



**中州证券**

**Central China Securities Co., Ltd.**

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)*

**(Stock Code: 01375)**

## **Articles of Association**

**Zhengzhou, China**

- # The original version of the Articles of Association of the Company (the “Articles” or “Articles of Association”) is in Chinese, and the English version of the Articles is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English version of the Articles, the Chinese version shall prevail.

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## Chapter I General Provisions

**Article 1** These Articles of Association are formulated in accordance with the *Company Law of the People's Republic of China* (the “PRC”) (the “*Company Law*”), the *Securities Law of the PRC* (the “*Securities Law*”), *Special Provisions of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Companies* (the “*Special Provisions*”), *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas*, the Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be listed in Hong Kong, *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “*Hong Kong Listing Rules*”), the *Reply of the State Council on Adjusting Provisions on Notice Period of General Meeting and Other Relevant Matters Applicable to Overseas Listed Companies*, the *Guidelines for the Articles of Association of Listed Companies* of the CSRC and other relevant provisions, to safeguard the legal interests of Central China Securities Co., Ltd. (the “Company”), its shareholders and creditors thereof, and to regulate the organization and conduct of the company.

**Article 2** The Company shall establish the committee for the Communist Party of China of Central China Securities Co., Ltd (hereinafter referred to as the Party Committee) in accordance with the Constitution of the Communist Party of China. The Party Committee shall play the core leadership and core political role of providing direction, managing the overall situation and ensuring implementation. The Company shall also establish the working organs of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

**Article 3** The Company is a joint stock company with limited liability established in accordance with the *Company Law*, the *Securities Law* and other applicable regulations.

The Company was jointly established by Xuji Group Co., Ltd., Henan Economic and Technology Development Co., Ltd., Henan Construction & Investment Group Co., Ltd., Anyang Iron & Steel Group Co., Ltd., Anyang Economic Development Group Co., Ltd., Anyang Trust & Investment Company Limited, Henan Shenhua Group Co., Ltd., Jiaozuo Economic and Technology Development Co., Ltd., Hebi Construction & Investment Group Co., Ltd. upon approval of the China Securities Regulatory Commission (the “CSRC”) (ZJJGZ [2002] No. 326 *Approval on Commencement of Business of Central China Securities Co., Ltd.*) and the People's Government of Henan Province (YGPZ [2002] No. 31 *Approval on Establishment of Central China Securities Co., Ltd.*); it was registered with and was issued a *Business License for Enterprise's Legal Person* by the Henan Administration for Industry & Commerce on November 8, 2002. The Company's unified social credit code is 91410000744078476 K.

Registration Name of the Company:

Chinese Name: 中原证券股份有限公司

English Name: CENTRAL CHINA SECURITIES CO., LTD.

Company Address: No. 10 Shangwu Waihuan Road, Zhengdong New District,  
Zhengzhou City.

P.C.: 450018

Tel.: 86-371-6558 5118

Fax: 86-371-6558 5118

**Article 4** The registered capital is RMB4,642,884,700.

**Article 5** The Company is a joint stock company with limited liability with not definite term of existence.

**Article 6** The chairman (the “Chairman”) of the board of Directors of the Company (the “Board”) shall be the legal representative of the Company.

**Article 7** All of the assets of the Company shall be divided into shares of equal value. The shareholders shall be liable to the extent of the shares subscribed and the Company shall be liable for its debts to the extent of all of its available assets.

**Article 8** Shareholders of the Company enjoy the rights of proprietors in proportion to their respective shares of capital contributions to the Company, such as deriving benefits from its assets, making major decisions, and selecting its management. The Company enjoys the full property rights of a legal person in respect of assets resulting from the investment by its shareholders, and enjoys civil rights and bears civil liabilities in accordance with the laws.

**Article 9** The Company, as a legal person with all of its assets, shall operate autonomously and be accountable for its own profit and loss in accordance with the laws.

**Article 10** The Company shall adopt an internal management system which specific powers and responsibilities, modernized management and balance of incentive and restrictions.

**Article 11** The Company is a non-bank financial institution under the legal supervision and administration of State’s securities regulatory authorities.

**Article 12** As of the effective date, these Articles of Association shall be legally binding documents to regulate the organization and conduct of the Company, and govern the rights and obligations between the Company and the shareholders and the shareholders themselves.

These Articles of Association constitute a legally binding document governing on the Company, its shareholders, Directors, supervisors and senior management, who may claim for the rights in relation to the matters of the Company in pursuance to the Articles of Association. Pursuant to the Articles of Association, the shareholders may take action against any other shareholder(s), as well as any Director(s), supervisors, general manager and other senior management and the Company; the Company may take action against its shareholders, Directors, supervisors and senior management.

The actions referred to the preceding paragraph include court proceedings or arbitration proceedings.

**Article 13** The Company may invest in another limited liability company or joint stock company, and is liable to such company to the extent of its capital contribution.

**Article 14** The senior management referred to in these Articles of Association include the general manager, deputy general manager, chief financial officer, chief compliance officer, secretary to the Board, members of the Executive Committee and such other personnel keep posts as identified by regulators or acknowledged by any board resolution of the Company.

The appointment and removal of a Director, supervisor and member of senior management of the Company shall be filed with the securities regulatory authorities under the State Council.

**Article 15** The Company conduct the securities business in compliance with the laws, regulations, rules and other regulatory documents, industry norms and self-regulatory rules, the internal rules of the Company as well as the professional ethics and codes of conduct generally recognized by the industry, the principle of utmost good faith and fair competition without prejudice to the national interests and the public interests, and shall not engage in unfair competition.

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

**Article 16** The objective of business of the Company is to maximize the long-term interest of shareholders of the Company through honest, prudent, innovative and efficient operations.

**Article 17** As approved by the national securities regulatory authority and the companies registration authorities, the business scope of the Company is: securities brokerage, securities investment consulting, financial consulting relating to the securities trading and securities investment, securities underwriting and sponsorship, proprietary trading of securities, securities asset management, proxy sale of securities, investment fund, intermediary introduction business for futures companies, margin financing and securities lending business and proxy sale of financial products.

**Article 18** Subject to the requirements of national laws and regulations and approval by the securities regulatory authorities, the Company can set up alternative subsidiaries to conduct alternative investment business.

Pursuant to the laws and administrative regulations and relevant requirements of the CSRC, the Company can set up subsidiaries to conduct investment in financial products other than those stated in the List of Securities Investment Products for the Proprietary Trading of Securities Companies, and the establishment shall be subject to the approval by the local branch of the CSRC where the company was registered.

Pursuant to the laws and administrative regulations and relevant requirements of the CSRC, the Company can set up private fund subsidiaries to conduct private investment fund business.

Subject to the approval of the general meeting or the Board and the approval of the CSRC, the Company also can set up subsidiaries to engage in other businesses.

**Article 19** The Company shall stay firm on enforcing strict party self-governance policy of the Central Government, and implement the plans and demands from the Party Central Committee on cultivating a culture of integrity. The Party Committee shall bear the political responsibility of cultivating a culture of integrity, promoting the culture of integrity in the Company through strengthening honest Party governance and anti-corruption work.

Business integrity is an important element of cultivating a culture of integrity. Directors, supervisors, senior management and management and staff of all levels of the Company should have a clear understanding on the requirements on business integrity, implement the requirements on business integrity and take corresponding responsibility on business integrity. The Board of the Company shall set the administration targets on business integrity, and shall be responsible for the effectiveness of the administration on business integrity; senior management of the Company shall implement the administration targets on business integrity and be accountable for integrity in operation.

The administration targets on business integrity of the Company is to establish a sound internal control system on operation of integrity, strengthen the culture of integrity and mitigate risks on operation of integrity, so as to create a beneficial internal environment for the Company to achieve sustainable, healthy and high-quality development.

## Chapter III Shares

### Section 1 Shares and Registered Capital

**Article 20** The stock of the Company shall take the form of shares. All shares issued by the Company shall have par values, with each share having a par value of RMB1. Share certificate shall be in paper form or in other forms prescribed by the securities regulatory authorities under the State Council.

**Article 21** The Company shall have ordinary shares at all times; with the approval of the approving department authorized by the State Council, the Company may have other forms of shares when needed.

**Article 22** Subject to the approval of the securities regulatory authorities under State Council, the Company can issue the shares to the domestic and foreign investors.

The foreign investors mentioned in the preceding paragraph refer to the investors abroad and in Hong Kong Special Administrative Region (the “Hong Kong”), Macau Special Administrative Region (the “Macau”) and Taiwan subscribing for the shares issued by the Company; the domestic investors refer to the investors subscribing for the shares issued by the Company who are in the People’s Republic of China (the “PRC”) other than the fore-mentioned areas.

**Article 23** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”.

**Article 24** Domestic shares of the Company shall be centrally deposited at China Securities Depository and Clearing Corporation Limited.

**Article 25** The Company shall issue shares in an open, fair and just manner, and each share of the same category shall have the same right.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; all entities or individuals subscribing for shares shall pay the same price for each share.

