vouchers of the Company, and to require the directors, president or other senior management of the Company to supply relevant information and explanations;

- (2) to require the Company to obtain from its subsidiaries such information and explanations as are necessary for the discharge of the duties of accounting firm;
- (3) to attend shareholders' general meeting and to receive all notices of, and other information relating to, any shareholders' general meeting, and to speak at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 258** If the position of the Company's accounting firm becomes vacant, the Board of Directors may engage an accounting firm to fill such vacancy prior to convening the shareholders' general meeting but such engagement shall be confirmed at the next annual general meeting. Any other accounting firm which has been engaged by the Company may continue to perform its duties during the period in which a vacancy exists.

**Article 259** Notwithstanding the terms set out in the contract between the Company and the accounting firm, shareholders at a shareholders' general meeting may, by way of ordinary resolution, remove the accounting firm before the expiration of its term of office, but without prejudice to the right of the firm to claim for damages in respect of such removal.

**Article 260** The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting certificates, accounting books, financial and accounting reports and other accounting materials and that it may not refuse, nor hide or misstate.

**Article 261** The remuneration of the accounting firm or the way in which the firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 262** The engagement, renewal, dismissal or discontinuation of an accounting firm shall be decided by the shareholders' general meeting, and be reported to the securities regulatory authority under the State Council.

Prior notice shall be given to the accounting firm if the shareholders' general meeting decides to remove or not to renew the appointment. The accounting firm shall be entitled to make representations at the relevant shareholders' general meeting.

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

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

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

- (2) in the event that the accounting firm leaving the position has made a written statement and requests the Company to inform the shareholders of such statement, the Company should adopt the following measures unless it has received the written statement too late:
  - (i) in the notice issued for making a resolution, it is expressly stated about the accounting firm leaving the position having made a statement;
  - (ii) a photocopy of such statement shall be made as an attachment to the notice delivered to the shareholders in the manner as provided in these Articles of Association.
- (3) in the event that the Company fails to deliver the statement of the relevant accounting firm pursuant to the provisions of clause (2) above, the relevant accounting firm may request to read out such statement at the shareholders' general meeting and shall further make an appeal.
- (4) the accounting firm leaving its position shall be entitled to attend the following meetings:
  - (i) the shareholders' general meeting during its term of office which is to expire;
  - (ii) the shareholders' general meeting for filling a vacancy caused by the dismissal of such accounting firm;
  - (iii) the shareholders' general meeting convened due to the active resignation of such accounting firm;

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

**Article 263** Where the accounting firm proposes to resign its office, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the legal address of the Company.

Resignation of the accounting firm shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

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

Where the above notice is deposited, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under Clause (2) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. Unless otherwise specified by the Articles, the Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders.

If the notice of resignation of an accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.

## **Chapter 11 Labor and Personnel**

**Article 264** The Company shall comply with the Labor Law of the People's Republic of China and other relevant regulations on labor and personnel, labor protection and labor insurances.

**Article 265** The Company has entered into labor contracts with all its employees.

**Article 266** The Company shall formulate its reward and punishment system according to laws. The Company shall reward the employees who have made great contributions to the Company and take disciplinary action against those in violation of the reward and punishment system until the termination of their labor contracts.

**Article 267** Before making any decisions on matters concerning staff's significant interests, including staff salaries, welfares, safety operation, labor protection, labor insurances, early termination of labor contracts (or dismissal) and fire, the Company shall first listen to the opinions of the labor union of the Company and its staff and invite the labor union or employee representatives to present at relevant meetings.

## **Chapter 12 Notice**

**Article 268** A notice of the Company shall be sent by:

- (1) hand;
- (2) mail;
- (3) announcement;
- (4) fax or email;
- (5) making announcement in the Company's website or the websites designated by stock exchange in accordance with the laws, regulations and listing rules of the place where the Company's shares are listed;

- (6) other means recognized by the Company, or agreed by the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice;
- (7) other means recognized by regulatory authorities of the place where the Company's shares are listed or stated in these Articles of Association.

**Article 269** Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice unless it is otherwise required by the regulatory authorities of the place where the Company's shares are listed.

For notice issued by the Company to holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange EPS for immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time. In addition, unless otherwise required in the Articles of Association, communications from the Company shall be delivered to the registered addresses as recorded in the register of members of overseas-listed foreign shares by hand or paid mail so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the Company's overseas-listed foreign shares may choose in writing to receive the corporate communication that the Company must send to shareholders either using electronic means or by post, and may also choose to receive the Chinese version only or the English version only or both the Chinese and English versions. They shall have the right to change their choices at any time by giving reasonable prior written notice to the Company in accordance with applicable procedures.

In order to prove the sending of notices, documents, information or written statements to the Company, shareholders or directors shall provide evidence proving that the same had been sent in an ordinary manner or by prepaid posts to the correct address at the specified time.

Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Stock Exchange, if the Company has obtained shareholders' prior written consent or deemed consent according to relevant laws and regulations and the Listing Rules of the Stock Exchange as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports (including reports of the Board of Directors, annual accounts, auditing reports and summary financial reports (if applicable) of the Company), interim reports and summary interim reports (if applicable), quarterly reports, notices of shareholders' general meetings, proxy forms and other types of corporate communication as specified in the Listing Rules of the Stock Exchange.

**Article 270** Any notice for convening a meeting of the Board or Supervisory Committee of the Company shall be delivered by hand, mail, or fax.

**Article 271** For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by mail, the date of delivery shall be the fifth working day upon the delivery to the post office. For any notice delivered by fax or email, the date of delivery shall be the date of sending or publishing. For any notice delivered by an announcement, the date of delivery shall be the date on which such announcement is initially published.

**Article 272** If a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or if such person has not received the notice of meeting shall not render the meeting and any resolutions made therein invalid.

**Article 273** As for announcements and information disclosure to holders of domestic shares, the Company designates at least one of the four newspapers, Shanghai Securities News, China Securities Journal, Securities Times and Securities Daily, as well as the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) as the media for publishing its announcements and other information that needs disclosure. 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.

## **Chapter 13 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

### **Section 1 Merger, division, capital increase and capital reduction**

**Article 274** The Company may carry out merger or division in accordance with the law. Merger of the Company may take the form of absorption or establishment of a new company.

**Article 275** The merger or division of the Company shall be proposed by the board for approval by shareholders' general meeting in accordance with the procedures provided in the Articles of Association and shall be processed according to the laws. A dissenting shareholder may require the Company or the shareholders who are in favor of such proposal to acquire his/her shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

The foregoing documents shall also be sent by mail to shareholders of overseas listed foreign shares.

**Article 276** If the Company is to undergo merger or division, it shall be conducted according to the following procedures:

- (1) the merger or division plan is prepared by the Board;
- (2) the shareholders' general meeting resolves in accordance with the Articles of Association;
- (3) the merger or division agreement is signed by the parties;

- (4) the examination and approval procedure is carried out in accordance the laws;
- (5) disposing of credits and debits related to the merger or division matters;
- (6) cancellation of registration and registration of change is carried out.

**Article 277** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date on which the merger resolution is approved at the Company's shareholders' general meeting and shall publish an announcement on regulatory newspapers within 30 days from the date on which the merger resolution is approved at the Company's shareholders' general meeting.

**Article 278** In the event of a merger, a creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of receiving the first notice, to demand the Company to settle its debts or provide a guarantee for such debt.

**Article 279** For a merger or division of the Company, the Board of Directors shall adopt the necessary measures to protect the legitimate rights and interests of shareholders who oppose the Company's merger or division plans.

**Article 280** After the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 281** When the Company is divided, its assets shall be split up accordingly.

The parties to such division shall execute a division agreement between each of the division parties and prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution to divide and shall publish a notice through other ways such as a newspaper within 30 days from the date of the Company's resolution to divide.

**Article 282** Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

**Article 283** When the Company is in the need of reducing its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify the creditors within 10 days of the resolution for reducing its registered capital, and make an announcement in this regard within 30 days of the resolution for reducing its registered capital. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the announcement, to demand the Company to settle its debts or provide a guarantee for such debt.

**Article 284** The reduced registered capital of the Company shall not be lower than the statutory minimum limit.

**Article 285** Changes in particulars of the companies after merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

When increasing or reducing the registered capital, the Company shall register the changes with relevant registration authorities in accordance with the laws.

## **Section 2 Dissolution and liquidation**

**Article 286** The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- (1) reasons for dissolution as specified in these Articles of Association;
- (2) a resolution on dissolution is passed by shareholders at a shareholders' general meeting;
- (3) dissolution is necessary due to merger or division;
- (4) the Company's business license is revoked or the Company is ordered to close down or de-registered due to its breach of laws and regulations;
- (5) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the people's court to dissolve the Company;
- (6) the Company is legally declared bankruptcy due to its failure to repay debts due.

Upon the occurrence of the situation described in sub-paragraph (1) of aforesaid article, the Company may continue to exist by amending these Articles of Association. Amendments to these Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the shareholders' general meeting.

**Article 287** Where the Company is dissolved under the situation described in sub-paragraph (1), (2), (4) and (5) above, the Company shall establish a liquidation committee within fifteen days upon the approval of the supervisory and administrative authorities for securities under the State Council. The liquidation committee shall consist of directors or the persons determined by the shareholders' general meeting. If the Company fails to establish a liquidation committee on time, creditors may request the people's court to designate certain persons to form a liquidation committee to perform liquidation.

Where the Company is dissolved under the situation described in sub-paragraph (3) above, the Company shall apply to the CSRC with reasons for dissolution, liabilities settlement scheme and related documents. The Company shall be dissolved after obtaining the approval from the CSRC.

