



# China International Capital Corporation Limited

## 中国国际金融股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

### Articles of Association

Considered and adopted on the first extraordinary shareholders' general meeting of 2015 of China International Capital Corporation Limited on June 3, 2015;

1<sup>st</sup> amendment adopted on the second extraordinary shareholders' general meeting of 2015 of China International Capital Corporation Limited on July 28, 2015;

2<sup>nd</sup> amendment adopted on the third extraordinary shareholders' general meeting of 2015 of China International Capital Corporation Limited on October 16, 2015;

3<sup>rd</sup> amendment adopted on the 2015 annual shareholders' general meeting of China International Capital Corporation Limited on June 8, 2016;

4<sup>th</sup> amendment adopted on the first extraordinary shareholders' general meeting of 2016 of China International Capital Corporation Limited on December 29, 2016;

5<sup>th</sup> amendment adopted on the 2016 annual shareholders' general meeting of China International Capital Corporation Limited on June 12, 2017;

6<sup>th</sup> amendment adopted pursuant to the authorization of the 2016 annual shareholders' general meeting of China International Capital Corporation Limited on September 20, 2017;

7<sup>th</sup> amendment adopted on the 2017 annual shareholders' general meeting of China International Capital Corporation Limited on May 18, 2018;

8<sup>th</sup> amendment adopted pursuant to the authorization of the 2018 annual shareholders' general meeting of China International Capital Corporation Limited on October 16, 2019;

9<sup>th</sup> amendment adopted on the second extraordinary shareholders' general meeting of 2019 of China International Capital Corporation Limited on December 30, 2019.<sup>(Note)</sup>

10<sup>th</sup> amendment adopted on the first extraordinary shareholders' general meeting of 2020 of China International Capital Corporation Limited on February 28, 2020.

*Note:* The Articles of Association have not incorporated the amendment as it will only be included into these Articles and become effective after approval for the amendment is obtained from relevant regulatory authorities.

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# Articles of Association

## China International Capital Corporation Limited

### Chapter 1 General Provisions

**Article 1** This Articles of Association (the “**Articles of Association**”) is formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Securities Law of the People’s Republic of China (the “**Securities Law**”), Regulation on the Supervision and Administration of Securities Companies (the “**Administration Regulation**”), Special Provisions of the State Council Concerning the Flotation and Listing Abroad of Stocks Companies (the “**Special Provisions**”), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Mandatory Provisions for Companies Listing Overseas (the “**Mandatory Provisions**”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other laws, administrative regulations and relevant regulatory rules (collectively, the “**Relevant Laws and Regulations**”), to safeguard the legitimate rights and interests of China International Capital Corporation Limited (the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company.

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

The Company’s predecessor, China International Capital Corporation Limited (中国国际金融有限公司), is a Sino-foreign joint venture company with limited liability established in 1995 with the approval from the People’s Bank of China. By means of promotion by the existing shareholders of China International Capital Corporation Limited (中国国际金融有限公司), China International Capital Corporation Limited (中国国际金融有限公司) was restructured into a joint stock limited company in 2015 in accordance with the law. The Company was registered with the Beijing Administration for Industry and Commerce on June 1, 2015 and obtained a business license for corporate legal person (unified social credit code: 91110000625909986U).

The Company’s promoters are: Central Huijin Investment Ltd., GIC Private Limited, TPG Asia V Delaware, L.P., KKR Institutions Investments L.P., China National Investment and Guaranty Corporation, Mingly Corporation, The Great Eastern Life Assurance Company Limited, China Jianyin Investment Ltd., JIC Investment Co., Ltd., China Investment Consulting Co., Ltd.

**Article 3** The registered name of the Company: 中国国际金融股份有限公司

The abbreviated Chinese name of the Company: 中金公司

The English name of the Company: China International Capital Corporation Limited

The abbreviated English name of the Company: CICC

**Article 4** Address of the Company: 27th & 28th Floors, China World Tower 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, China

Postal Code: 100004

Telephone: (+86-10) 6505 1166

Facsimile: (+86-10) 6505 1156

**Article 5** The Company's registered capital is RMB4,368,667,868.

**Article 6** The Company is a joint stock limited company with perpetual existence.

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

**Article 8** Total capital of the Company is divided into shares with same par value per share. The shareholders shall assume their liabilities to the extent of their respective shareholdings in the Company, and the Company shall be liable to the extent of its total assets for its debts.

The Company may invest in other organizations such as limited liability companies and joint stock limited companies. It shall be liable to the extent of the amount of its investments in such invested companies.

**Article 9** Subject to the approval of the shareholders' general meeting and the securities regulatory authorities of the State Council, the Articles of Association shall become effective from the date of the initial public offering of shares and listing of the Company. The original Articles of Association of the Company shall automatically cease to have effect from the date on which this Articles of Association takes effect.

The Articles of Association shall, from the date when it comes into force, constitute a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders. The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors and members of senior management (the "**Senior Management**"). All aforementioned persons shall be entitled to claim their rights regarding matters related to the Company in accordance with the Articles of Association.

Senior Management refers to the Company's chief executive officer ("CEO"), deputy CEO (if applicable), chief operating officer ("COO"), chief financial officer ("CFO"), chief risk officer ("CRO"), chief compliance officer ("CCO"), secretary of the board of directors, chief information officer ("CIO") and other personnel holding important positions who are appointed by the board of directors.

Shareholders may sue the Company; the Company may sue its shareholders; shareholders may sue other shareholders; and shareholders may sue directors, supervisors and Senior Management of the Company in accordance with the Articles of Association.

For the purpose of the foregoing paragraph, "sue" includes the initiation of proceedings in a court and the application for arbitration to an arbitration institution.

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

**Article 10** The Company's business objectives:

to become an investment bank rooted in China and connecting the world, and equipped with international standard and a full range of service competency; to provide best quality service to clients and create long term value for the society and the shareholders.

**Article 11** The Company may engage in businesses approved by the financial regulatory authorities in accordance with law. The Company's business scope covers:

- (I) brokerage business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
- (II) proprietary business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
- (III) underwriting business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
- (IV) promotion and management of funds;
- (V) advisory services on corporate restructuring and mergers and acquisitions;
- (VI) advisory services on project financing;
- (VII) investment consultancy and other consultancy businesses;

- (VIII) foreign exchange trading;
- (IX) foreign exchange asset management of overseas enterprises and domestic foreign-invested enterprises;
- (X) inter-bank lending and borrowings;
- (XI) asset management for clients;
- (XII) online agency securities trading;
- (XIII) securities margin trading;
- (XIV) sales of financial products on an agency basis;
- (XV) sales of securities investment fund on an agency basis;
- (XVI) intermediary business for futures companies;
- (XVII) securities investment fund custody business; and
- (XVIII) other businesses as approved by financial regulatory authorities.

The Company may engage in other businesses as approved by other competent authorities or as permitted by laws and regulations.

**Article 12** The Company can establish subsidiaries or branches to conduct businesses, including but not limited to private fund business and alternative investment business, in accordance with laws and regulations as approved by competent authorities or as permitted by laws and regulations.

## **Chapter 3 Shares**

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

**Article 13** The shares of the Company shall take the form of stocks.

The Company shall have ordinary shares at all times; it may have other types of shares in accordance with its needs upon approval from the departments authorized by the State Council.

**Article 14** Shares of the Company shall be issued in accordance with the principles of fairness and impartiality. Shares of the same class shall rank *pari passu* with each other.

For same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any entity or individual, the price payable for each of such shares shall be the same.

**Article 15** All the shares issued by the Company have a par value, which shall be RMB1.00 for each share.

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

For the purposes of the preceding paragraph, “**foreign investors**” shall refer to investors from foreign countries or from the Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan who subscribe for the shares issued by the Company; and “**domestic investors**” shall refer to investors within the People’s Republic of China (excluding the aforementioned regions), who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company for foreign investors to subscribe in foreign currency are referred to as foreign shares. Shares are listed and traded on overseas stock exchange with approvals from the authorized departments of the State Council and overseas securities regulatory authorities are referred to as overseas-listed shares.

Foreign currencies mentioned in the preceding paragraph refer to legal tenders of other countries or regions other than RMB that are recognized by the competent authorities of the State Administration of Foreign Exchange for contribution of share capital to the Company.

Upon the completion of offering and listing of the Company’s shares, the Company’s shareholders may list and trade their unlisted shares overseas upon approvals of the State Council or its securities regulatory authorities. Listing and trading of such shares on overseas stock exchange(s) shall comply with the regulatory procedures, provisions and requirements of overseas securities market(s). No shareholder’s class meeting for voting is required in respect of the aforementioned shares to be listed in overseas stock exchanges under the aforementioned circumstance. Domestic shares held by the Company’s shareholders will be converted to overseas-listed shares after obtaining the approval for overseas listing and trading.

Holders of domestic shares and overseas-listed shares of the Company have equal rights in any distribution by way of dividend or otherwise.



**Article 18** Subject to the approval of the authorities authorized by the State Council, 1,667,473,000 shares, representing 100% of the then total number of ordinary shares that may be issued by the Company, were issued to promoters of the Company upon the restructuring of the Company into a joint stock limited company, which were subscribed by the promoters with the net assets of China International Capital Corporation Limited (中国国际金融有限公司). Upon the completion of the change of the form of the Company, the Company's total paid-in capital was 1,667,473,000 shares. The names of the promoters of the Company, the number of shares subscribed by each promoter and their respective shareholdings are listed as follows:

No.	Name of Promoter	Form of Capital Contribution	Date of Capital Contribution	Number of Shares Subscribed for (share)	Percentage (%)
1	Central Huijin Investment Ltd.	Share capital converted from net assets	2015.5.15	719,848,271	43.17%
2	GIC Private Limited	Share capital converted from net assets	2015.5.15	272,631,835	16.35%
3	TPG Asia V Delaware, L.P.	Share capital converted from net assets	2015.5.15	171,749,719	10.30%
4	KKR Institutions Investments L.P.	Share capital converted from net assets	2015.5.15	166,747,300	10.00%
5	China National Investment and Guaranty Corporation	Share capital converted from net assets	2015.5.15	127,562,960	7.65%
6	Mingly Corporation	Share capital converted from net assets	2015.5.15	122,559,265	7.35%
7	The Great Eastern Life Assurance Company Limited	Share capital converted from net assets	2015.5.15	83,373,650	5.00%
8	China Jianyin Investment Ltd.	Share capital converted from net assets	2015.5.15	1,000,000	0.06%
9	JIC Investment Co., Ltd.	Share capital converted from net assets	2015.5.15	1,000,000	0.06%
10	China Investment Consulting Co., Ltd.	Share capital converted from net assets	2015.5.15	1,000,000	0.06%
<b>Total</b>				<b><u>1,667,473,000</u></b>	<b><u>100.00%</u></b>

**Article 19** The total number of shares of the Company is 4,368,667,868 shares. The structure of the share capital of the Company is: 4,368,667,868 shares of ordinary shares including 2,464,953,440 shares held by holders of domestic shares, representing 56.42% of the total number of ordinary shares that may be issued by the Company, and 1,903,714,428 shares of overseas listed foreign shares, representing 43.58% of the total number of ordinary shares that may be issued by the Company.

**Article 20** Subject to the approval of the Company's plans for issuing overseas-listed shares and domestic shares by the securities regulatory authorities of the State Council, the board of directors of the Company may arrange for implementation of such plan by separate issues.

The Company may separately implement its plan for issuing overseas-listed shares and domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval of the securities regulatory authorities of the State Council.

**Article 21** Where the Company issues overseas-listed shares and domestic shares respectively within the total number of shares specified in the issue plan, the respective shares shall be fully subscribed for in one go. Where it is impossible for respective shares to be fully subscribed for in one go under exceptional circumstances, the shares may be issued in several tranches subject to the approval of the securities regulatory authorities of the State Council.

**Article 22** The Company shall establish a long-term incentive mechanism for directors, supervisors, Senior Management and employees. The Company shall be responsible for preparing the draft long-term incentive mechanism, which shall be implemented upon consideration and approval by the board of directors and the shareholders' general meeting, approval of the relevant competent authorities, and approval of or filing with the securities regulatory authorities of the State Council or its designated authorities.

## **Section 2 Increase/Deduction of Capital and Buy-back of Shares**

**Article 23** The Company may, based on its business and development needs and in accordance with the Relevant Laws and Regulations, increase its registered capital in the following manners upon respective resolutions being adopted by the shareholders' general meetings:

- (I) by public offering of shares;
- (II) by non-public offering of shares;
- (III) by placing new shares to its existing shareholders;
- (IV) by issuing bonus shares to its existing shareholders;
- (V) by capitalizing its capital common reserve;

(VI) by any other means permitted by laws and regulations and the relevant regulatory authorities. The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and regulations of the PRC.

**Article 24** According to the Articles of Association, the Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

**Article 25** In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of properties.

The Company shall notify its creditors within ten (10) days from the date of the resolution on reduction of registered capital and shall make an announcement in newspapers within thirty (30) days of the date of the resolution approving the reduction. A creditor shall have the right either within thirty (30) days of receipt of notice, or within forty-five (45) days of the date of the first announcement if he has not received a notice, to require the Company to settle indebtedness or provide security for the indebtedness.

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

**Article 26** Under the following circumstances, the Company may buy back its outstanding shares in accordance with laws and regulations and the Articles of Association:

- (I) cancelling shares to reduce the Company's registered capital;
- (II) merging with companies which hold shares in the Company;
- (III) awarding shares to employees of the Company;
- (IV) acquiring shares held by shareholders who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company upon their request; and
- (V) other circumstances as permitted by laws and regulations.

Buy-back of the Company's shares under circumstances specified in item (I) to item (III) of the preceding paragraph shall be subject to the approval of the shareholders' general meeting. For any buy-back of the Company's shares pursuant to the preceding paragraph, shares bought back pursuant to item (I) shall be cancelled within ten (10) days from the date of the buy-back; for those circumstances described in items (II) and (IV), the shares shall be transferred or cancelled within six (6) months.

**Article 27** The Company may buy back the Company's shares in one of the following manners:

- (I) by making a pro rata general offer of buy-back to all shareholders;
- (II) by repurchasing shares through public trading on a stock exchange;
- (III) by repurchasing through an off-market agreement; and
- (IV) by other means as permitted by laws and regulations and relevant authorities.

**Article 28** Where the Company buy-backs its shares through an off-market agreement, it shall seek prior approval of the shareholders' general meeting in accordance with the Articles of Association. The Company may rescind or revise a contract entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the shareholders' general meeting obtained in the same manner.

The contract for the share buy-back referred to in the preceding paragraph includes but not limited to contracts assuming obligations of share buy-back and acquiring the rights of the shares bought back.

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

With regard to the redeemable shares that the Company has the power to buy-back, if they are not bought back on the market or by way of tender, the prices of these shares shall be limited to a maximum price; if they are bought back by way of tender, the tenders shall be available and proposed to all shareholders alike.

**Article 29** After the shares are bought back by the Company pursuant to the laws, it shall cancel such shares bought back within the period prescribed by laws and regulations, and shall apply to the relevant registration authority of the Company for registration of the change in the registered capital.

The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

**Article 30** Unless the Company is in the course of liquidation, it shall comply with the following provisions in respect of the buy-back of its outstanding issued shares:

- (I) where the Company buys back its shares at par value, payment shall be made out of the book balance of the distributable profits of the Company and/or out of proceeds of a new issue of shares made for the buy-back of shares;
- (II) where the Company buys back its shares at a price higher than par value, payment corresponding to the par value shall be made out of the book balance of the distributable profits of the Company and/or out of the proceeds of a new issue of shares made for the buy-back of shares. The part in excess of the par value shall be treated as follows:
  - 1. if the shares bought back were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - 2. if the shares bought back were issued at a price higher than their par value, payment shall be made out of the book balance of the distributable profits of the Company and/or out of the proceeds of a new issue of shares made for the buy-back of shares, provided that the amount paid out of the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares bought back nor shall it be more than the amount of the Company's capital common reserve account (including the premiums on the new issue of shares) at the time of such buy-back;
- (III) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:
  - 1. acquisition of rights to buy-back shares of the Company;
  - 2. variation of any contract for repurchasing shares of the Company;
  - 3. release of any of the Company's obligations under any contract for repurchasing its shares.
- (IV) after the par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant regulations, the amount deducted from the distributable profits for payment for repurchasing shares at their par value shall be accounted for in the Company's capital common reserve account.

Where the laws, regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed have any other provisions in respect of the financial arrangement related to the aforementioned share buy-back, such provisions shall prevail.

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

**Article 31** Unless otherwise provided in laws, regulations and requirements of securities regulatory authorities in the place where the Company's shares are listed, shares of the Company may be transferred freely with no lien attached.

Transfer of overseas-listed shares listed in Hong Kong requires registration by the share registrar in Hong Kong appointed by the Company.

**Article 32** The Company shall not accept any pledge with its own shares as the subject matter.

**Article 33** Shares of the Company held by the promoters shall not be transferred within one (1) year from the date of the establishment of the Company.