**Article 26** Upon incorporation, the registered share capital was 1,033,790,000 ordinary shares in RMB to all the promoters, accounting for 100% of the total ordinary shares issued by the Company. The names, the number of shares subscribed for, method of the capital contribution and shareholding of each promoter are as follows:

<b>No.</b>	<b>Name of the shareholder</b>	<b>Method the capital contribution</b>	<b>The number of shares subscribed for (in ten thousand)</b>	<b>Shareholding (%)</b>
1	Xuji Group Co., Ltd	Cash	42,000.00	40.627
2	Henan Economic and Technology Development Co., Ltd.	Net assets	36,361.84	35.173
3	Henan Construction & Investment Group Co., Ltd.	Cash	10,000.00	9.673
4	Anyang Iron & Steel Group Co., Ltd.	Cash	10,000.00	9.673
5	Anyang Economic Development Group Co., Ltd.	Net assets	1,698.08	1.643
6	Anyang Trust & Investment Company Limited	Net assets	1,052.25	1.018
7	Henan Shenhua Group Co., Ltd.	Cash	1,000.00	0.967
8	Jiaozuo Economic and Technology Development Co., Ltd.	Net assets	766.83	0.742
9	Hebi Construction & Investment Group Co., Ltd.	Cash, net assets	500.00	0.484
<b>Total</b>			<b>103,379.00</b>	<b>100</b>

**Article 27** The Company was approved by the securities regulatory authority of the State Council to issue 598,100,000 overseas listed foreign shares in the form of initial public offering on 22 April 2014 to the foreign investors, and was listed on HKEx on 25 June 2014.

The Company was approved by the CSRC on 25 November 2016 to issue 700,000,000 Renminbi (RMB) ordinary shares, which were listed on the Shanghai Stock Exchange on 3 January 2017.



The current share capital structure of the Company is as follows: total number of shares is 4,642,884,700, all of which are ordinary shares, in which the domestic shareholders hold 3,447,519,700 shares, accounting for 74.25% of total issued ordinary shares of the Company; the shareholders of the overseas listed foreign shares hold 1,195,365,000 shares, accounting for 25.75% of total issued ordinary shares of the Company.

**Article 28** For the plan of the Company for issuing overseas listed foreign shares and domestic shares issued by the Company upon approval of the securities regulatory authority of the State Council, the Board can implement the issuance arrangements separately.

The fore-mentioned plan of issuance the overseas listed foreign shares and domestic shares in accordance with the preceding paragraph can be implemented separately within 15 months upon the approval of the securities regulatory authority of the State Council.

**Article 29** If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issuance plan, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authority of the State Council.

## **Section 2 Transfer of Shares**

**Article 30** Save as otherwise specified by laws, administrative regulations, department rules and provisions of the securities regulatory authority at the place where the Company's shares are listed, shares of the Company may be transferred freely and without any liens. Transfer of overseas listed foreign shares listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") shall be registered with the Hong Kong-based share registry designated by the Company.

**Article 31** The shares of the Company held by the promoters shall not be transferred within one year after incorporation the Company.

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

The Company's Directors, supervisors and senior management shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25.0% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 32** If the Company's Directors, supervisors, senior management, and shareholders holding more than 5.0% shares of the Company sell shares or other equity securities within six months after buying the same or buy shares within six months after such sale, the earnings arising therefrom shall belong to the Company and the Board of the Company shall forfeit the said earnings. However, a securities company holding more than 5% of the shares due to the purchase of the remaining of the underwritten shares, and other circumstances stipulated by the securities regulatory authority under the State Council shall not be subject to the restriction.

The shares or other equity securities held by any Director, supervisor, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other equity securities held by their spouses, parents and children, and those held through others' accounts.

If the Board fails to comply with the provision of the first paragraph, shareholders may require the Board to implement relevant provisions within 30 days. If the Board fails to comply with the provision within such specified time, such shareholder may file a lawsuit with the People's Court in his/her own name for the benefit of the Company.

If the Board fails to comply with the provisions of the first paragraph of this Article, the responsible Directors shall assume joint and several liabilities in accordance with the laws.

**Article 33** The transfer of shares of the Company shall be conducted in accordance with the provisions of relevant laws, administrative regulations and other regulations.

**Article 34** Should the transfer of the shares be approved by the securities regulatory authority of the State Council in accordance with the laws, shareholders transferring the shares and the transferee shall submit the relevant materials to the Company within 10 days after the signing of the shares transfer contract or agreement for examination and approval by the securities regulatory authority of the State Council.

**Article 35** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.

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

This article is not applicable to circumstances mentioned in Article 37 of these Articles of Association.

**Article 36** The financial assistance mentioned in the Articles of Association, includes, but not limited to, the following means:

- (I) a gift;
- (II) guarantees (including the undertaking of liability or provision of property by the guarantor to secure the performance of the obligation by the obligator), indemnity (however, excluding indemnity against the Company's fault) and release or waiver of rights;
- (III) provision of loan or conclusion of a contract under which the obligations of the Company be fulfilled prior to the performance of those of the other party or parties to the contract, or a change of the loan or of the party or parties to such loan or contract as well as the assignment of rights under such loan or contract; and
- (IV) the financial assistance provided in any other forms where the Company is insolvent or has no net assets, or that may result in a significant loss in the Company's net assets.

For the purposes of Article 35, obligations shall include the obligations of a obligator due to its execution of a contract or an arrangement, or otherwise as a result of any change to the financial condition of the obligator, whether or not such contract or arrangement is enforceable and whether or not such obligations is assumed independently by the obligator or jointly with any other person.

**Article 37** The following acts shall not be deemed prohibited by Article 35 of the Articles of Association:

- (I) the Company provides the relevant financial assistance in the interest of the Company in good faith, and the principal purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is an incidental part of a master plan of the Company;
- (II) the Company distributes its assets as dividends in accordance with the law;
- (III) the Company distributes dividends in the form of shares;
- (IV) the Company decreases its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;
- (V) the Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is provided out of the distributable profit of the Company);

(VI) the Company provides the funding for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is provided out of the distributable profit of the Company).

**Article 38** The Company shall not accept any pledge of its shares.

### **Section 3 Shares Buyback**

**Article 39** The Company may, in the following circumstances, buy back its shares pursuant to laws, administrative regulations, department rules and Articles of Association:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies holding shares of the Company;
- (III) to use shares for employee stock ownership plans or equity incentives;
- (IV) as required by shareholders objecting to resolutions of the general meeting concerning merger or division of the Company to buy their shares;
- (V) to use shares for conversion of convertible corporate bonds issued by the Company;
- (VI) to maintain corporate value and shareholders' interests as the Company deems necessary;
- (VII) other circumstances specified by laws and regulations and approved by relevant regulatory authorities.

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

**Article 40** The Company may buy back its shares through public centralized trading or other methods as recognized by laws and regulations and the CSRC.

Where the buyback of shares by the Company falls under any of the circumstances stipulated in subparagraphs (III), (V) and (VI) of the first paragraph of Article 39 of the Articles of Association, such buyback shall be conducted through public centralized trading method.

**Article 41** The Company buy back its shares in any of the following ways upon approval by relevant competent authority of the State:

- (I) offering to buy back shares from all shareholders on a pro rata basis;
- (II) buying back through open transaction in the stock exchange;
- (III) buying back through agreement outside the stock exchange;
- (IV) in other forms approved by laws, regulations, rules, normative documents and relevant competent authorities.

**Article 42** In buying back shares through agreement outside the stock exchange, the Company shall obtain prior approval at a general meeting in accordance with the Articles of Association. With the prior approval of the general meeting in the same manner, the Company may terminate or vary the foregoing contract, or waive any rights thereof.

The contract of buying back the shares mentioned in the preceding paragraph includes (but not limited to) the agreement to become liable to buy back and to acquire the rights to buy back the shares.

The Company shall not assign a contract of buying back its shares or any rights contained in the contract.

In respect of the redeemable shares that the Company has the right to buy back: (I) if they are not bought back on the market or by bidding, the price shall not exceed a maximum price; (II) if they are bought back by bidding, such offer shall be made available to all shareholders equally.

After buying back its shares according to the laws, the Company shall cancel the said shares before the deadline specified by laws and administrative regulations, and register the change of the registered capital with the original company registration authority.

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

**Article 43** Except where the Company is in the course of liquidation, it must comply with following provisions in buying back its own issued shares:

- (I) where the Company buys back the shares at their par value, the amount of total par value shall be deducted from the distributable profits or out of the proceeds of a new issue of shares made for that purpose;
- (II) where the Company buys back the shares at a premium, an amount equivalent to their total par value shall be deducted from the distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose; payment of the portion in excess of their par value shall be effected as follows:
  - (1) if the shares bought back were issued at the face value, they can be deducted from the distributable profits of the Company;
  - (2) if the shares bought back were issued at a premium, they can be deducted from the distributable profits of the Company and or out of the proceeds of a new issue of shares made for that purpose; provided that the amount paid out of the proceeds of the new issue may not exceed the aggregate of premiums received by the Company on the issue of the shares bought back or the current balance of the Company's capital common reserve account (inclusive of the premium from the fresh issue);
- (III) payments by the Company in consideration for the following purposes shall be made out of the distributable profits of the Company:
  - (1) the acquisition of the right to buy back its shares;
  - (2) the variation the contract for the buyback of its shares;
  - (3) release its obligations in the buyback contract.
- (IV) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the Company's distributable profits for repurchase for the payment of the par value of the shares shall be transferred to the Company's capital reserve account.