Where the Company is dissolved under the situation described in sub-paragraph (6) above, the people's court shall, according to the applicable laws, order the formation of a liquidation committee comprising members from the securities supervisory and administrative authority of the State Council, shareholders, relevant authorities and professionals to process the liquidation in accordance with the applicable bankruptcy law of enterprises.

**Article 288** Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a shareholders' general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

**Article 289** The board and president shall lose their powers immediately after the resolution for liquidation is passed at the shareholders' general meeting. During the liquidation, the Company shall be forbidden to carry out any new operating activities.

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

**Article 290** The liquidation committee shall perform the following duties during the liquidation:

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

**Article 291** The liquidation committee shall notify creditors within ten days from the date of its establishment and make public announcement on newspapers required by law within 60 days of its establishment.

**Article 292** Creditors shall declare their claims to the liquidation committee within the period of time required in the Company Law. When declaring their claims, creditors shall describe the matters relating to such claims and provide related supporting materials. The liquidation committee shall register such claims. When creditors declare their claims, the liquidation committee shall not compensate the creditors.

**Article 293** After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for approval of the shareholders' general meeting or relevant competent authorities.

**Article 294** The assets of the Company shall be applied in the following order:

- (1) payment of the settlement expenses;
- (2) payment of salaries, social insurance expenses and statutory compensation of the Company's staff;
- (3) payment of outstanding taxes;
- (4) settlement of the Company's debts;
- (5) distribution to shareholders according to their proportion of shares.

Before the assets of the Company are applied for settlement in accordance with the requirements of (1) to (4) above, they cannot be distributed to shareholders.

The remaining assets of the Company after application for settlement in accordance with the above provisions shall be distributed to shareholders according to their proportion of shares held.

**Article 295** If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, determines that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for a declaration of bankruptcy. After the Company is declared bankruptcy by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

**Article 296** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be submitted to the shareholders' general meeting or relevant competent authorities for approval.

The liquidation committee shall apply for cancellation of company registration to the company registration authority, and announce the termination of the Company in accordance with laws within 30 days after approval is obtained from the shareholders' general meeting or relevant competent authorities for the liquidation report.

**Article 297** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with laws and shall not abuse their powers to accept bribes or other illegal income or misappropriate the property of the Company.

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

**Article 298** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprises.

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

**Article 299** The Company may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association.

**Article 300** The Company shall amend the Articles under any of the following situations:

- (1) there is a conflict between the Articles and laws and administrative regulations after the amendment to the Company Law or relevant laws and administrative regulations;
- (2) there are changes in the Company rendering the Articles incorrect;
- (3) the shareholders' general meeting resolves to amend the Articles.

**Article 301** Where the amendments to the Articles passed by the shareholders' general meeting require approval of competent authorities, the amendments shall be submitted to the relevant authorities for approval. If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

Any amendment to the Articles of Association involving the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas shall become effective upon approval by the approving authority authorized by the State Council and the CSRC. If the amendments involve registration matters, the involved change shall be registered in accordance with laws.

**Article 302** The Board shall amend the Articles of Association in accordance with the resolution to amend the Articles passed at the shareholders' general meeting and examination and approval opinions from relevant authorities.

## **Chapter XV Settlement of Disputes**

**Article 303** The Company follows the following rules for the settlement of disputes:

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

The dispute or claim shall be referred to arbitration as a whole. All parties involved in the same dispute or claim shall abide by the arbitration if such parties are the Company or the shareholder, director, supervisor, president or other senior management of the Company.

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

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

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

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws, regulations, rules and normative documents.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **Chapter XVI Miscellaneous**

**Article 304** Definitions

- (1) The "controlling shareholders" shall refer to shareholders who meet one of the following conditions (unless there is evidence to the contrary that shareholders meet one of the following conditions but don't control the Company actually):
  - (i) The person may elect more than half of the directors when acting alone or in concert with others;

- (ii) The person may exercise more than thirty percent of the total voting shares of the Company or control the exercise of more than thirty percent of the total voting shares of the Company when acting alone or in concert with others;
  - (iii) The person holds more than thirty percent of outstanding shares of the Company when acting alone or in concert with others;
  - (iv) The person may have de facto control over the Company in any other manner when acting alone or in concert with others.
- (2) The “de facto controller” refers to that although such controller is not a shareholder of the Company, he/she is a person who can actually dominate the Company through investment relations, agreements or other arrangement.
- (3) The “connected relations” refers to the relationship between the Company’s controlling shareholders, de facto controller, directors, supervisors, senior management and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationship 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.

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

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

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

**Article 308** The Board shall be responsible for the interpretation of these Articles of Association.

**Article 309** These Articles were adopted by a special resolution of the shareholders’ general meeting of the Company with its important clause approved by the CSRC and shall be effective on the date on which the overseas listed foreign shares (H shares) of the Company under the public offering are listed on the Hong Kong Exchange Stock. From the effective date of these Articles, the existing Articles of the Company and amendments thereto shall lapse automatically.