The shares of the Company issued prior to the Company's public offering of shares shall not be transferred within one (1) year from the date the shares of the Company being listed and traded on the stock exchange(s). The directors, supervisors and Senior Management of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% per annum of the total number of the shares of the Company held by them during their term of office, unless such changes are caused by compulsory judicial enforcement, inheritance, legacy or distribution of properties in accordance with the laws. The shares of the Company held by them shall not be transferred within one (1) year from the date the shares of the Company being listed and traded on the stock exchange(s). The aforementioned person(s) shall not transfer the shares of the Company held by them within six (6) months commencing from the termination of their service.

**Article 34** All overseas-listed shares listed on The Stock Exchange of Hong Kong Limited (the "HKEx") which have been fully paid in may be freely transferred in accordance with the Articles of Association; provided, unless such transfer complies with the following requirements, the board of directors may refuse to acknowledge any instrument of transfer and will not need to provide any reason therefor:

- (I) transfer documents and other documents relating to or affecting the title to any shares shall be registered, and the expense for registration shall be paid to the Company in an amount as stipulated in the Listing Rules;

- (II) the instrument of transfer involves only the overseas-listed shares listed on HKEx;
- (III) the stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are proposed to be transferred to joint holders, the number of such joint shareholders shall not be more than four (4);
- (VI) the Company does not have any lien over the relevant shares.

If the board of directors refuses to register the transfer of shares, it shall serve a notice of refusal of such transfer of shares to the transferor and the transferee within two (2) months from the date when the formal application of such transfer is submitted.

**Article 35** All overseas-listed shares listed in Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form which the board of directors accepts (including the prescribed form or transfer form as required by the HKEx from time to time). The instrument of transfer may be executed by hand or (if the transferor or the transferee is a company) affixed with the Company's seal. If the transferor or the transferee is a recognized clearing house (the "**Recognized Clearing House**") as defined by the relevant regulations of the laws of Hong Kong in effect from time to time or the agent thereof, the transfer form may be executed by hand or by machine imprinted signatures.

All transfer instruments shall be kept at the legal address of the Company or any address specified by the board of directors from time to time.

#### **Section 4 Equity Administration Affairs**

**Article 36** The chairman of the board of directors of the Company is the first responsible person for handling equity administration affairs of the Company. The secretary of the board of directors of the Company shall assist the chairman and is the direct responsible person for handling equity administration affairs.

**Article 37** The office of the board of directors of the Company is the office that handles equity administration affairs of the Company, which organizes and implements the work related to equity administration affairs.

**Article 38** The Company shall make arrangements for risk prevention during the period of change of registered capital or equity to ensure that the Company's normal operations and the interests of clients are without prejudice.

Where approval by the securities regulatory authorities of the State Council is required according to law, shareholders of the Company shall continue to exercise their voting rights independently according to the proportion of their shareholdings prior to the approval. The equity transferor may not recommend the relevant personnel of the equity transferee to serve as directors, supervisors and Senior Management of the Company, or transfer the voting rights in any disguised form.

**Article 39** Shareholders of the Company shall fully understand their rights and obligations, be fully aware of the Company's operating management, potential risks and other information, have reasonable investment expectation and truthful willingness to make capital contributions, and perform the necessary internal decision procedures.

**Article 40** The shareholding period of the shareholders shall comply with laws, administrative regulations and relevant regulations of the securities regulatory authorities of the State Council.

The actual controller of the shareholders shall abide by the same lock-up period as the shareholders of the Company with respect to the equities of the Company under their control, with the exception of situations recognized by the securities regulatory authorities of the State Council in accordance with law.

**Article 41** Shareholders shall not pledge the equity of the Company held by them during the equity lock-up period. Upon the expiry of the equity lock-up period, the proportion of the Company's equity held by a shareholder that is pledged shall not exceed 50% of the proportion of the Company's equity held by such shareholder.

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

**Article 42** Shareholders of the Company and their actual controllers shall not:

- (I) make false and discrepant capital contribution, withdraw capital contribution or withdraw capital contribution in disguised form;
- (II) intervene in the business and management of the Company in violation of laws, regulations and requirements stipulated by the Articles of Association;



- (III) abuse their right or influence, occupy the assets of the Company or clients to carry out benefits transmission, which infringes the legitimate rights and interests of the Company, other shareholders or clients;
- (IV) illegally require the Company to provide financing or guarantee for them or their related parties, or force, instruct, assist or accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;
- (V) conduct improper related-party transactions with the Company and use the influence on the Company's operation and management to obtain improper benefits;
- (VI) entrust others or accept any entrustment from others to hold or manage the Company's equity without approval, accept or transfer control over the Company's equity in disguise;
- (VII) other actions prohibited by the securities regulatory authorities of the State Council.

The Company, its directors, supervisors, Senior Management and other relevant entities shall not cooperate with the shareholders and their actual controllers in the above situations.

If the Company finds out that the above-mentioned situations exist among the shareholders and their actual controllers, it shall take timely measures to prevent the aggravation of the violations and report to the branch office of the securities regulatory authorities of the State Council where the domicile is located within two (2) business days.

**Article 43** In the event of any illegal conduct or misconduct related to equity administration affairs in violations of laws, regulations and regulatory requirements, the Company shall promptly investigate and report to the board of directors, and the board of directors shall agree on rectification measures and accountability programs within the scope of its authority.

## **Section 5 Financial Assistance for Acquisition of the Company's Shares**

**Article 44** The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company shall include a person who directly or indirectly assumes any obligations for the purpose of the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means and at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging the obligations directly or indirectly assumed by that person for acquiring or proposing to acquire shares of the Company.

The provisions in this Article shall not apply to the circumstances stated in the Article 46 of the Articles of Association.

**Article 45** For the purpose of this Chapter, “financial assistance” includes but not limited to the following means:

- (I) gift;
- (II) guarantee (including the undertaking of liability by the guarantor or the provision of properties by the guarantor to secure the performance of obligations by the obligor), or indemnity (other than indemnity arising from the Company’s own default) and release or waiver of any rights;
- (III) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled prior to the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when such assistance would lead to significant reduction in the Company’s net assets.

For the purpose of this Chapter, “assuming an obligation” includes the assumption of obligations by way of contract or the entering into an arrangement (whether enforceable or not, and whether entered into on its own account or with any other persons), or by the changing of the obligor’s financial position by any other means.

**Article 46** The following activities shall not be deemed to be activities prohibited under Article 44 of this Chapter:

- (I) the financial assistance by the Company is given in good faith and in the interest of the Company, and the principal purpose of the financial assistance is not for the acquisition of shares of the Company, or the financial assistance is an ancillary part of a master plan of the Company;
- (II) the lawful distribution of the Company’s assets by way of dividends;
- (III) the allotment of shares as dividends;
- (IV) a reduction of registered capital, buy-back of shares or reorganization of the share capital structure of the Company, etc. in accordance with the Articles of Association;

- (V) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is paid out of the distributable profits of the Company);
- (VI) the provision of money by the Company for an employee stock ownership plan (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is paid out of the distributable profits of the Company).

## **Section 6 Share Certificates and Register of Shareholders**

**Article 47** The Company's share certificates shall be in registered form.

The following particulars shall be stated on a share certificate:

- (I) the name of the Company;
- (II) the date of the Company's establishment;
- (III) the class of the shares, the par value and the number of shares represented by the certificate;
- (IV) the serial number of the share certificate; and
- (V) other items as stipulated required in the Company Law and required to be specified by the stock exchange(s) on which the shares of the Company are listed.

The Company may issue overseas-listed shares in form of depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the place where the shares of the Company are listed.

**Article 48** The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange on which the shares of the Company are listed and the securities regulatory authorities thereat require the share certificates to be signed by Senior Management of the Company, the share certificates shall also be signed by Senior Management. The signatures of the chairman of the board of directors of the Company or other relevant senior management on the share certificates may also be in printed form. The share certificates shall take effect after being affixed with the seal of the Company or after being affixed with the seal of the Company in printed form. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors.

In case of scriptless issue and trading of the shares of the Company, the applicable provisions provided by the securities regulatory authorities where the shares of the Company are listed shall prevail.

**Article 49** The Company shall keep a register of shareholders, which shall contain the following particulars:

- (I) the name, address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-in or payable in respect of the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall constitute sufficient evidence of the holding of the Company's shares by a shareholder's shareholding in the Company, unless there is evidence to the contrary.

**Article 50** The Company may, in accordance with mutual understanding and agreements made between the securities regulatory authorities of State Council and overseas securities regulatory authorities, keep the register of shareholders of overseas-listed shares outside the PRC and appoint overseas agent(s) for management. The original register of holders of overseas-listed shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a duplicate of the register of holders of overseas-listed shares at the Company's address; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed shares at all times.

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

**Article 51** The Company shall keep a complete register of shareholders. The register of shareholders shall include the followings:

- (I) the register of shareholders kept at the Company's address other than those parts as described in items (II) and (III) of this Article;

- (II) the register of shareholders in respect of the holders of overseas-listed shares of the Company kept at the place of the overseas stock exchange on which the shares are listed;
- (III) the register of shareholders kept at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 52** Different parts of the register of shareholders shall not overlap. No transfer of the shares registered in any part of the register shall be registered in any other part of the register of shareholders at the same time.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where each part of the register of shareholders is kept. The Company shall ensure that in all entitlement documents (including share certificates) for all its securities listed on the HKEx include the statements stipulated below, and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (I) the acquirer of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Special Provisions and other requirements pursuant to the relevant laws, regulations and the Articles of Association;
- (II) the acquirer of shares agrees with the Company, each shareholder, Director, Supervisor and Senior Management of the Company and the Company acting for itself and for each Director, Supervisor and Senior Management agrees with each shareholder to refer all differences and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws and regulations of the PRC concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive;
- (III) the acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof;

(IV) the acquirer authorizes the Company to enter into a contract on his behalf with each Director and Senior Management whereby such Directors and Senior Management undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 53** Provisions provided by the laws, regulations, securities regulatory authorities where the shares of the Company are listed on the period of closure of register of members before the shareholders' general meeting or the benchmark date of the Company's decision to distribute dividends shall prevail.

**Article 54** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the board of directors or the convener of the shareholders' general meeting shall decide the date for the determination of shareholdings. Shareholders whose names appear in the register of shareholders at the record date shall be the shareholders of the Company who are entitled to the relevant rights.

**Article 55** Any person who disputes the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a competent court for rectification of the register.

**Article 56** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares (the "**Relevant Shares**") if his share certificate (the "**Original Certificate**") is stolen, lost or destroyed.

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

If a shareholder whose share certificate of overseas-listed shares has been stolen, lost or destroyed applies to the Company for a replacement share certificate, it shall be dealt with in accordance with the laws, rules of the stock exchange(s) or other relevant provisions of the place where the original register of holders of overseas-listed shares is kept.

Holders of overseas-listed shares of the Company who have their share certificates stolen, lost or destroyed and applied for replacement of share certificates, such replacement shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration containing the reason for the application and the circumstances and evidence of the stolen, lost or destroyed share certificates as well as a declaration that no other person shall be entitled to request for registration as the shareholder in respect of the Relevant Shares;
- (II) no statement has been received by the Company from a person other than the applicant who request to have his name registered as a holder of the relevant shares before the Company decided to issue the replacement share certificate;
- (III) the Company shall, if it decides to issue a replacement share certificate to the applicant, publish an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board of directors. The announcement shall be published repeatedly at least once every thirty (30) days within the period of the announcement (ninety (90) days);
- (IV) the Company shall have, prior to the publication of its announcement of intention to issue a replacement share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (V) if, upon expiration of the 90-day period referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to such issue of a replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.
- (VI) where the Company issues a replacement share certificate under this Article, it shall immediately cancel the Original Certificate and record such cancellation and issue in the register of shareholders accordingly.
- (VII) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 57** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned replacement share certificate or a shareholder who thereafter registers as the owner of such shares (provided that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 58** The Company shall not be liable for any damages sustained by any person due to the cancellation of the Original Certificate or the issue of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

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

### **Section 1 Shareholders**

**Article 59** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of shareholders. Shareholders shall enjoy rights and have obligations in accordance with the class and number of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.



If two or more persons are registered as joint holders of any of the shares, they shall be deemed as joint owners of relevant shares, but shall be subject to the following conditions:

- (I) the Company shall register for no more than four (4) persons as the joint holders of any shares;
- (II) all the joint holders of any shares shall be jointly liable for all amounts payable for the relevant shares;
- (III) if one of the joint shareholders is deceased, only the other surviving joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the power to require them to provide a death certificate of the relevant shareholder as necessary for the purpose of revising the relevant register of shareholders;
- (IV) In respect of the joint holders of any shares, only the joint shareholder ranked first in the register of shareholders has the right to receive certificates of the relevant shares from the Company or receive notices of the Company. Any notice which is delivered to the aforementioned shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares.

**Article 60** The shareholders of ordinary shares of the Company shall be entitled to the following rights:

- (I) the right to receive dividends and other forms of distribution in proportion to the number of shares held by them;
- (II) the right to attend or appoint a proxy to attend shareholders' general meetings and exercise voting rights;
- (III) the right to supervise the business activities of the Company and to put forward proposals and raise inquiries;
- (IV) the right to transfer, donate, or pledge shares held by them in accordance with laws, regulations and the Articles of Association;

(V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. to obtain a copy of the Articles of Association upon payment of the cost of such copy;
2. to inspect and photocopy upon payment of a reasonable charge, of:
  - (1) all parts of the register of shareholders;
  - (2) personal particulars of each of the Company's directors, supervisors and Senior Management;
  - (3) minutes of shareholders' general meetings;
  - (4) the status of the Company's share capital;
  - (5) the latest audited financial statements of the Company, directors' reports and supervisors' report;
  - (6) special resolutions of the shareholders' general meetings;
  - (7) reports of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company;
  - (8) a copy of the latest annual return filed with the Administration for Industry and Commerce or other relevant authorities;

Documents under Items (1) to (8) (except Item (2)) aforementioned shall be kept and made available by the Company at the Company's address in Hong Kong in accordance with the requirements of the Listing Rules for inspection by the public and holders of overseas-listed shares with no charge (Item (3) is available for shareholders' inspection only). If the information to be inspected and photocopied involves trade secrets or inside information of the Company, the Company may refuse to provide the same.

(VI) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;

(VII) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company corresponding to the number of shares held;

(VIII) other rights conferred by laws and regulations and the Articles of Association.

The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 61** Where shareholders request for inspection of the relevant information or demand for materials in accordance with Article 60(V) of the Articles of Association, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

**Article 62** If a resolution passed at the shareholders' general meeting or meeting of the board of directors of the Company violates the laws or regulations, the shareholders shall have the right to submit a petition to the People's Court to render the same invalid (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

If the procedures for convening, or the method of voting at, a shareholders' general meeting or meeting of the board of directors violate the laws, regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the right to submit a petition to the People's Court to revoke such resolution within sixty (60) days from the date on which such resolution is adopted (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

**Article 63** Where the Company incurs loss as a result of violation of the laws, regulations or the Articles of Association by directors and Senior Management in the course of performing their duties, shareholders individually or collectively holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall have the right to request in writing the supervisory committee to initiate legal proceedings in the People's Court. Where the Company incurs loss as a result of violation of laws, regulations or the Articles of Association by the supervisory committee in the course of performing its duties, the shareholders shall have the right to request in writing to the board of directors to initiate legal proceedings in the People's Court (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

In the event that the supervisory committee or the board of directors refuses to initiate legal proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate legal proceedings in the People's Court directly in their own names in the interest of the Company (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the first paragraph of this Article may initiate legal proceedings in the People's Court in accordance with the provisions of the preceding paragraphs.

**Article 64** If any director or Senior Management is in violation of laws, regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings against such director or Senior Management in the People's Court (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

**Article 65** The shareholders for ordinary shares of the Company shall have the following obligations:

- (I) to abide by the laws, regulations and Articles of Association;
- (II) to pay for the shares in accordance with the shares subscribed for and the manners in which they became shareholders;
- (III) not to surrender the shares unless required by law and regulations;
- (IV) to perform the obligation of capital contribution in strict accordance with laws, regulations and the provisions of the securities regulatory authorities of the State Council, to use its own funds which is legally obtained to invest in the Company, and may not invest in non-self-owned funds such as entrusted funds, unless otherwise provided by laws and regulations;

- (V) to describe the share capital structure truly, accurately and completely up to the actual controller, the ultimate equity holder, and the affiliation relationship with other shareholders or concerted action relationship, and shall not evade approval or supervision of shareholder qualifications by means of concealment, deception, etc.;
- (VI) shareholders holding more than 25% shares of the Company or the largest shareholder holding more than 5% shares and controlling shareholders of the Company shall replenish capital to the Company when necessary;
- (VII) shareholders who are subject to but have not been approved by the regulatory authority or have not been filed with the regulatory authority, or shareholders who have not completed rectification, shall not exercise the rights of, among others, proposing to convene a shareholders' general meeting, voting, nomination, making proposals and disposition;
- (VIII) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company; for shareholders with false statements, misuse of shareholders' rights or other behavior that damages the Company's interests, shall not exercise the rights of, among others, proposing to convene a shareholders' general meeting, voting, nomination, making proposals and disposition;

Where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for indemnity in accordance with the law.

Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (IX) not violate laws, regulations and the Articles of Association to intervene in the business and management of the Company, and not to request the Company to provide any information that may cause the Company to violate applicable laws, regulations, regulatory requirements or other requirements imposed by governments; and

(X) other obligations imposed by laws, regulations and the Articles of Association.

Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

**Article 66** A shareholder holding 5% or more of the shares of the Company with voting rights shall give notice to the Company within five (5) business days upon the occurrence of the following events:

- (I) adoption of properties preservation or mandatory enforcement measures with respect to the shares of the Company held or controlled by him or it;
- (II) pledge of shares of the Company held by him;
- (III) change of actual controller (the person who is not a shareholder of the Company, but has actual control over the Company through investment, agreement or other arrangement);
- (IV) change of name;
- (V) merger or division;
- (VI) imposition of regulatory measures such as suspension of business for rectification, appointment of trustee, takeover or revocation, or in the process of dissolution, bankruptcy or liquidation proceedings;
- (VII) imposition of administrative punishments or criminal liabilities due to material breach of laws and regulations;
- (VIII) occurrence of other events that may result in transfer of shares of the Company held or controlled by him or may affect the operations of the Company.

The Company shall report to the branch office of the securities regulatory authorities of the State Council of its place of domicile within five (5) business days upon becoming aware of the aforementioned events.

Shareholders shall notify the Company in advance if, through subscription or assignment of the shares of the Company or holding of interest in shareholders of the Company or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be duly entitled to hold the corresponding proportion of shares only upon obtaining approval from the securities regulatory authorities of the State Council. Shareholders holding or beneficially owning 5% or more of the Company's shares shall not have any corresponding voting rights with respect to such shares until approval of qualifications for shareholders is obtained from the securities regulatory authorities of the State Council. The aforementioned shareholders shall dispose of the corresponding shareholding if they are unable to obtain such approval within twelve (12) months.

**Article 67** The controlling shareholder and the actual controller of the Company shall have the following obligations and responsibilities:

- (I) not to abuse his controlling position or abuse his power to infringe the legitimate rights and interests of the Company, other shareholders and clients of the Company;
- (II) not to bypass the shareholders' general meeting and the meeting of the board of directors to appoint and remove directors, supervisors and Senior Management of the Company, or intervene in the business and management of the Company in violation of laws, regulations and Articles of Association;
- (III) not to use their affiliation to jeopardize the interests of the Company, nor to infringe the legitimate rights and interests of the Company and its clients in its related-party transactions with the Company; and
- (IV) other obligations imposed by the relevant laws, regulations and the Articles of Association.

“Controlling shareholder” means a person who satisfies any one of the following conditions:

- (I) a person, individually or acting in concert with others, has the power to elect half or more of the members of the board of directors;

- (II) a person, individually or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (III) a person, individually or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (IV) a person, individually or acting in concert with others, has actual control of the Company in other ways.

**Article 68** The controlling shareholder of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise his rights as a contributor in strict compliance with the laws. The controlling shareholder shall not infringe the legitimate rights and interests of the Company and its public shareholders through profit distribution, asset restructuring, foreign investment, appropriation of capital, offering security for loans and shall not make use of his controlling status to jeopardize the interests of the Company and its public shareholders.

The controlling shareholder and the actual controller of the Company shall not use their affiliation to act in detriment to the interests of the Company. If they violated the provisions and caused losses to the Company, they shall be liable for such losses.

In addition to obligations imposed by laws, regulations or required by the listing rules of the stock exchange(s) on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders:

- (I) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the misappropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including but not limited to, any opportunities that are favorable to the Company;
- (III) to approve the misappropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including but not limited to, rights to distributions and voting rights save for a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.



## **Section 2 General Provisions for the Shareholders' General Meeting**

**Article 69** The shareholders' general meeting shall be formed by all shareholders. It is the supreme body exercising authority of the Company, and shall exercise its duties and powers in accordance with the law.

**Article 70** The shareholders' general meeting is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:

- (I) to determine the business policies and investment plans of the Company;
- (II) to elect and replace directors and determine matters relating to the remuneration of directors;
- (III) to elect and replace supervisors who are not employee-supervisors and determine matters relating to the remuneration of supervisors;
- (IV) to consider and approve the directors' reports;
- (V) to consider and approve the supervisors' reports;
- (VI) to consider and approve the Company's proposed annual preliminary financial budgets and final accounts proposals;
- (VII) to consider and approve the Company's plans of profit distribution and plans for loss recovery;
- (VIII) to determine increases or reductions in the Company's registered capital, and issuance of any class of shares, warrants or other similar securities;
- (IX) to determine the issue of bonds by the Company;
- (X) to determine matters such as merger, division, dissolution and liquidation of the Company or alteration of corporate form;
- (XI) to amend the Articles of Association, rules of procedures of the shareholders' general meeting, rules of procedures of the meeting of board of directors and rules of procedures of the meeting of the supervisory committee;
- (XII) to consider and approve the buy-back of the Company's shares;

- (XIII) to consider and approve matters relating to the purchases, disposals of material assets, or provisions of guarantees, which are more than 30% of the latest audited total assets, within one (1) year;
- (XIV) to consider and approve matters relating to changes in the use of proceeds;
- (XV) to consider the Company's share incentive schemes;
- (XVI) to consider and approve related-party transactions which shall be approved at the shareholders' general meeting in accordance with the laws, regulations, and the rules of securities regulatory authorities in the place where the Company's shares are listed;
- (XVII) to determine the Company's appointments, dismissals or discontinuance of appointment of accountancy firms;
- (XVIII) to consider and approve the proposals submitted by shareholders individually or jointly holding 3% or more of the Company's voting shares;
- (XIX) to consider other matters except those required to be resolved by the shareholders' general meeting pursuant to laws, regulations, the rules of securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association.

**Article 71** The Company shall not provide financing or guarantee to its shareholders or their related parties.

**Article 72** Without the prior approval of the shareholders' general meeting, the Company shall not enter into a contract with any person other than a director, supervisor or Senior Management for the delegation of the management of all or a material part of the business of the Company to such person.

**Article 73** Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meeting shall be held once every year within six (6) months after the end of the previous financial year.

The Company shall convene an extraordinary shareholders' general meeting within two (2) months upon the occurrence of the following events:

- (I) the number of directors is less than the minimum number prescribed in the Company Law, or less than two-thirds of the number required by the Articles of Association;
- (II) the unrecovered losses of the Company amount to one-third of the Company's total paid-in share capital;
- (III) shareholders individually or collectively holding 10% or more of the Company's voting shares (the "**Requesting Shareholders**") request in writing to hold an extraordinary shareholders' general meeting;
- (IV) the board of directors considers it necessary or the supervisory committee proposes to hold such a meeting;
- (V) such other circumstances as required by the laws and regulations or the Articles of Association.

The number of shares held by the shareholder(s) as described in item (III) shall be calculated at the close of trading on the date when such shareholder(s) request in writing or on the preceding trading day (if the written request is made on a non-trading day).

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

**Article 74** The shareholders' general meetings shall be convened by the board of directors. The supervisory committee or shareholders may convene the shareholders' general meeting on their own initiative, subject to the relevant requirements specified in this section. Independent directors have the right to propose to the board of directors to convene extraordinary shareholders' general meetings. The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with the laws, regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. The board of directors shall provide reasons if it decides not to convene an extraordinary shareholders' general meeting.

**Article 75** The supervisory committee has the right to propose to the board of directors to convene extraordinary shareholders' general meetings and such proposal shall be made by way of written request(s). The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with the laws, regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholder's general meeting, notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. Any changes to the original proposal in the notice require the consent of the supervisory committee.

If the board of directors decides not to convene an extraordinary shareholders' general meeting or does not reply within ten (10) days upon receipt of such proposal, the board of directors will be considered as unable or refusing to fulfill the obligation to convene shareholders' general meetings and the supervisory committee may convene and preside over the meeting on its own.

**Article 76** When shareholders request to convene an extraordinary shareholders' general meeting or shareholders' class meeting, the following procedures shall be followed:

- (I) The Requesting Shareholders may sign a written proposal requesting the board of directors to convene an extraordinary shareholders' general meeting or shareholders' class meeting. The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with laws, regulations and the Articles of Association.
- (II) If the board of directors decides to convene an extraordinary shareholders' general meeting, a notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
- (III) If the board of directors decides not to convene an extraordinary shareholders' general meeting or does not reply within ten (10) days upon receipt of such request, the Requesting Shareholders have the right to propose to the supervisory committee to convene an extraordinary shareholders' general meeting by way of written request(s).

- (IV) If the supervisory committee decides to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within five (5) days upon receipt of such request. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
- (V) If the supervisory committee does not issue the notice of the shareholders' general meeting within the required period, it will be considered as a refusal to convene and preside over the shareholders' general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company for ninety (90) consecutive days or more (the "**Convening Shareholder**") have the right to convene and preside over the meeting on their own.
- (VI) The Convening Shareholder must hold no less than 10% of shares in the Company immediately before the resolution of such meeting is announced.

**Article 77** With regard to the shareholders' general meeting convened by the supervisory committee or shareholders on their own initiatives, the board of directors and the secretary of the board of directors shall provide assistance. The board of directors shall provide the register of shareholders as at the record date for the registration of shareholding.

All reasonable expenses incurred by the supervisory committee or the shareholders in convening the shareholders' general meeting on their own initiatives shall be borne by the Company and shall be deducted from the sums owed by the Company to the defaulting directors.

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

**Article 78** The board of directors, supervisory committee or shareholders, individually or jointly, holding 3% or more of the total voting shares of the Company shall have the right to submit written proposals to the shareholders' general meeting to be convened. The Company shall include matters that fall within the scope of power of the shareholders' general meeting in the agenda of such meeting.

Shareholders, individually or jointly, holding 3% or more of the Company's voting shares may submit a written proposal to the convener of the shareholders' general meeting ten (10) days prior to the date of the shareholders' general meeting. The convener shall notify other shareholders within two (2) days upon receipt of the proposal by issuing a supplementary notice of the shareholders' general meeting, and shall include matters that fall within the scope of power of the shareholders' general meeting in the agenda of such meeting to be submitted to the shareholders' general meeting for consideration.

Resolutions with regard to matters other than those specified in the preceding paragraph shall not be adopted at the shareholders' general meetings.

**Article 79** Proposals to the shareholders' general meeting shall meet the following conditions:

- (I) the contents shall not contradict the Relevant Laws and Regulations and the Articles of Association and shall fall within the scope of the shareholders' general meeting;
- (II) motions and specific resolutions shall be specified;
- (III) shall be submitted or delivered to the convener of the shareholders' general meeting in writing.

Unless otherwise provided in the Articles of Association, proposals to the shareholders' general meeting shall be submitted to the convener prior to the issue of notice of the shareholders' general meeting.

**Article 80** The Company shall issue a written notice twenty (20) days prior to the holding of the shareholders' annual general meeting, or issue a written notice fifteen (15) days prior to the holding of the extraordinary general meeting. Where there are other provisions in laws, regulations or the securities regulatory authorities in the place where the Company's shares are listed, such provisions shall prevail.

**Article 81** The notice of a shareholders' general meeting shall meet the following requirements:

- (I) be in writing;
- (II) specifies the venue, date and time of the meeting;
- (III) states the matters to be discussed at the meeting, with sufficient disclosure of the contents of all proposals. If amendments to resolutions approved at the prior shareholders' general meetings are involved, the content of the proposals shall be complete and shall not only state the contents to be amended;

- (IV) provides information and explanation necessary for shareholders to make an informed decision of the matters to be discussed. This principle includes but not limited to when the Company proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions of the proposed transaction and the proposed contract (if any), and the thorough explanation of the cause and result of the proposed transaction or contract;
- (V) contains a disclosure of the nature and extent of conflict of interests, if any, of any director, supervisor, Senior Management in any matter to be discussed; and provides an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, Senior Management in his capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (VI) contains the full text of any special resolution to be proposed for adoption at the meeting;
- (VII) contains a conspicuous statement that a shareholder entitled to attend and vote have such right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder;
- (VIII) specifies the time and venue for the delivery of the proxy forms for the relevant meeting;
- (IX) the record date of the registration of shareholdings of such shareholders entitled to attend the shareholders' general meeting;
- (X) contains names and contact information of the contact persons in charge of the meeting.

**Article 82** Unless otherwise provided in the Articles of Association, the notice of a shareholders' general meeting shall be delivered and announced to shareholders (regardless of whether they are entitled to vote at the shareholders' general meeting) in accordance with Chapter 12 of the Articles of Association.

Such notice may also be given by way of an announcement. "Announcement" referred to in the preceding paragraph shall be published (i) in one or more newspapers designated by the securities regulatory authorities of the State Council, in respect of holders of domestic shares. Upon the publication of such announcement, all holders of the domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting; (ii) on the websites of HKEx and the Company, provided that such announcement complies with laws, regulations and requirements of the securities regulatory authorities in the place where the Company's shares are listed, in respect of holders of overseas-listed shares.

A meeting and the resolutions adopted to thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 83** Where the elections of directors and supervisors are to be discussed at the shareholders' general meeting, a notice of the shareholders' general meeting shall sufficiently disclose the particulars of the candidates for directors and supervisors in accordance with laws, regulations, requirements of the securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association, and shall include the following contents:

- (I) personal particulars such as educational background, working experience and part-time job(s);
- (II) whether or not the candidate has any connected relationship with the Company or its controlling shareholders and actual controller;
- (III) disclose the number of the Company's shares held by the candidate;
- (IV) whether or not the candidate has been subject to penalties by the securities regulatory authorities of the State Council and other relevant authorities as well as sanctions by any stock exchanges.



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

**Article 84** The board of directors and other conveners shall take all necessary measures to ensure that the shareholders' general meeting is conducted in an orderly manner and shall take steps to prevent any activities interfering with the shareholders' general meeting or infringing the legitimate rights and interests of shareholders and shall promptly report such activities to the relevant authorities.

**Article 85** Unless otherwise provided in laws, regulations or the securities regulatory authorities in the place where the Company's shares are listed, the shareholders' general meeting may be held by way of physical meeting, or via video conference, conference call or by other means, for the purpose of facilitating attendance of shareholders of the shareholders' general meeting. If the shareholders' general meeting is held by other means other than physical meeting, the convener shall specify in the notice of the shareholders' general meeting the manners and procedures for voting. A shareholder who participates in a shareholders' general meeting in the aforementioned manner shall be deemed to have been present at the meeting.

**Article 86** Shareholder may either attend the shareholders' general meeting in person or appoint a proxy to attend and vote at such meeting on his behalf.

Individual shareholders attending the meeting in person shall present their identity cards or other valid identity proof or documents to prove their identities.

**Article 87** Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall have the right to appoint one (1) or more persons (whether or not such persons are shareholders) as his proxies to attend and vote on his behalf, and the proxies so appointed may exercise the following rights pursuant to the authorizations from such shareholder:

- (I) the shareholder's right to speak at the shareholders' general meeting;
- (II) the right to demand or in conjunction with others in demanding a poll;
- (III) the right to vote by a show of hands or by poll, except that if a shareholder has appointed more than one (1) proxy, such proxies may only exercise their voting rights by poll.

A shareholder shall appoint his proxies in writing, and such instrument shall be signed by the appointing shareholder or such proxies who have been authorized in writing. If the appointing shareholder is a legal entity or other organization, the instrument shall either be affixed with its seal or signed by its legal representative, director or a duly authorized person.

If the proxies are appointed to attend the meeting by individual shareholders, they shall provide valid proof of their identities and the instrument of proxy from the appointing shareholders.

A corporate shareholder shall be represented by its legal representative or proxies authorized by the legal representative, the board of directors and other governing bodies. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove his identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the instrument of proxy duly issued by the legal representative, the board of directors or other governing bodies of the corporate shareholder.

If a shareholder is a Recognized Clearing House or its proxy, such shareholder may, as he sees fit, authorize one (1) or more persons as his proxies to attend and vote at any shareholders' general meeting or shareholders' class meeting. However, if one (1) or more persons is authorized, the instrument of proxy shall specify the number and class of the shares in relation to each such proxy, and signed by a person authorized by the Recognized Clearing House. Such authorized person may attend the meeting and exercise his power on behalf of such Recognized Clearing House (or its proxy) in the same manner as the individual shareholder of the Company (without providing proof of shareholding, notarially certified authorization and/or further proof of its due authorization).

**Article 88** The instrument of proxy issued by shareholders to authorize other persons to attend the shareholders' general meeting shall state the followings:

- (I) the name of the proxies of the appointing shareholder;
- (II) whether the proxies have the right to vote;
- (III) the number of shares of the appointing shareholder represented by the proxies;

- (IV) instructions to vote for, against or abstain from voting on each of the items in the agenda of the shareholders' general meeting as per the number of shares held by the appointing shareholders;
- (V) the signing date and the effective period of the instrument of proxy;
- (VI) signature (or seal) of the appointing shareholders.

**Article 89** The instrument of proxy shall be lodged at the address of the Company or at other places specified in the notice of meeting at least twenty-four (24) hours prior to the relevant meeting at which the proxy is authorized to vote, or within twenty-four (24) hours prior to the specified time of voting. Where the instrument of proxy is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the instrument of proxy shall be notarized. The notarized power of attorney or other authorization documents, together with the instrument of proxy, shall be lodged at the address of the Company or at other places specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other governing bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

**Article 90** Any blank instrument of proxy or proxy form issued to a shareholder by the board of directors for the shareholder to appoint a proxy shall allow the shareholder to freely instruct the proxy to cast vote for, against or abstain from voting and enable the shareholder to give separate instructions on each matter to be voted at the meeting. Such instrument of proxy shall contain a statement that in the absence of instructions from the shareholders, his proxy may vote at his discretion. If such statement is not specified in the instrument of proxy, the proxy is deemed to be entitled to vote at his discretion for any resolutions that do not have specific instruction from the shareholder, and the shareholder shall assume corresponding responsibility for such vote.