Where there are special provisions on the financial affairs of aforementioned buyback stipulated by the laws, rules, regulations and normative documents and other relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, these special provisions shall prevail.

**Article 44** Where the buyback of shares by the Company falls under any of the circumstances stipulated in subparagraphs (I) and (II) of the first paragraph of Article 39 of the Articles of Association, it shall be subject to approval at the general meeting. Where the buyback of shares by the Company falls under any of the circumstances stipulated in subparagraph (III), (V) and (VI) of the first paragraph of Article 39 of the Articles of Association, it may be resolved by more than two-thirds of directors present at a meeting of the Board in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

In the event that the Company has bought back its shares in accordance with the first paragraph of Article 39 of the Articles of Association, such shares shall be cancelled within 10 days from the date of buyback under the circumstance stipulated in subparagraph (I); such shares shall be transferred or cancelled within 6 months under any of the circumstances stipulated in subparagraphs (II) and (IV); the aggregate number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within 3 years under any of the circumstances stipulated in subparagraphs (III), (V) and (VI).

Where the laws and regulations of the places where the shares of the Company are listed and the listing rules of the stock exchanges provide otherwise in relation to the aforementioned share buyback and cancellation, such provisions shall prevail.

#### **Section 4 Increase and Decrease in Shares**

**Article 45** According to the Articles of Association, the Company may increase or decrease the registered capital upon approval by special resolutions at a general meeting and securities regulatory authority of the State Council.

**Article 46** The Company may increase capital in following ways:

- (I) offer of new shares to non-specified investors;
- (II) private placement offerings;
- (III) right issue of new shares to existing shareholders;
- (IV) bonus issue of new shares to existing shareholders;
- (V) capitalization of surplus reserve;
- (VI) by other means permitted by laws, administrative regulations or approved by the regulatory authorities.

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

**Article 47** The Company shall prepare a balance sheet and a list of property inventory when decreasing its registered capital.

The Company shall notify all its creditors within 10 days following the resolution approving to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall be entitled to require the Company to repay debts or provide guarantees in favor of such creditors within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors haven't received the notice.

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

The Company shall decrease its registered capital pursuant to Company Law, other relevant regulations, and Articles of Association.

## **Section 5 Shareholders and the Register of Shareholders**

**Article 48** Share certificates the Company shall bear shareholders' names.

Matters contained in the shares shall include other matters required by the stock exchange with which the Company is listed, as well as those specified in Company Law.

**Article 49** The share certificates shall be signed by the Chairman. Where the stock exchange with which the Company is listed requires the general manager or other senior management to sign, the general manager or other senior management should also sign the shares certificates. The shares certificates shall take effect after being affixed of imprinted with the Company seal. The affixing of the seal shall be authorized by the Board. The signature of the Chairman, the general manager or other senior management can be also printed on the certificates.

Under the circumstances of paperless issuance and transactions, other provisions of the securities regulatory authority at the place where the company's shares are listed and the stock exchange shall be applicable.

**Article 50** The register of shareholders should be established by the Company to register the following information:

- (I) names (titles), addresses (premises), occupations or nature of each shareholder;
- (II) type and number of shares held by the shareholders;
- (III) amount paid or payable for the shares held by the shareholders;
- (IV) serial numbers of the shares certificates held by each shareholder;



(V) date on which each shareholder is registered as shareholder;

(VI) date on which each shareholder ceases to be a shareholder.

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

**Article 51** The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority under the State Council and the overseas securities regulatory authority. The original of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

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

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

**Article 52** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following items:

- (I) the register of shareholders that is maintained at the premise of the Company, other than those mentioned in subparagraph (II), (III) of this article;
- (II) the register of holders of overseas listed foreign shares kept in the stock exchange with which the Company is listed;
- (III) the register of shareholders kept at other locations based on the Board's decision as to the requirement for where the Company's shares are to be listed.

**Article 53** Different parts of the register of shareholders shall not overlap with each other. The transfer of shares registered in one part of the register of shareholders shall not be registered in the other parts during the duration the term of the registration of such shares.

Every part of the register of shareholders shall be altered or corrected under the laws of the place where it is maintained.

The transfer document in writing shall be made in general or common format or any other format accepted by the Board for the transfer of the Company's overseas listed foreign shares; this document can be manually signed without a seal. Where the transferor or the transferee is the recognized clearing house (the "Recognized Clearing House") or its agent defined by Hong Kong Securities and Futures Ordinance, the transfer document can be signed manually or in print form. All transfer documents shall be kept in the registered address of the Company or the place designated by the Board from time to time.

**Article 54** Provisions provided by laws and regulations, rules of the securities regulatory authorities and stock exchanges in the place where the shares of the Company are listed regarding the period of closure of register of shareholders prior to the convening of a general meeting or the record date for determining the distribution of dividends shall prevail.

**Article 55** When the Company convenes the general meeting, distributes the dividends, liquidates and conducts other acts which requires recognition of shareholdings, the Board or the general meeting should decide the date as the date of register of shares as of the end of which shareholders registered shall be entitled to the relevant benefits.

**Article 56** If any person objects to the register of shareholders and asks to have his name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 57** If any shareholder in the register of shareholders or any person requesting to have his name (title) recorded in the register of shareholders has lost his shares (i.e. “the Original Share Certificate”), the said shareholder or person may apply to the Company to reissue new shares for the said shares (i.e. the “Original Shares”).

The domestic shareholders whose share certificates have been lost shall apply for the new shares pursuant to the relevant provisions of the Company Law.

The shareholders of overseas listed foreign shares shall apply for the new shares pursuant to the laws, rules of the stock exchange or other relevant provisions of the place where the original register of the holders of overseas listed foreign shares is maintained.

The issue of a replacement share certificate upon application by a shareholders of overseas listed foreign shares, whose share certificate is lost, shall be subject to the following requirements:

- (1) The applicant shall submit an application to the Company in such form as prescribed by the Company accompanied with a notarial certificate or a statutory declaration. The notarial certificate or the statutory declaration shall contain the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificate, and a declaration that no other person is eligible to have his name entered into the register of shareholders in respect of the Original Shares.
- (2) The Company has not received any declaration made by any person other than the applicant claiming that the name of such person shall be entered into the register of shareholders in respect of such shares prior to the Company’s determination to issue a replacement share certificate to the applicant.

- (3) If the Company decides to issue a new share certificate to the applicant, it shall first publish an announcement in respect of the issue of new share certificate on a newspaper designated by the Board. The period of announcement shall be 90 days and the announcement shall be reissued at least once every 30 days.
- (4) Prior to the publication of the announcement of its proposed issue of a replacement share certificate, the Company shall file a copy of the announcement to be published to the stock exchange on which its shares are listed. The Company may publish the announcement upon receipt of confirmation from the stock exchange that the announcement has been displayed on the stock exchange. Such announcement shall be displayed on the stock exchange for a period of 90 days.

If the application for replacement of a share certificate is made without the consent of a registered holder of the Original Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- (5) If the Company has not received any dispute from any person in respect of the issue of the replacement share certificate by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this article, it may issue a replacement share certificate to the applicant pursuant to the application.
- (6) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the Original Share Certificate and record the cancellation of the Original Share Certificate and issue of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an Original Share Certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company may withhold from taking any action until a reasonable guarantee for payment is provided by the applicant.

**Article 58** Upon issue of a replacement share certificate pursuant to the Articles of Association, the name of bona fide purchaser of the subsequent registered holder (in case of a bona fide purchaser) of such newly issued shares shall not be removed from the register of shareholders.

**Article 59** The Company shall not be liable for any damage caused to any person by reason of the cancellation of the Original Share Certificate or the issue of the replacement share certificate, unless the claimant provides the evidence demonstrating that the Company has acted fraudulently.

## Chapter IV Shareholders and General Meeting

### Section 1 Shareholders

**Article 60** The Company's shareholders shall comply with the conditions prescribed by securities regulatory authorities of the State Council. Shareholders of the Company are persons lawfully holding shares of the Company, with names (titles) recorded in register of shareholders. The shareholders enjoy rights and assume obligations as per the shares they hold; the same shares represent the same rights and the same obligations.

The Company shall not exercise any power against any person who fails to disclose any of his direct or indirect interests in the Company by freezing or otherwise damaging the interest of such person as attached to shares.

If any of the joint shareholders deceased, only the existing shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may for the purpose of modifying the register of shareholders, require the provision of death certificate as it deems appropriate. In respect of the joint shareholders of any shares, only the joint shareholders first named in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the general meetings or exercise the full voting right of the relevant shares, and any notice received by such shareholder shall be deemed as having been served to all the joint shareholders of the relevant share.

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

- (I) the Company shall not register more than four persons as joint shareholders;
- (II) all joint shareholders shall be jointly and severally liable for all relevant costs payable;
- (III) if any of the joint shareholders deceased, only the existing shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate as it deems appropriate;
- (IV) in respect of the joint shareholders of any shares, only the joint shareholders first named in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the general meetings or exercise the full voting right of the relevant shares. Any notice received by such shareholder shall be deemed as having been served to all the joint shareholders of the relevant shares.

**Article 61** The ordinary shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other distributions in proportion to the shares they hold;
- (II) to request, summon, hold, attend general meetings either in person or by proxy and exercise the right to speak and voting right (except where a shareholder is required by the listing rules of the place where the securities of the Company are listed to abstain from voting on specific matters) in accordance with laws;
- (III) to supervise, raise suggestions or inquiries about the business operations of the Company;
- (IV) to transfer their shares, present as gift or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- (V) to gain relevant information in accordance with the Articles of Association, including:
  - 1. receiving a copy of the Articles of Association after payment of cost;
  - 2. the right to access and copy the followings, subject to payment of reasonable fee:
    - (1) the entire register of shareholders made of all parts;
    - (2) personal data of Directors, supervisors, the general manager and other senior management of the Company senior management, including: ① current and previous names and aliases; ② main address (premise); ③ nationality; ④ full-time and all other con-current position and duties; and ⑤ identification documents and their numbers.
    - (3) share capital of the Company;
    - (4) report of the total par value, quantity, the highest and lowest price of each class of shares bought back by the Company from the last financial year, and the total amount paid by the Company for this purpose;
    - (5) counterfoils of corporate bonds;
    - (6) minutes of general meetings;
    - (7) resolutions of the Board meetings;
    - (8) resolutions of meetings of the Supervisory committee;

- (9) financial and accounting reports;
- (VI) to participate in the distribution of the remaining properties of the Company as per their shares in the event of the termination or liquidation of the Company;
- (VII) to require the Company to buy their shares in the event of objection to resolutions of the general meeting concerning merger or division of the Company;
- (VIII) to enjoy other rights stipulated by laws, administrative regulations, department rules and Articles of Association.

**Article 62** Where any shareholder proposes to inspect relevant information described in the preceding article or requests any materials, such shareholder shall provide the Company with written documents evidencing shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder status.

**Article 63** If any resolution of the general meeting or the Board is in violation of laws and administrative regulations, the shareholders shall be entitled to request the People's Court to invalidate the said resolution. (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

If the convening procedure and voting method of the general meeting or the Board meeting is in violation of the laws, administrative regulations or Articles of Association, or if the content of any resolution is in violation of the Articles of Association, shareholders shall be entitled to request the People's Court for revocation within 60 days after the resolution being passed (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

**Article 64** If any Director or senior management violates laws, administrative regulations or Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding 1.0% or more shares of the Company for no less than 180 days continuously shall be entitled to request in writing the supervisory committee to institute legal actions to the People's Court; if the supervisory committee violates laws, administrative regulations or Articles of Association in fulfilling its duties, thereby incurring any loss to the Company, shareholders shall be entitled to request the Board in writing to institute legal actions to the People's Court (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

If the supervisory committee or the Board refuses to institute legal actions after receipt of the aforesaid written request or does not institute legal actions within 30 days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, shareholders as specified in the preceding paragraph shall be entitled to directly institute legal actions to the People's Court in their own names for the interests of the Company (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

If any other person infringes upon the legitimate rights and interests of the Company, thereby incurring any loss to the Company, shareholders as mentioned in the first paragraph of this article may initiate legal actions to the People's Court according to the provisions of the two preceding paragraphs (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

**Article 65** If any Director or senior management violates laws, administrative regulations or Articles of Association, thereby incurring any loss to the shareholders, shareholders may institute legal actions to the People's Court. (the dispute-settlement rules of the Articles of Association shall apply to holders of foreign shares).

**Article 66** The Company's ordinary shareholders shall have the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution as per the shares subscribed and the method of subscription;
- (III) may not claim the share capital in respect of its shares, unless otherwise specified by the laws or regulations;
- (IV) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of legal person and shareholder's limited liability to damage the interests of the creditors of the Company;

Where any of the shareholders of the Company causes any loss to the Company or to other shareholders by abusing the shareholder's rights, he/she shall be liable for compensation; and

Where any of the shareholders of the Company evades the payment of its debts by abusing the independent status of legal person and the shareholder's limited liabilities and therefor seriously injures the interests of any creditor of the Company, such shareholders shall be jointly and severally liable for the debts of the Company.

- (V) to promptly make payment for subscription in cash or go through relevant formalities for subscription in kind as specified, and shall be liable for the failure to pay (in full) the subscription funds in time;
- (VI) shareholders who should be approved but have not been approved by the regulatory authorities or have not filed with the regulatory authorities, or those who have not completed the rectification, shall not exercise the rights of, amongst others, proposing to convene a general meeting, voting, nomination, making proposals and disposition;

(VII) shareholders who make false statements, abuse shareholders' rights or commit other behavior that harms the Company's interests, shall not exercise the rights of, amongst others, proposing to convene a general meeting, voting, nomination, making proposals and disposition;

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

**Article 67** The office of the Board of the Company is the department responsible for the Company's equity administration affairs, and organizing the implementation of equity administration affairs. The Chairman of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the Chairman and is the direct responsible person for the Company's equity administration affairs.

In the event of illegal or improper conduct related to equity administration affairs in violation of laws, administrative regulations and regulatory requirements, shareholders, the Company, responsible persons for the equity administration affairs and related personnel shall bear corresponding responsibilities in accordance with the requirements of the Securities Law, the Supervision and Administration Regulations for Securities Companies and other relevant laws and regulations and regulatory documents.

**Article 68** Any shareholder and actual controller of the Company shall notify the Company within five working days of any of the following events:

- (I) equity of the Company it holds or controls is under property preservation or other mandatory measures;
- (II) any of its shares of the Company is pledged;
- (III) it decides to transfer its shares of the Company it holds or controls;
- (IV) the beneficial owner of any shareholder who holds no less than 5% of the shares of the Company is changed;
- (V) its name is changed;
- (VI) a merger or division is effected;
- (VII) it is subject to regulatory measures including suspension of operation, is appointed a receiver, or is taken over, subject to revoke or other regulatory measures, or enter into dissolution, bankruptcy or liquidation procedure;



(VIII) it receives administrative penalty or criminal punishment due to serious violations of laws and regulations;

(IX) it is involved in other circumstances that may lead to transfer of its shares of the Company or otherwise affect operation of the Company.

The Company shall report the above circumstances to the securities regulatory authorities at premise of the Company within 5 working days since it becomes aware of such circumstances.

This article is not applicable to Shareholders hold less than 5% of the Company's share rights after the listing of the Company.

If the shareholders of the Company have their equity percentage reaching or exceeding 5.0% of the registered capital of the Company through subscription for or acceptance of the Company's equity or holding of the shareholders' equity in the Company or other ways, they shall notify the Company and complete approval formalities with CSRC before they formally hold such shares. Without the approval by CSRC, any institutions or persons shall not directly or indirectly hold 5.0% or more shares of the Company; otherwise, they shall make corrections within a specified period, and shall not exercise the voting right of relevant shares before such correction.

**Article 69** The Company's substantial shareholders and controlling shareholders shall replenish capital to the Company when necessary. If any shareholder who holds 5% or more shares with voting right in the Company pledges his or her shares, he or she shall report it to the Company in writing as at the date of such pledge.

**Article 70** The Company shall maintain a stable shareholding structure. The shareholding period of the Company's shareholders shall comply with the laws, administrative regulations and the relevant provisions of the CSRC. For the Company's equity controlled by actual controllers of the Company's shareholders, such actual controllers shall abide by the same lock-up period for the Company's shareholders controlled by them, except for the cases approved by the CSRC according to law.

The Company's shareholders shall not pledge the equities held by them in the Company during the equity lock-up period. After the expiration of the equity lock-up period, the percentage of equities pledged by a Company's shareholders shall not exceed 50% of the equities held by the shareholder in the Company. The shareholders' pledge of their equities in the Company shall not harm the interests of other shareholders and the Company, and shall not maliciously evade the requirements for the equity lock-up period. Such shareholders shall not agree to the exercise of shareholders' rights such as voting rights by the pledgee or other third parties, and shall not transfer the control over the Company's equity in disguise.

**Article 71** The controlling shareholders and its beneficial owner of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company.

The controlling shareholders and its beneficial owner of the Company shall owe a fiduciary duty to the Company and the shareholders of the Company. The controlling shareholders shall strictly comply with laws and regulations while exercising their rights as shareholders. The controlling shareholders shall not injure any of the interests of the Company or of other shareholders by means of profit distribution, assets reorganization, external investment, use of capital and loan guarantees and so on, or by exploiting their controlling position.

Save for the obligations under laws, administrative regulations or the listing rules of the stock exchange with which the Company's shares are listed, the controlling shareholders of the Company, in exercising their rights as shareholders, shall not make any decision detrimental to all or any of shareholders on the matters set forth below:

- (I) relieving a Director or supervisor of the fiduciary duties for the best interests of the Company;
- (II) approving a Director or supervisor (for benefits of his/her own or another person) to deprive the Company of any properties, including (but not limited to) any opportunities that are favorable to the Company; or
- (III) approving a Director or supervisor (for benefits of his/her own or another person) to deprive other shareholders of their legitimate rights, including (but not limited to) rights to distributions and voting rights (save as pursuant to a restructuring approved by the shareholders at general meeting in accordance with these Articles).