**Article 91** Where the appointing shareholder has deceased, lost capacity, revoked the appointment or the signed instrument of authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

**Article 92** The Company shall be responsible for preparing the meeting's register which shall include, among other things, the name of attendee, the identity document number, the number of shares with voting rights that the person holds or represents, and name of the proxy (or name of the relevant company).

**Article 93** The chairman of the shareholders' general meeting shall, prior to the voting, announce the number of shareholders and proxies attending the meeting and the total number of their voting shares, which shall be the number of shareholders and proxies attending the meeting and the total number of their voting shares as indicated in the meeting's register.

Such registration shall be concluded prior to the announcement by the chairman of the shareholders' general meeting of the number of shareholders and their proxies attending the meeting and the total number of their voting shares.

**Article 94** The shareholders' general meetings shall be convened by the board of directors and be presided over and chaired by the chairman of the board of directors; if the chairman of the board of directors is unable to or fails to perform such duty, the meeting shall be presided over and chaired by a director jointly nominated by half or more of the directors. The attending shareholders may elect a person to be the chairman of the meeting if the same is not designated. If, for any reason, the shareholders are unable to elect the chairman, the attending shareholders (including the proxies) holding the largest number of voting shares shall be the chairman of the meeting.

The shareholders' general meeting convened by the supervisory committee on its own initiative shall be presided over and chaired by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his duties, the shareholders' general meeting shall be presided over and chaired by a supervisor jointly nominated by half or more of the supervisors.

The shareholders' general meeting convened by shareholders on their own initiatives shall be presided over and chaired by the representative nominated by the Convening Shareholder. If the chairman of the shareholders' general meeting breaches the rules of procedures, which renders shareholders' general meeting unable to proceed, a person may be nominated at the shareholders' general meeting to act as the chairman and preside over the meeting subject to the consent of over half of the shareholders with voting rights present at the shareholders' general meeting.

**Article 95** The Company shall formulate rules of procedures of the shareholders' general meeting to specify in details regarding the convening of the shareholders' general meeting and voting procedures. The rules of procedures of the shareholders' general meeting shall be prepared by the board of directors and approved by the shareholders' general meeting.

**Article 96** The board of directors shall report at the annual shareholders' general meeting and disclose in its annual report the performance of directors, including the number of their attendance of meetings of the board of directors and votings thereat during the reporting period.

The supervisory committee shall report at the annual shareholders' general meeting and disclose in its annual report the performance of supervisors, including the number of their attendance of meetings of the supervisory committee and votings thereat during the reporting period. The supervisory committee shall make specific statements on the financial position and compliance of the Company at the shareholders' general meeting.

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

**Article 97** Resolutions of shareholders' general meeting shall take the form of ordinary resolutions or special resolutions.

Ordinary resolutions adopted by the shareholders' general meeting shall require over half of the voting rights represented by the shareholders (including their proxies) actually attending the shareholders' general meeting.

Special resolutions adopted by the shareholders' general meeting shall require two-thirds or more of the voting rights represented by the shareholders (including their proxies) actually attending the shareholders' general meeting.

**Article 98** The following matters shall be resolved by way of an ordinary resolution at a shareholders' general meeting:

- (I) work reports of the board of directors and the supervisory committee;
- (II) plans for the distribution of profits and loss recovery plans formulated by the board of directors;
- (III) appointment and removal of members of the board of directors and members of the supervisory committee, their remuneration and method of payment of their remuneration;

- (IV) annual budgets, final accounts, balance sheets, profit statements, and other financial statements of the Company;
- (V) appointment or removal of an accountancy firm;
- (VI) decisions on the Company's business policies and investment plans; and
- (VII) other matters excluding matters to be adopted by special resolutions as required by laws, regulations, securities regulatory authorities where the Company's shares are listed or the Articles of Association.

**Article 99** The following matters shall require the adoption of special resolutions by the shareholders' general meeting:

- (I) the increase or reduction of the Company's registered capital and the issuance of any class of shares, warrants and other similar securities;
- (II) the division, merger, dissolution and liquidation or change of corporate form of the Company;
- (III) the issuance of Company's bonds;
- (IV) the amendment of the Articles of Association;
- (V) the consideration and approval of the Company's share buy-back;
- (VI) the consideration and approval of matters relating to the Company's purchases or disposals of material assets or the provision of guarantees within one (1) year, which are more than 30% of the latest audited total assets of the Company;
- (VII) the consideration of the shares incentive scheme;
- (VIII) other matters that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution;
- (IX) other matters to be adopted by special resolutions as required by laws, regulations, securities regulatory authorities where the Company's shares are listed or the Articles of Association.

**Article 100** The shareholders (including their proxies thereof), in the course of voting at a shareholders' general meeting, shall exercise their voting rights as represented by the number of voting rights held by them, and each share shall have one vote. However, the Company shall have no voting rights for the shares held by itself, and such shares shall not be counted towards the total number of voting shares at a shareholders' general meeting.

**Article 101** Where relevant laws and regulations and the Listing Rules requires any shareholder to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 102** When any shareholders' general meeting considers matters related to related-party transactions, the related shareholder shall not vote and the number of voting shares that he represents shall not be counted as part of the total number of valid votes. Related shareholders' abstention from voting and voting procedure for related-party transactions are as follows:

- (I) if matters submitted to the shareholders' general meeting for consideration involve related-party transactions, the convener shall promptly notify the related shareholders in advance, and the related shareholders shall promptly inform the convener after they become aware of the matters;
- (II) if it is necessary to engage professional accountants and valuers to audit and appraise the related-party transactions or engage independent financial advisors to opine on the same, the convener shall properly disclose at the meeting the results of the audit and appraisal or the opinions of the independent financial advisors;
- (III) the related shareholders may participate in the discussion relating to the related-party transactions and make explanatory statement to the shareholders' general meeting regarding the reasons for the related-party transactions, basic information of the transactions and whether the transactions are fair and sound, etc., but they shall abstain from voting at the meeting.

**Article 103** Any vote of shareholders at a shareholders' general meeting shall be taken by poll except where the chairman of the meeting decides to allow a resolution which relates purely to a procedural or an administrative matter to be voted on by a show of hands.

**Article 104** If the matter demanded to be voted upon by poll is the election of the chairman of the meeting or the adjournment of the meeting, a poll shall be taken immediately. If a poll is demanded for any other matter, such poll shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of such poll shall still be regarded as a resolution passed at that meeting.

**Article 105** On a poll taken at a meeting, shareholders (including proxies) having the right to two (2) or more votes are not required to cast all of their votes in the same way.

**Article 106** Shareholders attending the shareholders' general meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention.

A voting ticket that is incomplete, wrongly completed, illegible, or votes not casted, shall be treated as the voter giving up his voting rights. The votes represented by his shares shall be treated as "abstention".

**Article 107** The list of candidates for directors or supervisors shall be proposed to the shareholders' general meeting for voting, when directors or supervisors that are not acting as employee-supervisors are elected at the shareholders' general meeting.

**Article 108** All resolutions proposed at the shareholders' general meeting shall be voted separately, and for different motions on the same matter, voting will be conducted according to the time the motions are proposed. Other than special reasons such as *force majeure*, which results in the interruption and termination of the shareholders' general meeting or makes it impossible to adopt resolutions, the shareholders' general meeting shall not set aside the motions and shall vote on them.

**Article 109** When considering a proposal at the shareholders' general meeting, no amendment shall be made thereto. Otherwise, such amendment shall be treated as a new proposal and shall not be voted at such shareholders' general meeting.

**Article 110** Before the voting of the proposals takes place at the shareholders' general meeting, two shareholder representatives shall be nominated to count the votes and scrutinize the vote-counting. If a shareholder has conflict of interests with the matter to be considered, the relevant shareholder and proxies shall not participate in counting the votes or scrutinizing the vote-counting.



**Article 111** When resolutions are to be voted at the shareholders' general meeting, the counting of votes and scrutinizing of the voting-counting shall be conducted by one or more parties involving lawyers, shareholder representatives, supervisor representatives, the Company's auditor, share registrar of overseas-listed shares listed in Hong Kong or external auditors qualified to serve as the Company's auditor. The voting results shall be announced during the meeting and the voting results shall be recorded in the minutes of the meeting.

**Article 112** The chairman of the meeting shall determine whether the resolutions of the shareholders' general meeting are approved according to the voting results. The chairman's decision shall be final, and voting results shall be announced at the meeting. The voting results shall be recorded in the minutes of the meeting.

**Article 113** If the chairman of the meeting has any doubt as to the result of a resolution put forward for voting at a shareholders' general meeting, he may have the votes counted. If the chairman of the meeting does not order vote counting, any shareholder or proxy present at the meeting who challenges the voting result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement of the result, and the chairman of the meeting shall have the votes counted immediately.

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

The minutes of the meeting and the attendance records signed by the attending shareholders and instruments of proxy shall be kept at the Company's address.

Shareholders may inspect the copy of the minutes of the meetings during the Company's business hours free of charge. If any shareholder requests for a copy of such minutes of meetings from the Company, the Company shall send a copy of such copies within seven (7) days upon receipt of payment of reasonable charges.

**Article 114** The Company shall engage lawyers to issue their legal opinions on the following issues at the time of a shareholders' general meeting:

- (I) whether the procedures relating to the convening and holding of such meeting comply with laws, regulations and the Articles of Association;

- (II) the legality and validity of the qualifications of the attendees and the convener of the meeting;
- (III) the legality and validity of the voting procedures and voting results;
- (IV) legal opinions issued on other related matters as requested by the Company.

**Article 115** Minutes of shareholders' general meetings shall be prepared by the secretary of the board of directors. The minutes shall contain the following items:

- (I) the number of shareholders and their proxies attending the shareholders' general meeting, their total number of voting shares and the percentage of the total number of shares of the Company they represent;
- (II) the venue, date, time, agenda of the meeting, and the name of the convener of the meeting;
- (III) the name of the chairman of the shareholders' general meeting, and the names of directors, supervisors and Senior Management present at the meeting;
- (IV) in respect of a resolution of a proposal submitted by a shareholder, the name and shareholding of such shareholder and contents of such proposal;
- (V) the discussions of each proposal and the voting results;
- (VI) details of the queries or recommendations from the shareholders and the corresponding response or explanations;
- (VII) the names of lawyers, vote counting officers and scrutineers for vote-counting;
- (VIII) other matters which shall be recorded in the minutes of the meeting in accordance with the Articles of Association.

**Article 116** The minutes of the meeting shall be true, accurate and complete, and signed by directors, supervisors, secretary of the board of directors and the recorder attending the meeting. The minutes together with the signature book of shareholders attending the meeting, the instrument of proxy and valid materials relating to the voting shall be filed with the Company and shall be kept by the secretary of the board of directors in accordance with the filing management system of the Company. The minutes of the meeting shall be kept for at least twenty (20) years from the date on which the minutes was made.

**Article 117** The resolutions of the shareholders' general meeting shall be announced promptly. Such announcement shall specify the number of shareholders and proxies present at the meeting, the total number of voting shares held by them, the percentage of such voting shares in relation to all the voting shares of the Company, the total number of shares required by the securities regulatory authorities in the place where the Company's shares are listed to abstain from voting in favor and/or abstain from voting (if any), whether shareholders required to abstain from voting have in fact abstained, the voting methods, the voting result of each proposal, and the identities of scrutineers for vote-counting.

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

**Article 118** Holders of different classes of shares are class shareholders.

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

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

**Article 119** Rights conferred on any class of shareholders may not be varied or abrogated without the approval of a special resolution by a shareholders' general meeting, and by the affected shareholders of that class at a separate shareholders' general meeting convened in accordance with Articles 121 to 125.

**Article 120** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (I) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) a change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

- (IV) a reduction or removal of preferential rights to receive dividends attached to shares of that class or the distribution of properties during liquidation of the Company;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issue or rights to acquire securities of the Company attached to shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in particular currency attached to shares of such class;
- (VII) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) an imposition of restrictions or restrictions on the transfer or ownership of shares of such class;
- (IX) an issuance of rights to subscribe for, or to convert into, shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) restructuring of the Company in such a way resulting in the disproportionate distribution of obligations among various classes of shareholders; and
- (XII) an amendment or abrogation of the provisions of this Chapter.

**Article 121** Shareholders of the affected class, whether or not otherwise having the right to vote at the shareholders' general meetings, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (II) to (VIII) or (XI) and (XII) of Article 120, except that interested shareholder(s) shall not have the right to vote at such shareholders' class meetings.

For the purpose of the preceding paragraph, "interested shareholder(s)" shall have the following meanings:

- (I) in the case of a share buy-back offer made by the Company on a pro rata basis to all shareholders or share buy-back by the Company through open transaction on a stock exchange pursuant to Article 27, the "interested shareholder" shall mean the "controlling shareholder" as defined in Article 67 of the Articles of Association;
- (II) in the case of a buy-back of shares by way of an off-market agreement pursuant to Article 27 of the Articles of Association, the "interested shareholder" shall mean the shareholders related to such agreement;

- (III) in the case of a restructuring of the Company, the “interested shareholder” shall mean a shareholder who assumes a smaller proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interests of the shareholders of that class.

**Article 122** Resolutions of a shareholders’ class meeting may be passed only by two-thirds or more of the voting rights of that class represented at the meeting in accordance with Article 121 hereof.

**Article 123** When the Company is to hold a shareholders’ class meeting, it shall issue a written notice in accordance with Article 80 of the Articles of Association to all shareholders who are registered as holders of that class in the register of shareholders. Such notice shall provide shareholders with information concerning the matters to be considered at such meeting and the date and venue of the meeting.

**Article 124** The notice of a shareholders’ class meeting shall only be delivered to the shareholders entitled to vote thereat.

Unless otherwise provided in the Articles of Association, shareholders’ class meetings shall be conducted in a manner which is as similar as possible to that of the shareholders’ general meetings. The provisions of the Articles of Association relating to the procedures for holding shareholders’ general meetings shall be applicable to shareholders’ class meetings.

**Article 125** In addition to other class shareholders, holders of domestic shares and overseas-listed shares are deemed to be different classes of shareholders.

The special voting procedures for shareholders of different classes shall not apply to the following circumstances:

- (I) where the Company issues, upon approval of a special resolution by a shareholders’ general meeting, either separately or concurrently once every twelve (12) months, not more than 20%, of the issued shares of the respective categories;
- (II) where the plan for issuance of domestic shares and overseas-listed shares upon the establishment of the Company is completed within fifteen (15) months from the date when such plan is approved by the securities regulatory authorities of the State Council;
- (III) Where unlisted shares held by the Company’s shareholders are listed and traded overseas upon approval of the securities regulatory authorities of the State Council.

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

### **Section 1 Directors**

**Article 126** The directors of the Company shall satisfy the following criteria:

- (I) are persons of integrity and honesty, and are of good conduct;
- (II) are familiar with the securities laws, administrative regulations, rules and other regulatory documents, and have the operation and management ability for the performance of duties;
- (III) have engaged in securities, financial, legal or accounting work for the number of years required by the securities regulatory authorities of the State Council;
- (IV) meet the requirements of the securities regulatory authorities of the State Council regarding level of education;
- (V) other conditions prescribed by the Relevant Laws and Regulations and the Articles of Association.

In addition to the above criteria, executive directors shall directly participate in the day-to-day business operation and management of the Company and be equipped with relevant experience and skills.

A person banned by the Relevant Laws and Regulations from acting as a director of securities companies or banned by the securities regulatory authorities of the State Council from participating in the securities market where such ban has not been lifted, shall not serve as a director of the Company.

**Article 127** The board of directors or shareholders who individually or jointly hold 3% or more of the total number of shares of the Company, may nominate candidates for the directors.

The nominating party shall obtain the consents of the nominees prior to nominating the directors, shall be fully familiar with the occupation, educational background, title, detailed working experience, and all of the concurrent positions, etc., of the nominee, and shall be responsible for providing the above information to the Company in writing.

The intention of nominating a director and a statement from the nominee of his willingness to be nominated shall be delivered to the Company in writing within a period between the day following the delivery of a notice of a shareholders' general meeting and seven (7) days prior to the convening of the shareholders' general meeting.

**Article 128** The directors shall be elected or replaced by the shareholders' general meeting; the term of office of each director is three (3) years. The director may, after the expiration of the term of office, serve consecutive terms if re-elected.

Where a new election is not held in a timely manner upon expiry of the term of office of a director, or where the total number of members of the board of directors is lower than the minimum quorum due to the resignation of any director, the former director(s) shall continue to perform the director's duties in accordance with the Relevant Laws and Regulations, and the Articles of Association until the newly-elected director(s) take(s) office.

The shareholders' general meeting may not remove any director without cause before the expiration of his term of office. However, subject to compliance with all relevant laws and regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office (however, the director's right to claim for damages under any contract which arises from the removal shall not be affected thereby), but explanation shall be provided. The director being removed shall have the right to be heard at the shareholders' general meeting, the securities regulatory authorities of the State Council or its branches.