**Article 72** The Company shall establish an effective mechanism of communication with its shareholders to protect the shareholders' right of information in pursuance to laws.

Company shall notify all of its shareholders, and reported to the relevant securities regulatory commission at its premise:

- (I) the Company or its Directors, supervisors and senior management are alleged to be in serious violation of law and regulation;
- (II) the Company's financial situation continues to deteriorate, causing the risk control indicators fall below the standards set by CSRC;

- (III) the Company records material loss;
- (IV) proposed change of legal representative, the Chairman, chairman of supervisory committee or general manager;
- (V) occurrence of emergencies that will or may have a material adverse effect on the Company and its customers;
- (VI) other matters may affect the Company's business continuity.

**Article 73** The Company and shareholders (or related parties of shareholders) thereof shall not act as follows:

- (I) holding equity of shareholders unless otherwise specified by laws, administrative regulations or China Securities Regulatory Commission;
- (II) transmitting undue benefits to shareholders by way of purchasing securities held by shareholders;
- (III) shareholders illegally occupying assets of the Company;
- (IV) other acts prohibited by laws, administrative regulations or CSRC.

## **Section 2 General Meeting**

**Article 74** The general meeting shall be the authority of the Company and shall exercise the following functions and powers according to law:

- (I) to decide the business operation policies and investment plan for the Company;
- (II) to elect and change Directors and supervisors who are not employees' representatives, and resolve on the remunerations of Directors and supervisors;
- (III) to examine and approve reports of the Board;
- (IV) to examine and approve reports of the Supervisory committee;
- (V) to examine and approve the annual financial budgets and final accounting plans of the Company;
- (VI) to examine and approve the Company's profit distribution plan and loss recovery plan;
- (VII) to resolve on increase or decrease of the registered capital of the Company;

- (VIII) to resolve on issuance of bonds of the Company;
- (IX) to resolve on the merger, division, dissolution, liquidation or transformation of the Company;
- (X) to amend the Articles of Association;
- (XI) to appoint, removal or non-retention of the accounting firms;
- (XII) to examine and approve the external guarantees of the Company that require the approval by the general meetings;
- (XIII) to consider the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30.0% of the latest audited total assets of the Company;
- (XIV) to examine and approve matters relating to the changes in the use of proceeds from share offerings;
- (XV) to consider equity incentive scheme and employee stock ownership plans;
- (XVI) to consider proposals of shareholders holding no less than 3.0% (inclusive) in aggregate of the Company's shares; and
- (XVII) to consider other matters which, in accordance with laws, administrative regulations, department rules or Articles of Association, shall be approved at a general meeting.

Resolutions of the general meeting of shareholders has to be reported to securities regulatory authorities of the State Council and shall take effect after approval; in relation to changes which involve registered matters, it shall go through registration formalities for the alteration in accordance with the laws.

**Article 75** The following external guarantees to be given by the Company shall be examined and approved by the general meeting:

- (I) provision of any external guarantee by the Company and its subsidiaries, the total amount of which exceeds 50.0% of the latest audited net assets of the Company;
- (II) provision of any external guarantee by the Company, the total amount of which exceeds 30.0% of the latest audited total assets;
- (III) provision of guarantee by the Company within one year, the total amount of which exceeds 30.0% of the latest audited total assets of the Company;

- (IV) provision of guarantee to anyone whose liability-asset ratio exceeds 70.0%;
- (V) provision of a single guarantee, the amount of which exceeds 10.0% of the latest audited net assets of the Company; and
- (VI) provision of other guarantees stipulated by laws and regulations, department rules, normative documents or Articles of Association.

The subparagraph (II) of the preceding paragraph requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting.

**Article 76** General meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous financial year.

**Article 77** The Company shall convene an extraordinary general meeting within two months subsequent to occurrence of any of the following events:

- (I) the number of Directors is less than the number required by Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (II) the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (III) shareholder(s) severally or jointly holding more than 10.0% of the Company's voting shares request(s) in writing the convening of an extraordinary general meeting;
- (IV) the Board consider it necessary;
- (V) the supervisory committee proposes to convene such meeting; and
- (VI) other circumstances stipulated by the laws, administrative regulations, regulative rules, or Articles of Association.

**Article 78** Venue to convene the general meeting of the Company is: the Company's headquarters or other locations determined by convener. A meeting place shall be set up for the general meeting, and such meetings shall be held on-site. The Company shall also facilitate shareholders in the general meeting by offering network, telephone conference or others, as the case may be. Shareholders who participate in the general meeting through above-mentioned ways shall be regarded as attending the meeting.

**Article 79** The general meeting shall be convened by the Board and shall be presided over by the Chairman. If the Chairman is unable or fails to perform his duties, the meetings shall be presided over by the Vice Chairman; if the Vice Chairman is unable or fails to perform his duties, the meetings shall be presided over by a Director jointly recommended by half or more of the Directors.

If the Board is unable or fails to fulfill the obligation of convening the meetings of the general meeting, the supervisory committee shall convene and preside over such meetings. If the supervisory committee does not convene or preside over such meetings, the shareholders individually or jointly holding no less than 10% of the shares for no less than 90 consecutive days may convene and preside over such meetings on their own in accordance with laws and regulations, regulative rules and the Articles of Association.

**Article 80** Independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal of the independent non-executive Directors to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, administrative regulations and Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and make announcements.

**Article 81** The supervisory committee shall be entitled to propose in writing to the Board to convene an extraordinary general meeting. The Board shall, pursuant to relevant laws, administrative regulations and Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal, the consent of the supervisory committee shall be obtained.

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the supervisory committee may convene and preside over the meeting by itself.

**Article 82** Shareholder(s) severally holding 10.0% or more shares of the Company shall be entitled to request in writing the Board to convene an extraordinary general meeting or class general meeting of the Company. Two or more shareholders aggregately holding 10% or more shares of the Company shall be entitled to sign a written requisition in one or more counterparts in the same form and content, requiring the Board to convene an extraordinary general meeting or class general meeting and state in such written requisition the matters to be discussed at the meeting. The aforesaid number of shares shall be the shares held on the day on which the written requisition is made by the shareholders.

The Board shall, pursuant to relevant laws, administrative regulations and Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

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

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding no less than 10.0% shares of the Company shall be entitled to propose in writing to the supervisory committee to convene an extraordinary general meeting.

If the supervisory committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained.

If the supervisory committee to issue the notice for the general meeting within the specified time, the supervisory committee shall be deemed as failing to convene the general meeting. The shareholder(s) severally or jointly holding no less than 10% shares of the Company for no less than 90 consecutive days may convene and preside over such meeting.

**Article 83** Where the supervisory committee or shareholders decide to convene a general meeting on its/their own, it/they shall notify the Board in writing and file relevant evidential documents with the Shanghai Stock Exchange.

The Shareholders who convene the general meeting shall hold no less than 10.0% shares of the Company when any resolution is made at such meeting.

The supervisory committee or the convening shareholders shall, when the notice of general meeting or announcement of resolutions of general meeting is issued, submit relevant evidential documents to the stock exchange.

**Article 84** For the general meeting convened by the supervisory committee or shareholders on its/their own, the Board and secretary to the Board shall cooperate. The Board shall provide the register of shareholders.

**Article 85** The procedure for convening of the general meeting convened by the supervisory committee or shareholders on its/their own shall be identical with that of the Board. Expenses incurred by the meeting shall be borne by the Company, and deducted from the amount payable by the Company to the defaulting Directors.

**Article 86** Where the Company convenes a general meeting, a written notice shall be given by the convener 20 days prior to the date of the annual general meeting to notify all the shareholders in the register of shareholders of the matters to be considered, the date and venue of the meeting; In case of an extraordinary general meeting, the shareholders shall be notified 15 days prior to the date of meeting. Where the laws, regulations and the relevant regulatory authorities and stock exchanges in the place where the Company's Shares are listed have other provisions, such provisions shall prevail.

When calculating the abovementioned period, the date of the meeting shall not be included.

**Article 87** Notice of the general meeting shall be made in writing and shall include the following contents:

- (I) date, place and duration of the meeting;
- (II) resolutions and matters to be considered in the meeting;
- (III) such information and explanation as are necessary for shareholders to make an informed decision on the matters to be considered, including (but not limited to) proposed merger, buyback of shares, capital reorganization, or other restructuring plan of the Company, terms of the contract (if any) for the proposed transaction and the explanation and consequences of the transactions;
- (IV) if any Director, supervisor, general manager and other senior management has a material interest in any matter to be considered, the notice shall disclose the nature and extent of his/her interest and the difference of the effects of the proposed matters on them in their capacity as shareholders from the effects on other shareholders of the same class, if any;
- (V) the full text of any special resolution to be proposed at the meeting;
- (VI) a conspicuous statement that a shareholder entitled to attend and vote at the meeting is entitled to appoint proxy or proxies to attend and vote and that the proxy need not to be a shareholder;



- (VII) stating the delivery time and place for lodging proxy forms for the meeting;
- (VIII) the record date of the shareholders entitled to attend shareholders' general meeting;
- (IX) points for attention to attend the meeting;
- (X) names and phone numbers of the contact person for the meeting; and
- (XI) the time and procedures for voting by online voting or other methods shall be explicitly stated in the notice of shareholders' general meeting if the online voting or other methods of voting are adopted.