Directors of the Company are natural persons. It is not necessary for directors to hold shares of the Company.

**Article 129** The directors shall abide by laws, regulations, Listing Rules and the Articles of Association; they shall be faithful to the Company. The directors are prohibited from any of the following acts:

- (I) abusing their powers, taking any bribe or other illegal gains, or encroaching on the properties of the Company;
- (II) misappropriating the Company's funds;
- (III) opening an account in their own name or in the name of any other individual to deposit the Company's assets or funds;
- (IV) without the consent of the shareholder's general meeting or the board of directors, loaning the funds of the Company to others or using the Company's properties to provide guarantee for others in violation of the Articles of Association;
- (V) concluding contracts or dealing with the Company in violation of the Articles of Association or without the consent of the shareholders' general meeting;
- (VI) without the consent of the shareholders' general meeting, seeking, for the benefit of their own or others, any business opportunity of the Company by taking advantage of their powers, and operating for their own or for others any business that is of the same type as the Company;
- (VII) accepting, and keeping in their possession, commissions for the transactions between others and the Company;
- (VIII) disclosing the Company's secrets without authorization;
- (IX) by making use of their affiliation, prejudicing the interests of the Company; and
- (X) committing other acts in violation of their obligation of loyalty to the Company.

The Company shall be entitled to the income gained by the director from any of the acts listed in this provision; the director shall be liable for compensation if any loss is caused to the Company.



**Article 130** The directors shall abide by laws, administrative regulations, Listing Rules and the Articles of Association, and bear the following obligations to the Company:

- (I) exercise prudently, gravely and diligently the rights authorized by the Company in order to ensure the commercial operation of the Company is in compliance with national laws, regulations as well as the various requirements of the national economic policies;
- (II) treat all the shareholders equally;
- (III) timely investigate the operation and management of the Company;
- (IV) provide true and accurate information and material to the supervisory committee, and not impede the supervisory committee or supervisors from exercising its/their functions and powers; and
- (V) other obligations prescribed in relevant laws, regulations and the Articles of Association.

**Article 131** The directors may, before the expiration of the term of office, tender their resignations; unless otherwise prescribed by this Articles of Association, they shall submit their resignation report in writing to the board of directors.

Where the employment relationship is terminated between the executive directors and the Company, the executive directors shall resign from their positions as directors of the Company and submit a written resignation report to the board of directors as of the date of such termination.

The resignation of each director shall, unless otherwise prescribed in the Articles of Association and except when a later resignation effective date is specified in the resignation report, come into effect when it is submitted to the board of directors.

**Article 132** The fiduciary duties of the Company's directors do not cease upon the termination of their term of office. The directors' obligations to keep the Company's trade secrets confidential shall remain effective within five (5) years after the expiration of their terms of office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 133** Where any director violates laws, regulations or the Articles of Association during the performance of duties, he shall be liable for compensation if any loss is caused to the Company.

**Article 134** Unless there is a conflict, any provisions under this section regarding the directors' obligations, shall apply to the Company's supervisors and Senior Management.

## **Section 2 Independent Directors**

**Article 135** Independent directors refer to the directors who do not hold any other positions in the Company (other than as a director of the Company), and are not related to the Company and its shareholders in a way that may hinder their independent and objective judgment.

The Company's board of directors shall have independent directors. There shall be no less than three (3) independent directors and they shall constitute no less than one-third of the board of directors.

**Article 136** Apart from the post-holding qualifications of directors provided in the Articles of Association, an independent director shall also meet the following requirements:

- (I) shall have five (5) years or more of experience in the work of securities, finance, law or accounting;
- (II) shall have the basic knowledge of the operation of a securities company and be familiar with the relevant laws, regulations and rules, and with a good reputation;
- (III) shall have a university diploma at or above the under graduate level, and a bachelor's degree or above degree;
- (IV) shall have the time and capacity necessary for the performance of his duties as an independent director;
- (V) shall meet the independence requirements provided in the relevant provisions required by the securities regulatory authorities of the State Council and the securities regulatory rules of the place where the Company's shares are listed.

**Article 137** Independent directors shall not be related to the Company or have conflict of interests with the Company or any other circumstances which may hinder their independent and objective judgment.

The following persons shall not act as the independent directors of the Company:

- (I) the person who works in the Company or its related party and his close relatives, and persons who have important social relationship with him;
- (II) the person who works in the following institutions and his close relatives and persons that have important social relationship with him: an entity that holds or controls 5% or more of the shares of the Company, the top five corporate shareholders of the Company, and an institution that has business relationship with or is an interested party of the Company;
- (III) a natural person holding or controlling 1% or more of the Company's shares, the Company's top 10 shareholders in the capacity of natural persons, natural persons controlling 5% or more of the Company's shares, and the close relatives of the aforementioned persons;
- (IV) the person providing services such as financial, legal or consulting services to the Company and its related parties and the close relatives of such persons;
- (V) the person who falls within items (I) to (IV) during the past year;
- (VI) the person who takes up a position (excluding independent director) in another securities company;
- (VII) other persons prescribed by the Relevant Laws and Regulations, the Articles of Association, the securities regulatory rules of the place where the Company's shares are listed and the securities regulatory authorities of the State Council.

**Article 138** The term of office of the independent directors is the same as those of other directors of the Company but an independent director may not serve for more than six (6) consecutive years.

**Article 139** Where the independent director resigns, be disengaged or be removed during his term of office, the independent director himself and the Company shall separately report and provide a written explanation to the branch office of the securities regulatory authorities of the State Council in the place where the Company is domiciled and the shareholders, respectively.

**Article 140** The independent director shall have the following powers in addition to those granted by the Company Law and other relevant laws and regulations:

- (I) to offer his independent opinions on the material related-party transactions; material related-party transactions shall be submitted to the board of directors for discussion upon approval by the independent directors. Prior to making a judgment, an independent director may retain an intermediary to provide an independent financial advisor's report as the basis of his judgment;
- (II) to propose to the board of directors to retain or remove an accountancy firm;
- (III) to propose to the board of directors to convene extraordinary shareholders' general meetings;
- (IV) to propose to convene meetings of the board of directors;
- (V) to independently appoint external auditing firms or consultancy firms;
- (VI) to publicly collect voting rights from shareholders prior to the convening of shareholders' general meetings;
- (VII) other powers as provided in relevant laws, regulations, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association.

The exercise of the aforementioned special powers by independent directors shall be approved by over half of all independent directors.

The Company shall disclose the relevant information in the event that the aforementioned proposals are not approved or the aforementioned powers cannot be properly exercised.

**Article 141** An independent director shall perform his director's duties independently in accordance with laws, regulations, Listing Rules and requirements of the securities regulatory authorities of the State Council, and shall submit his work report at the shareholders' annual general meeting.

In the event the independent director fails to perform his duties diligently, he shall take the corresponding responsibilities.

**Article 142** Other matters concerning independent directors that are not covered shall be dealt with in accordance with laws, regulations, Listing Rules and requirements of the securities regulatory authorities in the place where the Company's shares are listed.

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

**Article 143** The Company shall have a board of directors; the board of directors shall be accountable to the shareholders' general meeting.

**Article 144** The board of directors shall comprise seven (7) to fifteen (15) directors, including non-executive directors (independent directors included) and executive directors. Internal directors (means those directors who are concurrently holding other positions in the Company), in total, shall not be more than half of all the Company's directors.

The Company shall have one (1) chairman of the board of directors, who shall be elected, replaced and removed by over half of all the directors.

**Article 145** The board of directors shall exercise the following functions and powers:

- (I) convening the shareholders' general meeting and reporting its work thereto;
- (II) implementing resolutions adopted at the shareholders' general meeting;
- (III) deciding the business plans and investment programs of the Company;
- (IV) formulating the annual financial budget plan and final accounting plan of the Company;
- (V) formulating profit distribution plans and loss recovery plans of the Company;
- (VI) formulating plans for increasing or reducing the registered capital of the Company, for bond issuance or other securities, and for public offering;
- (VII) formulating plans for the Company's buy-back of its shares;
- (VIII) formulating plans for merger, division, dissolution or change of company form;
- (IX) making decisions on the establishment of the Company's internal management bodies;

- (X) appointing or dismissing the Company's CEO, secretary of the board of directors, CCO and other members of Senior Management; and deciding on matters concerning the remuneration of the above persons;
- (XI) formulating the basic management system of the Company;
- (XII) formulating the plan for amendment to the Articles of Association;
- (XIII) considering and approving the Company's material external guarantees, investments, acquisitions and disposals of assets, related-party transactions, etc. under the authorization of the shareholders' general meeting;
- (XIV) proposing at the shareholders' general meetings for appointment or replacement of an accountancy firm to conduct an audit for the Company;
- (XV) other material matters excluding matters required to be adopted at the Company's shareholders' general meeting as prescribed by the Relevant Laws and Regulations or the Articles of Association;
- (XVI) other functions and powers prescribed by the relevant laws, regulations, securities regulatory rules in the place where the Company's shares are listed or the Articles of Association, and authorized by the shareholders' general meeting.

Other than matters specified in items (VI), (VII), (VIII) and (XII) of the Articles of Association which shall be passed by two-thirds or more of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of all the directors.

**Article 146** The board of directors shall formulate the rules of procedures of the board of directors, so as to ensure the board of directors implements the resolutions adopted at the shareholders' general meeting, improves work efficiency and ensures logical decision-making. The rules of procedures of the board of directors formulated by the board of directors shall be approved at the shareholders' general meeting.

**Article 147** Any related-party transactions between the Company and its related parties that are required to be considered by the board of directors in accordance with laws, regulations, the listing rules in the place where the Company's shares are listed, the Articles of Association and other corporate governance documents shall be approved by the board of directors.

The director affiliated with companies involved in matters discussed by the board of directors shall not exercise his own, or represent other directors in exercising voting rights in respect of such matters. A meeting of the board of directors may be held with the presence of over half of all the non-related directors. A resolution adopted at such a meeting shall be passed by over half of all the non-related directors. If the number of non-related directors present is less than three (3), the matter shall be submitted to the shareholders' general meeting for deliberation.

The Company's material related-party transactions shall be disclosed in accordance with relevant laws, regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed.

**Article 148** The board of directors shall not, without the prior approval of shareholders' general meeting, dispose or agree to dispose of any fixed assets where the expected amount or value of the consideration for the proposed disposal, and the amount or value of the consideration for any such disposal of any fixed assets that has been completed within four (4) months immediately preceding the proposed disposal, are more than 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general meeting.

For the purposes of this Article, "disposal of fixed assets" shall include the transfer of an interest in assets other than by way of security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph of this Article.

**Article 149** The chairman of the board of directors shall exercise the following functions and powers:

- (I) presiding over the shareholders' general meetings, and convening and presiding over the meetings of the board of directors;
- (II) examining the implementation of resolutions of the board of directors;
- (III) signing the Company's shares certificates, corporate bonds and other securities;
- (IV) exercising the functions and powers as the legal representative of the Company; and
- (V) other functions and powers as authorized by the board of directors.

**Article 150** If the chairman of the board of directors is unable or fails to perform his duties, the duties shall be assumed by a director jointly appointed by half or more of the directors. The board of directors shall, for the purpose of filling a vacancy of the chairman of the board of directors, convene a board of directors meeting promptly to elect a new chairman of the board of directors.

**Article 151** The meetings of the board of directors shall be held at least four (4) times each year, which shall be convened by the chairman of the board of directors, by serving a notice in writing to all directors and supervisors at least fourteen (14) days before the meeting is convened. The required period of notice of regular meetings of the board of directors may be waived upon unanimous consent of directors in writing.

**Article 152** An extraordinary meeting of the board of directors shall be convened by the chairman of the board of directors within ten (10) days under any of the following circumstances:

- (I) proposal of shareholders holding one-tenth or more of the voting rights;
- (II) proposal of the chairman of the board of directors;
- (III) proposal of one-third or more of the directors;
- (IV) proposal of half or more of the independent directors;
- (V) proposal of the supervisory committee;
- (VI) proposal of CEO;
- (VII) other circumstances as required by laws, regulations and the securities regulatory authorities in the place where the Company's shares are listed.

Notice of an extraordinary meeting of the board of directors shall be given to all directors and supervisors five (5) days before the meeting. In urgent cases where there is a need to convene an extraordinary meeting of the board of directors as promptly as possible, the notice convening the meeting may be given at any time, and the convener shall make an explanatory statement at the meeting.

**Article 153** No board of directors meeting may be held unless over half of the directors are present.



Each of the directors has one vote. Unless otherwise provided in the Articles of Association, a resolution of the board of directors shall be passed by over half of all the directors.

Where there is equality of votes cast for and against a resolution, the chairman of the board of directors shall have right to cast one more vote.

**Article 154** Directors shall attend the board of directors meetings in person. Where a director is unable to attend for certain reasons, the director is entitled to appoint another director, by a notice in writing (proxy notice), to attend the meeting on his behalf. Such proxy notice shall state the scope of authorization. A proxy shall exercise the rights within such scope of authorization.

Where a director neither attends the meeting nor appoints a proxy, it shall be deemed as a waiver of voting rights at that meeting.

**Article 155** A board of directors meeting shall be held by way of physical meeting in principle. In circumstances where opinions of directors are sufficiently conveyed, an interim board of directors meeting may, with the approval of the convener (moderator) and proposer, adopt the forms of videoconference or teleconference or deliberation in writing, and may also adopt the forms of physical meeting and other forms simultaneously if necessary.

Where the meeting is not held by way of physical meeting, the number of the directors who attend the meeting shall be counted according to directors present via videoconference or directors proposing comments in the conference call or faxes or emails or other valid votes in writing actually received within a prescribed time limit, or written confirmation letters stating the attendance of the meeting submitted by directors after the meeting.

Where a board of directors meeting is held via video or telephone, it shall be ensured that directors at the meeting can hear others clearly and communicate with others normally.

The voting methods at a meeting of the board of directors are as follows: vote by poll in writing or vote by a show of hands (or voice vote). Each director has one vote. The meeting held by way of physical meeting shall adopt the method of voting by poll in writing or voting by a show of hands (or voice vote). The meeting held via video or telephone may adopt the method of voting by a show of hands (or voice vote), but directors who attend the meeting shall record the vote in writing as soon as possible, and submit their votes with signatures to the board of directors within the valid period stated in the notice of the meeting, and the directors' voting by a show of hands (or voice vote) shall have the same effect with the vote; however, if the vote in writing is inconsistent with the voting opinion expressed by vote by a show of hands (or voice vote) during the meeting held via video or telephone, the voting opinion expressed during the meeting held via video or telephone shall prevail. A meeting held by way of written resolutions shall adopt the method of voting by poll in writing, and directors who vote shall also submit votes with signatures to the board of directors within the valid period stated in the notice of the meeting.

**Article 156** The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting and the recorder. Directors present at the meeting are entitled to require explanatory records of their comments made at that meeting in the minutes. Minutes of the meetings of board of directors shall be kept by the secretary of the board of directors and filed with the Company for at least twenty (20) years from the date of the meeting.

**Article 157** The directors shall be responsible for resolutions adopted by the board of directors. The directors adopting a resolution that contravenes laws, regulations or Articles of Association and results in severe losses to the Company, shall be liable to the Company for compensation. However, a director may be exempt from such liability with the proof that he has expressed a disagreement and such disagreement has been recorded in the minutes of meeting.

#### **Section 4 Board Committees of the Board of Directors**

**Article 158** The board of directors shall establish the Strategy Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, the Audit Committee and the Risk Management Committee (the "**Board Committees**"), and the members of the Board Committees shall be directors.

The Board Committees shall be accountable to the board of directors, perform the powers and duties in accordance with Relevant Laws and Regulations, and authorization of the board of directors, and submit to the board of directors their work reports.

Members of the Board Committees shall be appointed by the board of directors, and shall be eligible with professional knowledge and working experience in accordance with their duties as members of the Board Committees.

**Article 159** The Strategy Committee shall comprise at least three (3) directors, and shall have one (1) chairman. The Strategy Committee shall perform the following duties:

- (I) to conduct research on the Company's short, medium and long term development strategies or the relevant issues;
- (II) to suggest the Company's long-term development strategies, major investments, reforms and other major decisions;
- (III) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 160** The Remuneration Committee shall comprise at least three (3) directors, of which over half of them shall be independent directors. The Remuneration Committee shall have one (1) chairman who shall be an independent director. The Remuneration Committee shall perform the following duties:

- (I) to deliberate on the appraisal and remuneration management system for directors and Senior Management and give opinions;
- (II) to conduct appraisal of directors and Senior Management and give recommendations;
- (III) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 161** The Nomination and Corporate Governance Committee shall comprise at least three (3) directors, of which over half of them shall be independent directors. The Nomination and Corporate Governance Committee shall have one (1) chairman who shall be the chairman of the board of directors or an independent director. The Nomination and Corporate Governance Committee shall perform the following duties:

- (I) to deliberate on selection and appointment standards and procedures of directors and Senior Management and give opinions, search for qualified candidates for directors and Senior Management, review the qualification criteria of the candidates for directors and Senior Management and make recommendations;
- (II) to promote the formulation and enhancement of the corporate governance standards;
- (III) to conduct appraisal of corporate governance structure and governance standards and give recommendations;
- (IV) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 162** The Audit Committee shall comprise three (3) or more non-executive directors, of which over half of them shall be independent directors, and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The Audit Committee shall have one (1) chairman who shall be an independent director. The Audit Committee shall perform the following duties:

- (I) to supervise annual audit work, make judgments on the truthfulness, accuracy and completeness of audited financial report information, and propose motions to the board of directors for deliberation;
- (II) to propose engagement or replacement of external audit firm, and supervise the practice of external audit firm;
- (III) to be responsible for communication between internal audit and external audit;
- (IV) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 163** The Risk Management Committee shall comprise at least three (3) directors and have one (1) chairman. The Risk Management Committee shall perform the following duties:

- (I) to deliberate on overall goals and basic policies for compliance management and risk management and give opinions;
- (II) to deliberate on establishment and duties of compliance management and risk management organizations and give opinions;
- (III) to evaluate the risks of important decisions and solutions for significant risks required to be deliberated by the board of directors and give opinions;
- (IV) to deliberate on compliance reports and risk assessment reports required to be deliberated by the board of directors and give opinions;
- (V) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 164** Decision of the Board Committees shall be approved and adopted by over half of all the members of the Board Committees. Each member shall have one vote for each decision of the Board Committees.