The interval between equity registration date and the date of the general meeting shall not be more than seven working days. The equity registration date shall not be changed once confirmed.

Online voting or other voting methods shall commence no earlier than 3:00 p.m. of the day prior to the date of the shareholders' general meeting but no later than 9:30 a.m. on the date of the shareholders' general meeting and it shall not terminate earlier than 3:00 p.m. on the date of conclusion of the shareholders' general meeting.

Notice and supplementary notice of the general meeting shall disclose fully and completely of the specific contents of all matters. Where the matters to be considered require the independent non-executive Director's opinions, the independent non-executive Director's opinions and reasons shall be disclosed as well in the notice and supplementary notice of the general meeting.

**Article 88** The notices of the general meeting shall be delivered to all shareholders (whether or not entitled to vote thereat) by any means permitted by the stock exchange where the shares of the Company are listed (including but not limited to mail, email, fax, announcement, and release on the website of the Company or the website of the stock exchange where the shares of the Company are listed). The notices of general meeting shall be delivered by personal delivery or prepaid mail, and the address of the recipient shall be the address appearing on the register of shareholders. The general meeting shall notify the domestic shareholders through public notice.

The public notice in the preceding paragraph shall be published in one or more newspapers specified by securities regulatory authority of the State Council. Once the notice is published, all domestic shareholders shall be deemed to have received the relevant notice of the general meeting.

**Article 89** The accidental omission to give notice of a meeting to any person entitled to receive notice or the non-receipt of notice of a meeting by such person shall not invalidate the meeting or any resolution passed at the meeting, provided that the Company has given the notice of general meeting according to the methods required by the stock exchange where the shares of the Company are listed or the relevant regulatory authority.

**Article 90** In accordance with laws and regulations and provisions of the securities regulatory authority at the place where the Company's shares are listed, notice of the general meeting served to holders of the overseas listed foreign shares may be published in the website of the Hong Kong Stock Exchange, instead of methods by personal delivery or prepaid mail.

**Article 91** Where the election of Directors and supervisors will be discussed at shareholder's general meeting, the notices of the shareholders' general meeting shall, in compliance with laws, regulations and the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, contain the details of the proposed Directors and supervisors, including at least the following particulars:

- (1) personal particulars such as education background, working experience and concurrent positions;
- (2) whether there is any connected relationship with the Company or the controlling shareholders and actual controller of the Company;
- (3) shareholding in the Company; and
- (4) whether there are any penalties or punishments imposed by the CSRC and other authorities or stock exchanges.

Except that the election is carried out by cumulative voting each Director or supervisor candidate shall be nominated in a separate proposal.

**Article 92** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation, the convener shall make an announcement and give the reasons therefor at least two working days prior to the date on which the meeting is originally scheduled.

**Article 93** The Board and other conveners of the Company will take the necessary measures to ensure normal order of the general meeting. For any disturbance to the order of the meeting and acts infringing the lawful interests of shareholders, preventive measures shall be taken, and such incidents shall be reported to the relevant authorities for regulative actions.

**Article 94** All the shareholders or their proxies in the register of shareholders on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, regulations and Articles of Association.

**Article 95** Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on his behalf. The said proxy may exercise the following rights as granted by the said shareholder:

- (I) the right of shareholder to speak at the general meeting;
- (II) the right to demand a poll alone or jointly with others; and
- (III) to exercise the right to vote by a show of hand or on a poll; where there are more than one proxy, the said proxies shall only vote on a poll.

**Article 96** The power of attorney shall be in writing under the hand of the principal or his proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of a Director or a proxy duly authorised.

**Article 97** A corporate shareholder shall attend the meeting by its legal representative or by proxies appointed by the legal representative. The legal representative presenting at the meeting shall produce his/her identity card and valid proof showing the his/her status, and the proxy presenting at the general meeting shall present his/her identity card and the power of attorney in writing issued by the legal representative of the corporate shareholder in accordance with the laws.

If a shareholder is recognized as a recognized clearing house or its nominee, the shareholder is entitled to authorize corporate representative or one or more person(s), as it thinks fit, to act as its proxy at any general meeting or any class meeting of shareholders or creditors' meeting, and such proxies shall be entitled to statutory rights equivalent to other shareholders, including rights to speak and vote. However, if more than one person is authorized, the proxy form shall set out the number and class of shares represented by each of the persons so authorized. The power of attorney shall be signed by the authorized personnel of the recognized clearing house. A person so authorized may attend meetings (without presenting any share certificate, and/or other evidence indicating that his/her identity) and exercise the right on behalf of the recognized clearing house (or its nominee), as if he/she was an individual shareholder of the Company.

**Article 98** The proxy form that a shareholder issues to appoint another person to attend a general meeting on his/her behalf shall contain the following particulars:

- (I) the name of the proxy;
- (II) whether or not having voting rights;
- (III) instructions on voting for, against or abstaining from voting for each of the matters listed on the agenda to be discussed at the general meeting;
- (IV) the issuing date and effective period of proxy form; and

(V) signature (or seal) of the principal. For a corporate shareholder, the proxy form shall be affixed with corporate seal.

The proxy form shall indicate that whether the proxy may vote at his/her own discretion in the absence of specific instructions from the shareholder.

**Article 99** The proxy form shall be deposited at the premise of the Company or other place as specified in the notice of meeting 24 hours before the meeting to discuss the matters that the proxy is appointed to vote for or 24 hours before the designated voting time. If the proxy form is signed by a person authorized by the principal, a notary certified copy of the power of attorney or other authorization documents shall be needed, which shall be deposited together with the proxy form at the premise of the Company or other place as specified in the notice of meeting.

If the principal is a corporate shareholder, the legal representative or the person authorized by the board of Directors or other decision-making bodies shall act as the principal's representative to attend the general meeting of the Company.

**Article 100** The proxy form issued to a shareholder by the board of Directors of the Company for appointment of proxy shall be in blank form that the shareholder can freely instruct the proxy to vote in favor of, against each resolution and to give instruction on each item of the matters put to vote at the meeting. The proxy form shall specify that if a shareholder fails to give instruction, the proxy may vote in such a way as he/she thinks fit.

**Article 101** The vote given by the proxy in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the principal, or revocation of the appointment of proxy or the authorization to sign the proxy form, or transfer of the concerned shares, provided that no notice in writing in respect of such matters as mentioned above has been received by the Company before the commencement of the relevant meeting.

**Article 102** The Company shall maintain a register of attendees. The register shall contain information such as names of attendees (or names of entities), identity card number, residential address, number of shares with voting rights held or represented, and names of principals (or names of entities).

**Article 103** The convener and the attorney retained by the Company shall jointly verify the legal qualification of shareholders, and register the names of the shareholders and the numbers of voting shares they hold. The registration for the meeting shall be terminated before the chairman of the meeting announces on site the number of shareholders and proxies present at the meeting and the total number of their voting shares.

**Article 104** The Chairman shall preside over and act as chairman of the general meeting. If the Chairman cannot or does not fulfill the duty thereof, the Vice Chairman shall preside over the meeting; if the Vice Chairman cannot or does not fulfill the duty thereof, a Director elected by more than half of Directors shall preside over and act as chairman of the meeting.

Where the general meeting is convened by the supervisory committee, the chairman of the supervisory committee shall preside over and act as chairman of the meeting. If the chairman of the supervisory committee cannot or does not fulfill the duty thereof, a supervisor elected by more than half of the supervisors shall preside over and act as chairman of the meeting.

Where the general meeting is convened by the shareholders, the convener shall elect a representative to preside over and act as chairman of the meeting. If for any reason the shareholders cannot elect a person to act as chairman, the shareholder (including agent thereof) holding the most shares among the attending shareholders shall act as chairman of the meeting.

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

**Article 105** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings, including notification, registration, review of proposals, voting, counting, announcement of voting results, formation of the meeting resolution, minutes and signatures, etc., and the meetings' principle of authorization to the Board. The authorized content should be specific.

**Article 106** At the annual general meeting, the Board and supervisory committee shall report their work for the past year to the general meeting. Each independent non-executive Director shall also report their work.

**Article 107** All Directors, supervisors and secretary to the Board shall attend general meetings of the Company, and the general manager and other senior management shall be present at the meetings.

**Article 108** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly. At the same time, the convener shall report it to the securities regulatory authority at the place where the Company is registered.

**Article 109** When holding a general meeting, the Company will hire lawyers to issue legal opinions on the following matters:

- (I) whether the procedures for convening and holding the meeting is in compliance with the laws, regulations and the provisions of the Articles of Association;
- (II) whether the qualifications of the attendees and the convener are lawful and effective;

- (III) whether the voting procedures and results of the meeting are lawful and effective; and
- (IV) issuing legal opinions about other relevant matters as requested by the Company.

### **Section 3 Proposal of the General Meeting**

**Article 110** Where the Company convenes a general meeting, the Board, supervisory committee, and shareholder(s) severally or jointly holding no less than 3.0% shares of the Company may make proposals to the Company.

**Article 111** Shareholder(s) severally or jointly holding no less than 3.0% shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting to other shareholders within two days after receipt of such proposal, and place the proposal on the agenda for the said meeting and submit the proposal for approval at a general meeting if the said proposal falls within the functions and powers of general meetings. The contents of the provisional proposal shall fall within the functions and powers of general meetings and have specific discussion topic and specific matters to be resolved.

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

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with following article of the Articles of Association.

**Article 112** Proposal of the general meeting shall meet the following conditions:

- (I) the content shall not violate the laws, administrative regulations and provisions of Articles of Association and within the business scope of the Company and the power of the general meeting;
- (II) with specific discussion topic and specific matters to be resolved; and
- (III) being submitted or delivered to the Board in written form.

### **Section 4 Resolution of the General Meeting**

**Article 113** The general meeting shall provide reasonable time for discussion of each proposal.

**Article 114** Shareholder (including his/her proxy) shall exercise their voting rights in accordance with the number of shares carrying the rights to vote represented by him/her, and each share shall have one vote.

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

The Board, independent Directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities under the State Council (hereinafter referred to as "investor protection institutions") may, acting by itself or entrusting securities companies or securities service institutions in the capacity of solicitor, publicly request the shareholders of the Company to entrust it to attend the general meetings and exercise the rights of shareholders such as the right to propose proposals and the voting rights on their behalf. Where the rights of shareholders are solicited in accordance with the provisions of set out above, the solicitors shall disclose the solicitation documents and the Company shall cooperate. Public solicitation of shareholders' rights in a paid or disguised paid way is prohibited. Where the public solicitation of shareholders' rights violates laws, administrative regulations or relevant provisions of the securities regulatory authorities under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.

**Article 115** Resolutions of a general meeting shall be categorized into ordinary resolutions and special resolutions.

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

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

**Article 116** The following issues shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board and the supervisory committee;
- (II) profit distribution plans and loss recovery plan proposed by the Board;
- (III) appointment and removal of members of the Board and shareholder representative supervisors, and remuneration and payment method of Directors and supervisors;

- (IV) the Company's annual budget and final accounts report, balance sheets, income statement and other financial statements;
- (V) the Company's annual report; and
- (VI) any matters other than those which are required by the laws, regulations or the Articles of Association by way of a special resolution.

**Article 117** The following issues shall be approved by special resolutions at a general meeting:

- (I) amendment to the Articles of Association;
- (II) increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;
- (III) merger, division, dissolution, liquidation or transformation of the Company;
- (IV) issue of bonds of the Company;
- (V) the Company's purchase or disposal of major assets or providing guarantee within one year with the transaction amount exceeding 30.0% of the latest audited total assets of the Company;
- (VI) equity incentive scheme;
- (VII) any other issue specified in the laws, administrative regulations or Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 118** Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

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

Shareholders who purchase the shares with voting rights of the Company in violation of Clauses 1 and 2 of Article 63 of the Securities Law shall not exercise the voting rights of the shares that exceed the prescribed proportion within 36 months after purchasing such shares, and such shares shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.



The Board, independent Directors, shareholders holding more than 1% of voting shares or investor protection institutions established in accordance with the laws, administrative regulations or provisions of the CSRC may collect votes from shareholders publicly. While collecting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from shareholders. Save for statutory conditions, the Company shall not impose any limitation related to minimum shareholdings on the collection of voting rights.

**Article 119** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement on the resolutions on the general meeting shall fully disclose the voting of the shareholders who are not connected parties.

The connected shareholder shall take the initiative to inform the general meeting and abstain from voting. If the shareholders do not take the initiative to state the connected relations and abstain from voting, other shareholders may demand them to explain and abstain from voting.

At the end of the general meeting, if other shareholders find that the connected shareholders voted on matters in relation to connected transaction, or there is disagreement on the applicability of abstention among shareholders, the shareholders shall be entitled to report to regulatory authorities and may file a suit in a People's court in relation to the relevant resolution in accordance to the Articles of Association.

Resolution in relation to connected transaction shall be passed by more than half of the voting rights carried by independent shareholders (including proxies) present at the general meeting. However, in regards to matters in the preceding article of the Articles of Association, the resolution shall be passed by more than two-thirds of the voting rights carried by independent shareholders (including proxies) present at the general meeting.

**Article 120** The Company shall, through various ways and means, giving priority to utilising modern information technology such as providing online voting platforms to facilitate the participation of shareholders at the general meeting, presupposed by the lawfulness and validity of such meetings.

**Article 121** Save as otherwise the Company is in crisis or in other special circumstances, the Company shall not, without being passed by special resolution of shareholders' general meeting, enter into any contract with such persons (other than Directors, supervisors, general manager and senior management) pursuant to which such person shall be assigned the management and administration of the whole or any substantial part of its business.

**Article 122** List of Director and supervisor candidates shall be provided by way of proposals at the general meeting.

The Board shall provide the shareholders with resumes and basic information of Director and supervisor candidates.

When voting at the election of Directors and supervisors, the general meeting may implement the cumulative voting method in accordance with the Articles of Association or the resolution of the general meeting.

The aforementioned cumulative voting method refers to the voting for Directors or supervisors where each share is entitled to the same number of votes which equals to the total number of Directors or supervisors to be elected, and shareholders may consolidate their voting rights when casting a vote.

The Director candidates shall be nominated by the previous section of the Board, or the shareholders individually or jointly holding no less than 3% of the total of the Company's shares. The nomination methods and procedures of independent Directors shall be performed in accordance with the laws, regulations, relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and relevant rules in relation to independent Directors.

The non-employee representative supervisor candidates shall be nominated by the previous section of supervisory committee, or the shareholders individually or jointly holding no less than 3% of the Company's shares. Employees' representative supervisor candidates shall be democratically elected by employees of the Company.

If the number of Directors nominated by any shareholder of the Company accounts for no less than one half of the total members of the Board, then the number of shareholder representative supervisors nominated by such shareholder shall not exceed one-third of the total members of the supervisory committee.

**Article 123** Except for matters that require cumulative voting, the general meeting shall vote on all proposals one by one; for different proposals on the same matter, voting shall be proceeded according to the time order of these proposals. Other than special reasons such as a force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the general meeting shall not stay the proposals or withhold from voting.

**Article 124** No amendment shall be made to a proposal when it is considered at general meeting. Amended proposal shall be retreated as a new proposal and shall not be voted at the same general meeting.

**Article 125** When a vote is cast, it may be cast by only one of the following methods, in person, online or by other voting means. If one vote is cast by more than one method, the first vote shall prevail.

**Article 126** Shareholders of the company or their proxies who cast their votes online or by other means shall have the right to check the results of their votes by way of the pertinent voting system.

**Article 127** The ending time of a shareholders' general meeting shall not be earlier than that of online or other access to the meeting. The Chairman of the meeting shall announce the status and results of voting in respect of each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

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

**Article 128** Unless a poll is particularly required by the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be conducted by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxies entitled to vote thereat;
- (3) by shareholders (including proxies) holding severally or jointly 10% or more of the voting shares.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

**Article 129** Request for voting by poll shall be honoured forthwith if it is in connection with the election of the chairman of the meeting or the adjournment of the meeting. Request for voting by poll on any other matters may be honoured at such time as the chairman of the meeting thinks fit, and the meeting and other businesses at the meeting may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 130** When a poll is taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his/her votes for or against.

**Article 131** In case of an equality of votes for and against the resolution, whether by way of show of hands or vote by poll, the chairman of the meeting shall be entitled to an additional vote.

**Article 132** At least two representatives of the shareholders and a supervisor shall be elected to participate in vote counting and scrutinizing on any proposals voted at general meeting. Any shareholder who has interests in the matter under consideration and proxies of such shareholder shall not participate in vote counting or scrutinizing.

When the relevant proposed resolution is being voted on at the general meeting, lawyers, the shareholders' representatives and representatives of the supervisors shall be jointly responsible for counting the votes and scrutinizing the conduct of the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.

**Article 133** Shareholders present at the general meeting shall cast their votes in favor of or against proposals submitted for consideration, or abstain from voting. Voting forms which are uncompleted, wrongly completed, completed with illegible writing or not cast are deemed as void and the shareholders to whom such voting forms belong shall be deemed to have abstained from voting.

Where any shareholder is, under Hong Kong Listing Rules, required 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 134** The chairman of the general meeting shall be responsible for determining whether a resolution has been passed pursuant to voting results. His decision, which shall be final and conclusive, shall be announced at the meeting. The voting result shall be recorded in the minutes of the meeting.

**Article 135** If the chairman has any doubt as to the voting results, he may have the vote counted. If the chairman has not counted the votes, any shareholder or proxy present who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

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

**Article 136** Resolutions of the general meetings shall be announced in a timely matter. Such announcement shall contain the number of shareholders and proxies attending the meeting, the total number of their voting shares and their respective proportions to the total number of shares of the Company, the means of voting, the voting results of each proposal and details of each passed resolution.

**Article 137** A special note should be marked in the announcement on resolutions of general meeting for the resolution regarding failed proposals or previous resolutions that were amended at this shareholders' general meeting.