**Article 165** All Board Committees may engage external professionals to provide services, and the expenses reasonably incurred shall be borne by the Company.

The board of directors shall be provided with opinions of the Board Committees prior to resolving matters related to the duties of the Board Committees.

## **Section 5 Secretary of the Board of Directors**

**Article 166** The Company shall appoint a secretary of the board of directors. The secretary of the board of directors shall obtain the qualifications to engage in the securities business and be equipped with requisite expertise, experience and skills. The circumstances provided in Article 210 of the Articles of Association, which prohibit a person from being a director of the Company, shall also apply to the secretary of the board of directors.

The secretary of the board of directors shall perform the following duties:

- (I) to prepare for shareholders' general meetings, meetings of the board of directors and meetings of the Board Committees, safekeeping of minutes and documents of the meetings, manage shareholders' information and other ordinary matters;
- (II) to ensure that the Company prepare and submit reports and documents required by competent authorities in accordance with the law, provide relevant materials in accordance with laws and handle information submission or information disclosure;
- (III) to ensure proper establishment of the register of shareholders of the Company, and persons entitled to obtain relevant records and documents of the Company timely obtain such records and documents;
- (IV) to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

**Article 167** No accountant of the accountancy firm appointed by the Company may concurrently hold the office of secretary of the board of directors. Directors or Senior Management of the Company may concurrently hold the office of secretary of the board of directors, unless otherwise provided in laws and regulations.

Where the office of secretary of the board of directors is held concurrently by a director, and a certain act is required to be conducted by a director and a secretary of the board of directors separately, the person who concurrently holds the offices of director and secretary of the board of directors may not perform such act in dual capacities.

**Article 168** The secretary of the board of directors shall be nominated by the chairman of the board of directors and shall be appointed or removed by the board of directors.

**Article 169** The Company shall facilitate the secretary of the board of directors to perform his/her duties, and directors, supervisors, Senior Management and related personnel shall support and cooperate with the secretary of the board of directors in performing his duties.

## **Chapter 6 The Company's Business Management Organization**

**Article 170** The Company shall appoint a CEO, COO and CFO, who shall be appointed or dismissed by the board of directors.

**Article 171** The Senior Management shall obtain the qualification required for senior management in securities companies.

The employment of the Senior Management shall be null and void if it violates the provisions of this article.

**Article 172** Members of Senior Management of the Company may at most hold the office of director or supervisor concurrently in two companies where the Company is holding any interests, but shall not hold any office other than director or supervisor. They shall not engage concurrently in any other profit-making organizations or other business activities.

Members of Senior Management shall not be subject to the above restrictions if they concurrently hold other offices in the Company's wholly-owned or controlled subsidiaries, provided that they shall comply with the relevant requirements of the securities regulatory authorities of the State Council.

**Article 173** The CEO shall be accountable to the board of directors and shall perform the following functions and powers:

- (I) to take charge of the operation and management of the Company and organize the implementation of resolutions of the board of directors;
- (II) to implement business policy as approved by the board of directors and determine important issues relating to the operation and management of the Company;
- (III) to organize the implementation of the annual business plan and investment scheme of the Company;
- (IV) to draft the financial budget of the Company;
- (V) to draft final accounting plan, profit distribution plan and loss recovery plan of the Company;
- (VI) to draft plans for change of registered capital and issuance of corporate bonds;
- (VII) to draft plans for merger, division, change in company form or dissolution;
- (VIII) to draft business plans, investment, financing and assets disposal plans, which shall be submitted for approval by the board of directors in accordance with corresponding scope of authority;

- (IX) to draft the plan for establishment of the internal management departments of the Company;
- (X) to draft the basic management system of the Company;
- (XI) to formulate specific rules and regulations of the Company;
- (XII) to nominate candidates of Senior Management other than CEO, COO and secretary of the board of directors that are to be appointed or dismissed by the board of directors;
- (XIII) to appoint or dismiss managerial staff other than those who shall be appointed or dismissed by the board of directors;
- (XIV) to appoint and dismiss the staff of the Company, formulate and approve the plans for wages, awards and penalties of the staff of the Company;
- (XV) to propose to convene extraordinary meetings of the board of directors;
- (XVI) to perform other powers and duties authorized by the Articles of Association or the board of directors.

Where the CEO is present at the meetings of the board of directors, he shall not have voting rights if he is not a director.

**Article 174** In the course of exercising his duties and powers, the CEO of the Company shall perform his duties in good faith and diligently in accordance with laws, regulations and the Articles of Association.

**Article 175** The COO and the CFO are accountable to the CEO, and shall assist the CEO in performing any duties relating to the day-to-day operation and finances of the Company that are conferred to them under the Articles of Association or by the board of directors.

**Article 176** Senior Management shall comply with laws, regulations and the Articles of Association and perform fiduciary duties towards the Company.

In the course of exercising his duties, if a member of Senior Management violates laws, regulations or the Articles of Association and subsequently causes losses to the Company, he shall be liable for compensation.



## Chapter 7 Compliance Management

**Article 177** The Company shall formulate the basic system of compliance management, which shall be implemented upon the consideration and approval of the board of directors.

**Article 178** The Company shall appoint a CCO. The CCO shall be nominated by the chairman of the board of directors and appointed, dismissed or appraised by the board of directors. The CCO shall be in charge of examination, supervision and inspection of the Company and its staff in terms of the compliance of their operation, management and practice thereof. The CCO may neither concurrently assume any other positions nor take charge of any other departments that are in conflict with the duties of compliance management.

The Company shall ensure the independence of the CCO. The shareholders, directors or Senior Management of the Company shall not, in violation of prescribed duties and procedures, directly give instructions to the CCO or interfere with the work of the CCO.

The Company shall ensure that the CCO has and can exercise the full rights to know and investigate as is necessary for the performance of his duties. The CCO shall be entitled to participate in or attend the meeting regarding the performance of his duties, review relevant documents and information and require the relevant staff to explain the relevant matters.

**Article 179** The CCO shall be proficient in relevant laws, regulations and standard, as well as be an honest and credible person, who is familiar with the securities or fund businesses, possess the expertise and skills required for the compliance management, and meet the following qualifications:

- (1) having engaged in securities or fund business for ten or more years and having passed the qualification exam for compliance management personnel organized by the Securities Association of China; having engaged in securities or fund business for five or more years and having passed the qualification exam for legal professionals; or having worked in a securities regulatory authorities or a self-discipline organization in the securities or fund industry for five or more years;
- (2) having not been subject to any administrative penalties or major administrative supervision measures imposed by financial regulatory authorities in the recent three years; and
- (3) other qualifications as prescribed by the securities regulatory authorities of the State Council.

**Article 180** When the Company appoints a CCO, it shall submit the resume and other relevant supporting documents of the candidate to the branch office of the securities regulatory authorities of the State Council in the place of domicile of the Company. The CCO shall not hold office until the approval from the branch office of the securities regulatory authorities of the State Council is obtained. Where the Company dismisses a CCO, it shall provide proper reasons and shall, ten working days prior to the relevant meeting of the board of directors, file a written report with the reasons for the dismissal to the branch office of the securities regulatory authorities of the State Council in the place of domicile of the Company.

**Article 181** Where the CCO cannot perform his duties or the position of the CCO is vacant, the Chairman of the board of directors or the CEO shall perform the relevant duties in place of the CCO, and shall, within three working days after the decision is made, file a written report to the branch office of the securities regulatory authorities of the State Council in the place of domicile of the Company. The period during which the Chairman of the board of directors or the CEO performs the relevant duties in place of the CCO shall not exceed six months.

The CCO who intends to resign shall, one month in advance, file an application to the board of directors, and report the matter to the branch office of the securities regulatory authorities of the State Council in the place of domicile of the Company. Before the application for resignation is approved, the CCO shall not stop performing his duties at his discretion.

Where the position of the CCO is vacant, the Company shall, within six months, appoint a person meeting the qualifications as specified herein to act as the CCO.

**Article 182** The CCO shall perform the following duties:

- (I) to organize the formulation of the basic system for compliance management and other compliance management systems, and urge various business units and entities to implement such systems;
- (II) to conduct compliance examinations on the Company in respect of its internal management system, major decisions, new products and new business schemes, and issue written compliance examination opinions; and conduct compliance examinations and sign his express opinions on application materials or reports submitted by the Company in accordance with the requirements of the relevant regulatory authorities;
- (III) to supervise the Company and its staff in respect of the compliance of their operation, management and practice, and make regular or occasional examinations;

- (IV) to arrange the implementation of the anti-money laundering system, management of the conflict of interests and information firewall system, provide compliance advice and organize compliance training, and guide and urge the Company's departments concerned to deal with the reports and complaints regarding the Company and its staff in respect of their behaviors in violation of laws and regulations;
- (V) to report the compliance of the Company's operation and management and the compliance management activities carried out to the board of directors and the CEO;
- (VI) in the event that the CCO discovers that the Company is in violation of certain laws and regulations or there is a potential risk of non-compliance, he shall promptly report to the board of directors, the CEO, and the branch office of the regulatory authorities of the State Council as well as the competent self-disciplinary organization of the place of domicile of the Company in accordance with relevant regulatory requirements, propose his opinions and urge prompt rectification;
- (VII) making recommendations to the board of directors or Senior Management and monitor the relevant departments to evaluate the impact on compliance management as well as make corresponding amendments or adjustments to management system and workflow where any law, regulation, Listing Rules and guidelines changes;
- (VIII) to timely deal with the matters required by the regulatory authorities of the State Council and its branch office as well as the competent self-discipline organization, with which cooperate in carrying out inspections and investigations over the Company, and track and evaluate the implementation of the supervisory opinions and requirements;
- (IX) to perform other duties stipulated by the Relevant Laws and Regulations.

The Company shall provide necessary manpower, material, financial resources and technical support for the CCO to perform his duties. All directors, supervisors, Senior Management and all departments and branches shall support and cooperate with the CCO's work, and shall not restrict and obstruct the CCO from performing his duties with any excuse.

The Company shall establish a compliance department or appoint the relevant department to assist the CCO in performing his duties, and the Company shall equip such compliance department with adequate compliance management staff with professional knowledge and skills necessary for the performance of the duties of compliance management.

## **Chapter 8 Operational Risk Management**

**Article 183** The Company shall formulate and persistently improve its risk management system in accordance with the relevant rules.

**Article 184** The Company shall appoint a CRO in charge of comprehensive risk management. The CRO may neither concurrently assume any other positions nor take charge of any other departments that are in conflict with his duties.

The Company shall appoint or establish a designated department to perform the duties of risk management, which shall promote comprehensive risk management under the leadership of the CRO.

**Article 185** The Company shall provide sufficient guarantee for the CRO to perform his duty and guarantee his right to be informed, which is essential for him to fully perform his duties. The CRO is entitled to participate in or attend such meetings related to his performance of duties, access to relevant documents and obtain requisite information.

**Article 186** The Company shall ensure the independence of the CRO. Shareholders and directors are prohibited from directly giving instructions to the CRO or intervening with his work in violation of the procedures as prescribed by certain provisions.

**Chapter 9 Supervisory Committee**

**Section 1 Supervisors**

**Article 187** Directors and Senior Management of the Company shall not act concurrently as supervisors.

The qualifications for supervisors shall satisfy requirements of the Relevant Laws and Regulation and the Articles of Association.

**Article 188** The supervisory committee or shareholders who individually or jointly hold 3% or more of the total number of shares of the Company may nominate candidates for supervisors representing shareholders. Shareholders’ representative sitting on the supervisory committee shall be appointed and removed by the shareholders’ general meetings. Employees’ representatives sitting on the supervisory committee shall be appointed and removed by employees of the Company via an employees’ representative meeting or employees’ meeting or other forms of democratic election.

The nominating party shall obtain the consent of the nominee before nominating the candidate for a shareholders’ representative sitting on the supervisory committee, and shall gather information from the candidate about his occupation, educational background, qualification, detailed work experience, all concurrent posts, etc., and provide such information to the Company in writing.

Where the number of directors elected by any one of the shareholders of the Company accounts for half or more of the members of the board of directors, the number of supervisors elected by such shareholder shall not be more than one-third of the members of the supervisory committee.

**Article 189** The term of office of a supervisor shall be three (3) years and he may serve consecutive terms if re-elected.

Where no new appointment is made upon expiration of the term of office of a supervisor or a supervisor tenders his resignation during his term of office resulting in the number of members of the supervisory committee being less than a quorum, the original supervisor shall continue to perform his duties as a supervisor in accordance with laws, regulations and the Articles of Association.

**Article 190** A supervisor may resign before the expiration of his term of office. The provisions on the resignation of directors in this Articles of Association also apply to supervisors.

**Article 191** If a supervisor is removed by the shareholders' general meetings before the expiration of his term of office, an explanation shall be provided. The supervisor being removed shall have the right to be heard at the shareholders' general meeting, the securities regulatory authorities of the State Council or its branches.

**Article 192** Supervisors may attend meetings of the board of directors and query resolutions of the board of directors or give suggestions.

Supervisors have the right to be informed of the conditions of the Company's operation and to assume the corresponding obligation of confidentiality. The Company shall take measures to safeguard supervisors' access to information and facilitate the supervisors' performance of their duties.

**Article 193** A supervisor who fails three (3) consecutive times to attend meetings of the supervisory committee in person or to appoint a proxy to attend on his behalf shall be deemed unable to perform his duties and shall be removed and replaced at the shareholders' general meeting or employees' representatives meeting.

**Article 194** Supervisors shall comply with laws, regulations and the Articles of Association. They shall perform their obligations faithfully and diligently.

Any supervisor who violates laws, regulations or the Articles of Association in the course of performing his duties and causes losses to the Company shall be liable for such losses.

Where a supervisor knows or ought to know that a director or Senior Management has committed any breach of laws, regulations or the Articles of Association or act jeopardizing the interests of the Company, he shall assume corresponding responsibilities if he fails to perform his duties.

## **Section 2 Supervisory Committee**

**Article 195** The Company shall establish the supervisory committee which shall be accountable to the shareholders' general meeting.

**Article 196** The supervisory committee shall comprise three (3) to seven (7) supervisors, and the ratio of employee's representative therein shall not be less than one- third. The supervisory committee shall appoint a chairman of the supervisory committee. The appointment or removal of the chairman of the supervisory committee shall be approved by two-thirds or more of all the supervisors.

**Article 197** The supervisory committee shall be accountable to the shareholders' general meeting, and shall exercise the following functions and powers in accordance with the law:

- (I) to examine the financial affairs of the Company;
- (II) to supervise the performance of directors and Senior Management of their duties and propose the removal of directors or Senior Management who violate relevant laws, regulations and the Articles of Association or the resolutions of the shareholders' general meetings;
- (III) where any director or Senior Management violates laws, regulations or the Articles of Association and jeopardizes the interests of the Company, shareholders or clients, the supervisory committee shall request the director or Senior Management to make rectifications within a prescribed time limit; if the damages are serious or the director or Senior Management fails to make rectifications within the prescribed time limit, the supervisory committee shall propose the holding of a shareholders' general meeting, and put forward a specific proposal to the shareholders' general meeting;
- (IV) to propose to convene an extraordinary shareholders' general meeting, convene and preside over shareholders' general meeting when the board of directors fails to convene and preside over such a meeting;
- (V) to submit proposals to the shareholders' general meetings;
- (VI) to initiate legal proceedings against any director or Senior Management in accordance with the Company Law;
- (VII) to review the financial reports, profits distribution plan and other financial materials to be submitted by the board of directors at the shareholders' general meeting, to conduct investigation if any problems or irregularities are identified in the business operations are discovered, and may engage an accountancy firm, law firm and other professional institutions to assist in the investigation if necessary, the reasonable expenses incurred shall be borne by the Company;
- (VIII) to perform other powers and duties as required by Relevant Laws and Regulations, the Articles of Association or authorized by the shareholders' general meeting.

The supervisory committee shall directly report to the securities regulatory authorities of the State Council or its branch office regarding major violation of laws and regulations by the board of directors or Senior Management.

Reasonable expenses incurred by the supervisory committee in connection with exercise of its duties and powers to engage professionals such as lawyers, certified public accountants or practising auditors shall be borne by the Company.

**Article 198** The Company shall submit its internal audit reports, compliance reports, monthly or quarterly financial accounting reports, annual financial accounting reports and other significant matters to the supervisory committee in a timely manner.

**Article 199** The supervisory committee may require the Company's directors, Senior Management and other related personnel to attend meetings of the supervisory committee to answer questions.

When the supervisory committee investigates the conduct of directors and Senior Management of the Company on their performance of duties, it may inquire the directors, Senior Management and other persons of the Company about relevant information, and such directors, Senior Management and other persons of the Company shall provide assistance.

**Article 200** Meetings of the supervisory committee shall be held at least once every six (6) months. Notice of such meetings shall be given in writing to each supervisor ten (10) days before the meeting is convened. The required period of notice may be waived upon unanimous consent of all the supervisors in writing.

**Article 201** Supervisors may propose to hold an extraordinary meeting of the supervisory committee. Notice of such meetings shall be given to each supervisor five (5) days before the meeting is convened. In urgent cases where there is a need to convene an extraordinary meeting of the supervisory committee as soon as possible, the notice convening the meeting may be given at any time, and the convener shall make an explanatory statement at the meeting.

**Article 202** The chairman of supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform his duties, a supervisor appointed by half or more of all the supervisors shall convene and preside over the meetings of the supervisory committee.



**Article 203** Supervisors shall attend the meetings of the supervisory committee in person. Where a supervisor is unable to attend, the supervisor may authorize another supervisor, by a notice (proxy notice), to attend the meeting on his behalf. Such proxy notice shall state the scope of authorization.

Where a supervisor neither attends the meeting nor appoints a proxy, it shall be deemed as a waiver of voting rights at that meeting.

**Article 204** No meeting of the supervisory committee may be held unless over half of the supervisors are present. Each supervisor shall have one vote.

A resolution of the supervisory committee shall be passed by two-thirds or more of all the supervisors.

**Article 205** A meeting of the supervisory committee shall be convened by way of physical meeting in principle. In circumstances where opinions of supervisors are sufficiently conveyed, an extraordinary meeting of the supervisory committee may, with the approval of the convener (moderator) and the proposer, adopt the forms of videoconference or teleconference or deliberation in writing, and may also adopt the forms of physical meeting and other forms simultaneously if necessary.

Where the meeting is not held by way of physical meeting, the number of the supervisors who attends the meeting shall be counted according to supervisors present via videoconference or supervisors proposing comments in the conference call or faxes or emails or other valid votes in written form actually received within a prescribed time limit, or written confirmation letters stating the attendance of the meeting submitted by supervisors after the meeting.

Where a meeting of the supervisory committee is held via video or telephone, it shall be ensured that supervisors at the meeting can hear others clearly and communicate with others in ordinary manner.

The voting methods at a meeting of the supervisory committee are as follows: vote by poll in writing or vote by a show of hands (or voice vote). Each supervisor has one voting right. The meeting held by way of physical meeting shall adopt the method of voting by poll in writing or voting by a show of hands (or voice vote). The meeting held via video or telephone may adopt the method of voting by a show of hands (or voice vote), but supervisors who attend the meeting shall record the vote in writing as soon as possible, and submit their votes with signatures to

the supervisory committee within the valid period stated in the notice of the meeting, and the supervisors' voting by a show of hands (or voice vote) shall have the same effect with the vote; however, if the vote in writing is inconsistent with the voting opinion expressed by vote by a show of hands (or voice vote) during the meeting held via video or telephone, the voting opinion expressed during the meeting held via video or telephone shall prevail. A meeting held by way of written resolutions shall adopt the method of voting by poll in writing, and supervisors who vote shall also submit their votes with signatures to the supervisory committee within the valid period stated in the notice of the meeting.

**Article 206** The supervisory committee shall formulate the rules of procedures of the supervisory committee to specify the rules of procedures and voting procedures, so as to ensure the working efficiency and ensure logical decision-making of the supervisory committee. The rules of procedures of the supervisory committee formulated by the supervisory committee shall be approved by the shareholders' general meeting.

**Article 207** The chairman of the supervisory committee shall announce if a resolution is passed at the meeting of the supervisory committee in accordance with the voting results. The voting results of the resolution shall be recorded in the minutes of the meeting.

**Article 208** The supervisory committee shall consider the proposals submitted by each supervisor. Supervisors shall sign the resolutions of the supervisory committee and take responsibilities for such resolutions.

**Article 209** The supervisory committee shall prepare minutes of the meetings of the supervisory committee and such minutes shall be signed by the supervisors and the recorder present at the meeting.

Supervisors are entitled to require explanatory records of their comments made at that meeting in the minutes. Minutes of the meetings of the supervisory committee shall be kept in accordance with the file management system of the Company and filed with the Company for at least twenty (20) years from the date of the meeting.

## **Chapter 10 Qualifications and Duties of the Directors, Supervisors and Senior Management of the Company**

**Article 210** Other than the conditions of directorship for directors (including independent directors), supervisors, Senior Management as required under Article 126, Article 136, Article 137, Article 171 and Article 187, none of the following persons may serve as directors, supervisors or Senior Management of the Company:

- (I) persons without capacity or with limited capacity for civil acts;
- (II) persons who were sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of the social or economic order, or persons who were deprived of their political rights for committing a crime, and in each case, where five (5) years have not lapsed following the serving of the sentence;
- (III) directors, or factory heads or managers who bear individual responsibility for the bankruptcy or liquidation of their companies or enterprises due to mismanagement where three (3) years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (IV) the legal representatives of companies or enterprises that had their business licenses revoked and order to be closed for violation of the law, where such representatives bear individual responsibility and three (3) years have not lapsed following the date of revocation of such business licenses;
- (V) persons with relatively significant individual debts that have not been settled upon maturity;
- (VI) persons currently subject to restriction from entering into the securities market by securities regulatory authorities of the State Council;
- (VII) a person-in-charge of a stock exchange or securities registration and clearing institution or a director, supervisor or senior management of a securities company who has been removed from his position due to his irregularity or disciplinary breach, and it has been within five (5) years of the date of removal;
- (VIII) persons adjudged by the relevant competent authorities of violations of securities-related regulations, where such violation involves fraudulent or dishonest acts and five (5) years have not lapsed following the date of the ruling;

- (IX) persons who are lawyers, certified public accountants or professionals of an investment advisory institution, financial consultancy institution, credit rating institution, assets appraisal institution or asset verification institution, have been disqualified for irregularity or disciplinary breach and five (5) years have not lapsed following the date of revocation;
- (X) government personnel and other personnel prohibited by laws and regulations to take up concurrent posts at companies;
- (XI) persons subject to administrative penalties imposed by the financial regulatory authorities for material violation of law or disciplinary breach and three (3) years have not lapsed following the date of completion of the penalties;
- (XII) persons whose post-holding qualification is revoked by the securities regulatory authorities of the State Council and three (3) years have not lapsed following the date when the post-holding qualification is revoked;
- (XIII) persons who are declared unfit by the securities regulatory authorities of the State Council and two (2) years have not lapsed following the date of the declaration;
- (XIV) persons who may not serve as management of enterprises by virtue of laws or regulations;
- (XV) non-natural person;
- (XVI) persons who are under investigation for alleged disciplinary breach, or whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and such cases have not been closed;
- (XVII) other circumstances required by laws, regulations or listing rules of the place where the Company's shares are listed.

If an election or appointment of a director, supervisor or Senior Management takes place in contravention of this Article, such election, appointment or engagement shall be invalid. If a director, supervisor or Senior Management falls into any of the circumstances provided in this Article during his term of office, the Company shall terminate his office.

**Article 211** The validity of an act of a director or Senior Management of the Company on its behalf, towards a bona fide third party, shall not be affected by any irregularity in his office, election or qualification.

**Article 212** In addition to the obligations imposed by laws, regulations or the listing rules of the securities exchange of the place the Company's shares are listed, each of the Company's directors, supervisors and Senior Management, in the course of exercising the powers granted to him by the Company, owes a duty to each shareholder:

- (I) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to deprive the Company of its properties in any way, including but not limited to seizure of opportunities that are favorable to the Company;
- (IV) not to deprive the shareholders of their individual rights or interests, including but not limited to rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 213** Each of the Company's directors, supervisors and Senior Management, in the course of exercising his powers and discharging his duties, owes a duty to exercise care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 214** Each of the Company's directors, supervisors and Senior Management shall exercise his power or perform his duties in accordance with fiduciary principles and shall not place himself in a position where his duties and personal interests may conflict. These principles include but not limited to:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of its powers and not to act beyond such scope;
- (III) to personally exercise his discretion granted to him, not to allow himself to be manipulated by another person, not to delegate the exercise of his discretion to another person unless permitted by laws or administrative regulations or with the approval of an informed shareholders' general meeting;
- (IV) to be impartial to shareholders of the same category and of different categories;
- (V) not to enter into contracts or transactions or make arrangements with the Company unless otherwise provided in the Articles of Association or with the approval of an informed shareholders' general meeting;

- (VI) not to use the Company's assets in any way for his own benefit without the approval of an informed shareholders' general meeting;
- (VII) not to accept any bribery or other illegal income by abusing his powers and positions, and appropriate the assets of the Company in any manner, including but not limited to any opportunities that are favorable to the Company;
- (VIII) not to accept commissions in connection with the transactions of the Company without the approval of an informed shareholders' general meeting;
- (IX) to abide by the Articles of Association, perform his duties faithfully, protect the interests of the Company, and not to pursue his personal gain by abusing his powers and positions at the Company;
- (X) not to compete with the Company in any way without the approval of an informed shareholders' general meeting;
- (XI) not to embezzle the funds of the Company or lend them to others, not to deposit Company's assets in accounts opened in his own name or in another's name, not to use Company's assets as security for the debts of the Company's shareholders or other individuals;
- (XII) not to divulge confidential information relating to the Company that was acquired by him during his office without the approval of an informed shareholders' general meeting, and not to use such information unless for the purpose of the Company's interests; however, such information may be disclosed to the court or other government authorities under the following circumstances:
  - 1. provided by law;
  - 2. required for the purpose of public interest;
  - 3. required for the purpose of the own interests of such director, supervisor or other Senior Management.

**Article 215** A director, supervisor and Senior Management of the Company shall not direct the following persons or organizations (the "**Connected Persons**") to engage in activities that directors, supervisors and Senior Management are prohibited to:

- (I) the spouse or underage child of a director, a supervisor or Senior Management of the Company;

- (II) the trustee of a director, a supervisor or Senior Management of the Company or of any person as referred to in in item (I) of this Article;
- (III) the partner of a director, a supervisor or Senior Management of the Company or of any person as referred to in item (I) or (II) of this Article;
- (IV) the company which a director, supervisor or Senior Management of the Company, individually or jointly with any person as referred to in item (I), (II) or (III) of this Article or other director, supervisor or Senior Management of the Company, has de facto control; and
- (V) a directors, supervisor and Senior Management of a company being controlled as referred to in item (IV) of this Article.

**Article 216** Unless otherwise provided in the Articles of Association, the fiduciary duty of a director, supervisor and Senior Management of the Company does not necessarily cease upon the termination of his term of office and his obligations to keep the trade secrets of the Company confidential shall survive after the termination of his term of office. The duration of the other obligations shall be determined in accordance with the principle of fairness, taking into account the lapse of the time between termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 217** A director, supervisor or Senior Management of the Company may be relieved from liability for a specific breach of obligations by an informed shareholders' general meeting, except in circumstances otherwise provided in Article 68 of the Articles of Association.

**Article 218** If a director, supervisor or Senior Management of the Company has direct or indirect material interest in a contract, transaction or arrangement concluded or proposed by the Company (except for his employment contract with the Company), he shall disclose to the board of directors the nature and extent of his interests at the earliest opportunity, whether or not the matter ordinarily requires the approval of the board of directors.

Unless the interested director, supervisor or Senior Management of the Company has disclosed such interest to the board of directors as required under the preceding paragraph and such matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and had abstained from voting, the Company shall have the right to void the contract, transaction or arrangement, except in the circumstances that the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor or Senior Management concerned.

A director, supervisor or Senior Management of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Connected Person of that director, supervisor, or Senior Management has an interest.

Unless permitted by the Listing Rules and applicable laws and regulations, a director shall not vote on any resolution of the board of directors approving any contract, transaction or arrangement or any other proposal in which he or any of his close associates (as defined in the Listing Rules applicable in effect from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

**Article 219** If a director, supervisor or Senior Management of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor or Senior Management of the Company shall be deemed for the purposes of the preceding Articles to have declared his interest, insofar as attributable to the scope stated in the notice.

**Article 220** The Company shall not in any manner pay taxes on behalf of its directors, supervisors and Senior Management.

The Company shall not pay fines or indemnity that are payable by directors, supervisors or Senior Management.

**Article 221** The Company shall not directly or indirectly provide a loan to or provide a guarantee in connection with the advance of a loan to a director, supervisor and Senior Management of the Company or of the Company's holding company or any of their respective Connected Persons.

The foregoing shall not apply in the following circumstances:

- (I) the provision by the Company of a loan or loan guarantee to its subsidiaries;
- (II) the provision by the Company of a loan or loan guarantee or any other funds available to any of its director, supervisor and Senior Management to meet expenditures incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties properly in accordance with an employment contract approved by the shareholders in a general meeting.



**Article 222** A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 223** A loan security provided by the Company in violation of Article 221(1) of the Articles of Association shall not be enforceable against the Company, except:

- (I) when the loan is provided to a Connected Person of a director, a supervisor, Senior Management of the Company or its parent company, the lender is not aware of the relevant situation; and
- (II) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

**Article 224** For the purpose of the preceding Articles of this Chapter, “**security**” shall include an act whereby a guarantor assumes liability or provides properties to guarantee or secure the performance of obligations by an obligator.

**Article 225** If a director, a supervisor or Senior Management of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and regulations, have a right to:

- (I) require the relevant director, supervisor or Senior Management to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
- (II) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, Senior Management and contracts or with a third party (where such third party is aware or ought to be aware that the director, supervisor or Senior Management representing the Company was in breach of his obligations to the Company);
- (III) require the relevant director, supervisor or Senior Management to surrender the gains derived from the breach of his obligations;
- (IV) recover any funds received by the relevant director, supervisor, Senior Management that should have been received by the Company, including but not limited to commissions; and
- (V) require the relevant director, supervisor, Senior Management to surrender the interest earned or possibly earned on the funds that should have been given to the Company.

**Article 226** The Company shall include a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholder' general meeting before it is entered into. The aforementioned emoluments shall include:

- (I) emoluments in respect of his service as a director, supervisor or Senior Management of the Company;
- (II) emoluments in respect of his service as a director, supervisor or Senior Management of any subsidiary of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (IV) payment by way of compensation for loss of office or retirement from office.

No proceedings may be brought by a director or supervisor against the Company for any amount due to him in respect of the matters mentioned in this Article except pursuant to any contract described above.

**Article 227** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the case of acquisition of the Company, a director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other payments for loss of office or retirement. For the purposes of the preceding paragraph, the term "acquisition of the Company" shall refer to any of the following circumstances:

- (I) tender offer made to all shareholders by any person; or
- (II) any tender offer with the purpose of the offeror becoming the "controlling shareholder".

If the relevant director or supervisor has failed to comply with this Article, the selling shareholders that accept the aforementioned tender offer shall be entitled to any payment received by the relevant director or supervisor. The expenses incurred for the distribution in pro rata of such payments shall be borne by the relevant director or supervisor and shall not be deducted from such payments.

## **Chapter 11 Financial and Accounting Systems and Profit Distribution**

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

**Article 228** The Company shall formulate its own financial and accounting systems in accordance with laws, regulations and the PRC accounting standards formulated by the financial authorities under the State Council.

**Article 229** The financial year of the Company shall be the calendar year from January 1 to December 31.

**Article 230** The Company shall prepare a financial report at the end of each financial year and such financial report shall be duly audited by an accountancy firm. The financial report shall be prepared in accordance with laws, regulations and requirements of financial authorities under the State Council.

**Article 231** The board of directors of the Company shall present to the shareholders at every annual general meeting such financial reports required to be prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by regional governmental authorities and the competent departments and the Listing Rules.

**Article 232** The Company's financial reports shall be made available at the Company for shareholders' inspection at least twenty (20) days before the date of the shareholders' 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 required in the Articles of Association, the Company shall give notice or make an announcement of the aforementioned reports or the directors' report, accompanied by the balance sheet and the income statement in accordance with the relevant provisions of Chapter 12 of the Articles of Association at least twenty (21) days before the date of the annual shareholders' general meeting.

**Article 233** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and laws and regulations, be prepared in accordance with either international accounting standards, or the accounting standards of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with these two sets of accounting standards, such difference shall be stated in the notes appended to the financial statements. For purposes of the Company's distribution of after-tax profits in a given financial year, the lower of the two amounts shown in the aforementioned two sets of financial statements shall be adopted.

**Article 234** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC's accounting standards and laws and regulations as well as international accounting standards or the accounting standards of the place outside the PRC where the Company's shares are listed.

**Article 235** The Company shall publish its financial report twice in each financial year, i.e. to publish its interim financial report within sixty (60) days after the end of the first six (6) months of each financial year, and publish the annual financial report within one hundred and twenty (120) days after the end of each financial year.

Where the securities regulatory authorities of the places where the Company's shares are listed stipulates otherwise, such stipulations shall prevail.

**Article 236** The Company shall not establish separate accounting books other than statutory accounting books. No assets of the Company shall be deposited and maintained in any account opened in the name of any individual.

**Article 237** The after-tax profit of the Company for the year shall be distributed in the following order:

- (I) to make up for the losses;
- (II) to allocate 10% as statutory reserve fund;
- (III) to allocate as risk reserves in accordance with the PRC's relevant stipulations;
- (IV) to allocate as discretionary reserve fund according to resolutions of the shareholders' general meeting;
- (V) to distribute dividends to shareholders.

No further allocation is required when the accumulated amount of the statutory reserve funds of the Company reaches 50% or more of its registered capital.

The shareholders' general meeting shall determine whether to allocate the discretionary reserve after allocating the statutory reserve and the risk reserve.

**Article 238** After losses have been covered and the statutory reserve and risk reserve have been allocated in accordance with the Articles of Association, any remaining after-tax profits shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in the Company's Articles of Association.

Where the shareholders' general meeting distributes profits to shareholders in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

Shares held by the Company itself shall not be entitled to the distribution of profits.

**Article 239** The reserve funds of the Company shall be used to cover losses of the Company, expand its production and business, or increase its registered capital. However, capital reserves shall not be used to cover losses of the Company.

When the statutory common reserve fund is converted into capital, the remaining reserve shall be no less than 25% of the Company's registered capital prior to the conversion.

**Article 240** The capital common reserve fund includes the following funds:

- (I) the premiums obtained from the issue of shares in excess of the par value; and
- (II) other revenue required to be included in the capital common reserve fund by the finance authorities of the State Council.

**Article 241** The Company may distribute dividend by way of:

- (I) cash;
- (II) shares.

**Article 242** Any amount paid in on any share prior to the date of the payment of shares specified by the Company (the "**Payment Date**") may carry interest but shall not entitle the holder of the share to participate in respect of the pre-paid shares in a dividend subsequently declared on the Payment Date.

The Company is entitled to forfeit unclaimed dividends, but such right to forfeit shall only be exercised after the expiration of the limitation period applicable to the declaration of dividends, provided that the Company is in compliance with the relevant laws and regulations.

The Company shall have the right to cease sending dividend warrants to holders of the overseas-listed shares by post, but it may exercise this right only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise this right after the first occasion on which such a warrant is returned undelivered.

The Company shall have the right to issue share warrants to bearers. No new share warrant shall be issued to replace one that has been lost, unless the Company is reasonably satisfied that the original has been destroyed.

The Company shall have the right to sell shares of the holder of the overseas-listed shares that is untraceable but the following conditions must be observed:

- (I) during a period of twelve (12) years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed;
- (II) on expiry of the twelve (12) years, the Company gives notice of its intention to sell the shares by way of making an announcement on one or more newspapers of the place where the Company's shares are listed, and gives notice to the securities regulatory authorities of the place where the Company's shares are listed.

**Article 243** The Company shall appoint receiving agents for the holders of the overseas-listed shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of the overseas-listed shares.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws or the relevant regulations of the securities exchange of the place where the Company's shares are listed.

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

## **Section 2 Engagement of an Accountancy Firm**

**Article 244** The Company shall engage an independent and internationally recognized accountancy firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial report and other financial reports.

The term of engagement of the accountancy firm shall commence from the conclusion of the annual shareholders' general meeting until the conclusion of the next annual shareholders' general meeting.

**Article 245** The accountancy firm engaged by the Company shall be entitled to the following rights:

- (I) to inspect the account books, records and vouchers of the Company, and to require the directors or Senior Management of the Company to provide relevant information and explanations;
- (II) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the accountancy firm to discharge its duties;
- (III) to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any such meeting, which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the Company's accountancy firm.

**Article 246** If the position of the Company's accountancy firm becomes vacant, the board of directors may engage an accountancy firm to fill such vacancy prior to convening the shareholders' general meeting. Any other accountancy firm which has been engaged by the Company may continue to perform its duties during the period in which a vacancy exists.

**Article 247** The shareholders' general meeting may by ordinary resolution remove the Company's accountancy firm prior to the expiration of its term of engagement, notwithstanding the provisions of the contract entered into between the Company and the accountancy firm, but without prejudice to the rights of an accountancy firm to claim damages in respect of such dismissal.

**Article 248** The remuneration of an accountancy firm or the method in determining the remuneration shall be determined by the shareholders' general meeting. The remuneration of an accountancy firm engaged by the board of directors shall be determined by the board of directors.

**Article 249** The Company's engagement, removal or discontinuance of engagement of an accountancy firm shall be determined at the shareholders' general meeting. Such resolution shall be submitted to the securities regulatory authorities of the State Council for filing. If the Company intends to remove or discontinue to engage an accountancy firm, the Company shall give notice to such accountancy firm in advance, and such accountancy firm shall have the right to make representations at the shareholders' general meeting.

Where a resolution at a shareholders' general meeting is passed to appoint as accountancy firm a firm other than an incumbent accountancy firm, to fill a casual vacancy in the office of accountancy firm, to reappoint as accountancy firm a retiring accountancy firm which was appointed by the board of directors to fill a casual vacancy, or to remove an accountancy firm before the expiration of its term of office, the following provisions shall apply:

- (I) a copy of the appointment or removal proposal shall be sent before notice of meeting is given to the shareholders to the firm proposed to be appointed or the accountancy firm proposing to leave its post or the accountancy firm which has left its post in the relevant financial year.

"Leaving" includes leaving by removal, resignation and retirement.

- (II) if the accountancy firm leaving its post makes representations in writing and requests the Company to give notification to the shareholders, the Company shall (unless the representations are received too late) take the following measures:
  - 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - 2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Company's Articles of Association.
- (III) if the accountancy firm's representations are not sent under clause (II) above, such accountancy firm may require that the representations be read out at the shareholders' general meeting and may make further complaint.



(IV) an accountancy firm which is leaving its post shall be entitled to attend the following shareholders' general meetings:

1. the general meeting at which its term of office would otherwise have expired;
2. any general meeting at which it is proposed to fill the vacancy caused by its removal; and
3. any general meeting convened on its resignation.

The resigning accountancy firm shall have the right to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which it attends on any part of the business of the meeting which concerns it as former accountancy firm of the Company.

**Article 250** Where the accountancy firm proposes to quit, its shall state to the shareholders' general meeting whether or not there is anything improper in the Company.

The accountancy firm may resign by depositing its written notice of resignation to the legal address of the Company. Any such notice shall terminate its office on the date on which it is deposited or on such later date as may be specified therein (whichever is later). Such notice shall include the following representations:

- (I) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; and
- (II) a statement of any such circumstances.

Where a written notice is deposited under the preceding paragraph, the Company shall, within fourteen (14) days, send a copy of the notice to the competent authority. If the notice contained a statement under item (II) of the preceding paragraph, the Company shall deposit a copy of such representations with the Company for the shareholders' inspection. The Company shall also give notice and make an announcement of the aforementioned copies of the representations in accordance with Chapter 12 of the Articles of Association.

The accountancy firm may require the board of directors to convene an extraordinary shareholders' general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## Chapter 12 Notices and Announcements

**Article 251** Notices of the Company shall be sent by the following means:

- (I) by hand;
- (II) by mail;
- (III) by fax or email;
- (IV) by making an announcement on the Company's website or websites designated by stock exchanges in compliance with laws, regulations and listing rules of the place where the Company's shares are listed;
- (V) by other means recognized by the Company, or agreed upon by the recipient in advance or recognized by the recipient after receiving such notice;
- (VI) by other means permitted by laws and regulations, recognized by regulatory authorities of the place where the Company's shares are listed and other means stated in the Articles of Association.

Notices sent by hand shall be deemed effectively served on the date when the addressee signs (or seals) the receipt; notices sent by mail shall be deemed effectively served on the second working day upon the delivery of the notice to the post office; notices issued by an announcement shall be deemed effectively given on the date of its first publication; notices sent by fax, email or published on the website shall be deemed effectively served or given on the date of the publication.

**Article 252** Shareholders of the Company's overseas-listed shares may choose in writing to receive the corporate communication that the Company is required to send to shareholders either by post or through electronic means, and also choose to receive either an English version or Chinese version or both. They shall have the right to modify the means of receiving the same as well as the language of such corporate communications in accordance with the applicable procedures provided that a written notice is given to the Company in advance and at a reasonable time.

If the Company has obtained the shareholders' prior written consent or deemed consent in accordance with the relevant laws and regulations and the Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication (including but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules) to its shareholders by electronic means. Notwithstanding any contrary provisions in the Articles of Association, the Company may dispatch corporate communication to holders of overseas-listed shares by electronic means only.

**Article 253** In the event shareholders or directors wish to prove that notices, documents, information or written statements have been sent to the Company, they shall provide proof that such notices, documents, information or written statements have been sent within the prescribed time in the ordinary way of delivery or by postage prepaid to the correct address.

**Article 254** If any notice of meeting is not given to any person entitled to receive such notice inadvertently or such person does not receive a notice of meeting, the meeting and the resolution adopted therein shall not become invalid.

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

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

**Article 255** The Company may carry out merger or division in accordance with the law. In the event of a merger or division of the Company, a plan shall be presented by the Company's board of directors. Upon approval by the shareholders' general meeting in accordance with the procedures stipulated in the Articles of Association, the Company shall arrange to obtain the relevant approval. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consented to the plan of merger or division to acquire his shares at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents and shall be available for shareholders' inspection.

Such special documents shall be sent or announced by means prescribed in Chapter 12 of the Articles of Association to holders of overseas-listed shares.

**Article 256** The merger of the Company may either take the form of merger by absorption or merger by incorporation.

Merger by absorption means that a company absorbing another company and the company being absorbed shall be dissolved. Merger by incorporation means that a merger of two or more companies through the establishment of a new company and the companies being consolidated shall be dissolved.

**Article 257** In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and a list of properties. The Company shall give notice to its creditors within ten (10) days of the date of the resolution for merger and shall make an announcement in the newspaper or through other means within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of notice or within forty-five (45) days of the date of announcement if notice is not received within thirty (30) days, to require the Company to settle its debts or to provide a corresponding guarantee for such debt.

Upon completion of the merger of the Company, the entity merged or the new entity established after the merger shall succeed the claims and liabilities of the parties to the merger.

**Article 258** In the event of a division of the Company, its assets shall be divided accordingly.

In the event of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and a list of properties. The Company shall give notice to its creditors within ten (10) days of the date of the resolution for division and shall make an announcement in the newspaper or through other means within thirty (30) days of the date of such resolution.

**Article 259** The entity established after division shall assume joint and several liability for the debts incurred by the Company before division, unless otherwise stipulated in any agreement on settlement of debts which may be reached between the Company and its creditors prior to the division.

**Article 260** Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the registration authority pursuant to the law; if the Company is dissolved, cancellation of registration of the Company shall be carried out pursuant to the law; where a new company is established, the registration of the establishment of the company shall be carried out in accordance with the law.

Where the Company increases or reduces its registered capital, it shall apply to the company registration authorities to modify its registration in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 261** In any of the following circumstances, the Company may be dissolved:

- (I) dissolution as resolved by the shareholders' general meeting;
- (II) dissolution as a result of merger or division of the Company;
- (III) the business license of the Company is revoked or it is ordered to close down its business or its business license is cancelled in accordance with the law;
- (IV) where the operation and management of the Company falls into serious difficulties and its continued existence would cause significant losses to shareholders, the shareholders holding 10% or more of the total voting rights of the Company may apply to the People's Court to dissolve the Company if there are no other solutions;
- (V) where the Company is declared bankrupt in accordance with the law due to its inability to settle debts that are due.

**Article 262** Where the Company is dissolved in accordance with items (I), (III) and (IV) under Article 261 hereof, a liquidation team shall be established to commence liquidation within fifteen (15) days from date of occurrence of events giving rise to dissolution. The members of the liquidation team shall be determined by the directors or the shareholders' general meeting. In case no liquidation team is established within the specified period to commence liquidation, the creditor(s) may apply to the People's Court to designate relevant persons to form a liquidation team and commence liquidation.

Specific provisions on dissolution or liquidation in laws and regulations shall prevail.

**Article 263** In the event the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its bankruptcy, the board of directors shall include a statement in its notice convening a shareholders' general meeting for considering such proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to settle its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the adoption of the resolution to liquidate the Company at the shareholders' general meeting, the functions and powers of the board of directors shall cease immediately.

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

**Article 264** During the liquidation period, the liquidation team shall exercise the following powers:

- (I) thoroughly examine the properties of the Company and prepare a balance sheet and a list of properties respectively;
- (II) to give notice to the creditor(s) or to publish announcements;
- (III) to dispose of and liquidate relevant ongoing businesses of the Company;
- (IV) to settle outstanding taxes;
- (V) to settle claims and debts;
- (VI) to deal with the surplus assets remaining after the Company's debts are settled;
- (VII) to represent the Company in any civil proceedings.

**Article 265** The liquidation team shall, within ten (10) days of its establishment, give notice to creditors and shall, within sixty (60) days of its establishment, make an announcement in the newspaper or through other means.

A creditor shall, within thirty (30) days of receipt of notice, or within forty-five (45) days of the date of the announcement if notice is not received within thirty (30) days, claim his rights to the debt to the liquidation committee.

In claiming his rights, the creditor shall provide proof of his rights to the debt and matters relating to the debt. The liquidation committee shall register the creditor's rights.

In the course of claiming of creditors' rights, the liquidation team shall not settle its debts with creditors.

**Article 266** After the liquidation team has thoroughly examined the Company's properties and prepared a balance sheet and a list of properties, it shall formulate a plan of liquidation for submission to the shareholders' general meeting or to the People's Court for confirmation.

Any surplus assets remaining after payment of liquidation costs, employees' wages, social insurance, statutory compensation, taxes payable, and debts of the Company shall be distributed to shareholders on a pro rata basis.

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to settling debts pursuant to the foregoing provision.

**Article 267** After liquidating the properties of the Company and preparation of a balance sheet and a list of properties, if the liquidation team finds the assets of the Company to be insufficient for the settlement of its debts, the liquidation team shall apply to the People's Court for a declaration of bankruptcy in accordance with the law.

After the declaration of bankruptcy of the Company by the People's Court, the liquidation team shall hand over matters in relation to liquidation of the Company to the People's Court.

**Article 268** Following the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Within thirty (30) days from the date of confirmation of the aforementioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation team shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

**Article 269** Members of the liquidation team shall faithfully perform their duties in carrying out the liquidation in accordance with the law. Members of the liquidation team shall not abuse their powers by taking bribes or receiving other illegal income and misappropriate the assets of the Company. A member of the liquidation team who causes loss to the Company or its creditors due to his intentional misconduct or gross negligence shall be liable for damages.

## **Chapter 14 Amendment of the Articles of Association**

**Article 270** The Company may amend the Articles of Association in accordance with laws, regulations and the Articles of Association.

**Article 271** Under any of the following circumstances, the Company shall amend the Articles of Association:

- (I) the Articles of Association is contradictory to any provision of the amended Company Law or other relevant laws and regulations;
- (II) changes to the Company's situation which leads to inconsistency with matters recorded in the Articles of Association;
- (III) a shareholders' general meeting adopts a resolution to amend the Articles of Association.

**Article 272** The Articles of Association and its amendments shall be approved by the shareholders' general meeting. Where the amendments approved by the shareholders' general meeting shall be subject to the approval of the relevant regulatory authorities, such amendments shall be submitted to the relevant regulatory authorities for approval; if any registration is concerned, the Company shall apply for registration of the changes in accordance with the law.

## **Chapter 15 Dispute Resolution**

**Article 273** The Company shall abide by the following principles of dispute resolution:

- (I) whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between a holder of overseas listed foreign shares and the Company; a holder of overseas listed foreign shares and directors, supervisors and Senior Management of the Company; a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, Senior Management of the Company or the Company, shall submit to arbitration.



Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

- (II) the party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) the laws of the PRC shall govern the arbitration of disputes or claims described in item (I) above, unless otherwise provided by law or administrative regulations.
- (IV) the award of the arbitral body is final and shall be binding on all parties.

## **Chapter 16 Supplementary Provisions**

**Article 274** The Articles of Association is written in Chinese. If there is any discrepancy between the Articles of Association and other versions of Articles of Association or other Articles of Association in another language, the Chinese version of the Articles of Association last approved by and registered with the Beijing Municipal Administration for Market Regulation shall prevail.

**Article 275** Unless otherwise specially agreed in this Articles of Association, “or more”, “within”, “at least”, “before” as mentioned herein shall include the figures listed; “over”, “more than”, “less than”, “lower” or “beyond” shall not include the figures listed.

**Article 276** For matters that are not included in the Articles of Association or that are inconsistent with laws, administrative regulations, department rules, relevant regulatory documents issued from time to time and the Listing Rules, relevant laws, administrative regulations, department rules, Listing Rules and relevant regulatory documents shall prevail.

**Article 277** The authority of interpretation of the Articles of Association shall be vested with the board of directors of the Company.