**Article 138** The Directors, supervisors, and senior management shall answer or explain the inquiries and proposals made by shareholders provided no trade secrets of the Company shall be discussed at the meeting.

**Article 139** Where a general meeting has passed the proposals for electing Directors or supervisors, unless otherwise specified in the resolutions, the newly elected Directors and supervisors shall fill their positions after the relevant resolutions are passed.

**Article 140** Where any proposals in relation to the distribution of profits, issue of bonus shares, or capital increase by way of realization of capital reserve are passed at the general meeting, the Company shall implement the specific plan within 2 months from the closing of the general meeting.

**Article 141** Resolution and relevant documents passed at the general meeting shall be immediately filed at regulatory authority at the place where the Company is incorporated after the closing of the general meeting.

**Article 142** The general meeting shall have minutes which are recorded by the secretary to the Board and shall include following details:

- (I) number of shareholders and proxies present at the meeting, number of shares with voting rights held by them, and the percentage of shares with voting rights held by them to the total number of shares of the Company;
- (II) date and place of the meeting;
- (III) name of the convener, name of the person presiding over the meeting, agenda of the meeting, name of attending Directors, supervisors, the general manager and other senior management;
- (IV) the discussion, key points of speech and voting results for each proposal;
- (V) voting result of each matter;
- (VI) any enquiries or suggestions raised by shareholders and relevant reply or explanation of the Board, the supervisory committee and senior management;
- (VII) name of the vote counter and the scrutineer;
- (VIII) other information, which shall be recorded in the minutes as determined by the shareholders' general meeting or in pursuance to the Articles of Association.

**Article 143** The convener shall ensure that the minutes are true, accurate and complete. The Directors, supervisors, secretary to the Board, convener or his/her representatives, the person presiding over the meeting shall initial on the minutes of the meeting. The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept permanently. The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the Company's premises.

**Article 144** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the agency of the CSRC in the locality of the Company and the stock exchange.

## **Section 5 Special Procedures for Voting by Classes of Shareholders**

**Article 145** Shareholders holding different class of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance to laws and regulations and the Articles of Association.

**Article 146** Any proposed change or annulment by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with articles 147 to 152.

**Article 147** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (IV) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;

- (V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (VI) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;
- (VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (VIII) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (IX) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (X) to increase the rights and privileges of the shares of another class;
- (XI) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and
- (XII) to amend or cancel provisions in the Articles of Association.

**Article 148** Where issues specified in subparagraph (II) to (VIII), (XI) to (XII) of article 147 are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

The meaning of the “interested shareholders” in the preceding paragraph is as follows:

- (I) in case of a buyback of shares by the Company by way of a general offer to shareholders in equal proportion or by way of open transaction on a stock exchange in accordance to Article 41 of the Articles of Association, the “interested shareholders” means the controlling shareholders as defined in Article 342 of the Articles of Association;
- (II) in case of a buyback of shares by the Company by an over the counter agreement in accordance with Article 41 of the Articles of Association, the “interested shareholders” means the shareholders to which the proposed agreements relates; and
- (III) in case of a proposed restructuring of the Company, the “interested shareholders” means a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 149** Resolutions of a class general meeting shall be approved by votes representing no less than two-thirds of the voting rights of shareholders of that class present at the meeting who are entitled to vote at the meeting under article 147 of the Articles of Association.

**Article 150** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders according to the time requirement of the Company for holding the general meetings. Such notice shall include the matters to be considered, the place, date of the class meeting.

**Article 151** Notice of the class general meeting need only be served on shareholders entitled to vote thereat. The class general meeting shall be held in a manner as nearly as possible as that applicable to the general meeting. The provisions of the Articles of Association relating to the procedures of the general meeting shall apply to the class general meeting.

**Article 152** Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

Special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) pursuant to a special resolution of shareholders' general meeting, the Company issues domestic shares and overseas listed foreign shares in a period of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas listed foreign shares;
- (II) issue of domestic shares and overseas listed foreign shares upon establishment of the Company pursuant to a plan approved by the securities regulatory authorities under the State Council within 15 months from the date of approval; and
- (III) conversion of unlisted domestic shares into foreign shares of the Company and trading in an overseas stock exchange pursuant to approval from the securities regulatory authority under the State Council.



## Chapter V Party Organization at the Primary Level

**Article 153** The Party Committee shall consist of one secretary and several other members as approved by the Party organization of higher levels. Typically, the secretary of the Party Committee and the chairman of the board of directors shall be assumed by the same person, and one deputy secretary shall be designated to focus on the Party building work of the Company. Eligible members of the Party Committee may take seats in the board of directors, the supervisory committee and the senior management through legal procedures, while eligible members of the board of directors, the supervisory committee and the senior management may take seats in the Party Committee in accordance with relevant requirements and procedures. Meanwhile, a discipline inspection and supervision group of Henan provincial discipline inspection commission in Central China Securities Co., Ltd. (the “discipline inspection and supervision group in the Company”) shall be established in the Company in accordance with relevant requirements.

**Article 154** The Party Committee shall establish the grassroots committee, the general branch committee and the branch committee of the Party at respective levels in accordance with the relevant requirements with a view to improve the party’s organization at primary level. The Company shall also conduct Party activities in accordance with the Constitution of the Communist Party of China and other relevant requirements.

**Article 155** The Party organizations of the Company shall play a core leadership and core political role with a focus on direction control, overall management and ensuring implementation. It shall ensure the Company remains on the right track of reform and development by staying focus on implementing the theories, directions and policies of the Party. The Party organizations shall also adhere to the principle of focusing its efforts on major businesses and key matters, strengthening collective leadership and promoting scientific decision-making with a view to facilitate the Company’s fulfilment of its economic, political and social responsibilities in all aspects. It shall also establish a strong team of management and staff by developing officials and talents for Party management so as to ensure the talent pool for the reform and development of the Company. With a focus on building a strong foundation through training of staff at entry level, the Company shall give full play to the role of the Party organizations as strongholds and the pioneer and exemplary role of the Party members, and lead the mass organizations by stepping up its efforts in ideological and political work so as to push ahead the implementation of various working tasks with concerted efforts. It shall also implement the principal responsibility and supervision responsibility system to reinforce the work in relation to the construction of the Party’s working style and its clean and honest administration as well as anti-corruption with a view to rectify working style and discipline and prevent risks at the same time.

**Article 156** The Company shall set up a decision making mechanism for resolutions of the Party Committee, which defines the scope and procedures of decision making and the participation in decision-making on material issues of the Party Committee. As a procedural prerequisite, major issues should be studied and discussed by the Party Committee before formulating a proposal and submitting the same to the board of directors and the senior management for decision. Major operational and administrative matters must be studied and discussed by the Party Committee before formulating and submitting a proposal to the board of directors or senior management for decision.

**Article 157** The decision-making process for resolutions of the Party Committee shall adhere to the principle of collective leadership, democratic centered, case-specific consultation and resolved by meeting. Major matters should be negotiated adequately and decisions should be made in a scientific and democratic manner according to laws.

**Article 158** The organizational structure of the Party organizations of the Company and their staffing shall be incorporated into the administrative organs and the establishment of the Company. The Company shall include expenses of the Party organizations in the Company's budget, which will be credited to the Company's management fee.

## **Chapter VI The Board of Directors**

### **Section 1 Directors**

**Article 159** Directors of the Company are natural persons and need not hold shares of the Company.

**Article 160** Directors of the Company shall be elected or replaced at general meetings, and can be removed by the general meeting prior to the expiry of their terms. A Director shall serve a term of three years, and may seek reelection upon expiry of the said term.

The appointment and removal of the Directors of the Company shall be filed with the securities regulatory authority under the State Council.

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

The term of a Director shall be calculated from the date upon which the relevant resolution is passed at the general meeting to the expiry of the current Board. If the term of office of a Director expires but re-election is not made responsively, the said Director shall continue fulfilling the duties as Director pursuant to laws, administrative regulations, department rules and Articles of Association until a new Director is elected.

A Director may serve concurrently as general manager or other senior management, but the inside Directors (i.e., Directors serving concurrently as senior management or holding other positions) shall not be more than half of the Directors of the Company.

**Article 161** Directors shall observe laws, administrative regulations and Articles of Association, honestly perform their duties and protect interests of the Company. When their own interests conflict with the interests of the Company and shareholders, it shall be the code of conduct to protect the best interest of the Company and shareholders.

**Article 162** Directors shall observe laws, administrative regulations and Articles of Association, and fulfill the following fiduciary duties:

- (I) not to abuse their official powers to accept bribes or other unlawful income, and not to misappropriate the Company's property;
- (II) not to misappropriate the money of the Company or customers;
- (III) not to deposit any assets or money of the Company in any amounts under their names or in the names of others;
- (IV) not to lend the money of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of the Articles of Association or without the consent of the general meeting or the Board;
- (V) not to conclude any contract or conduct any transaction with the Company in violation of the Articles of Association or without the consent of the general meeting;
- (VI) Without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct any businesses for themselves or others similar to those of the Company;
- (VII) not to take as their own any commission for any transaction with the Company;
- (VIII) not to disclose any secret of the Company;
- (IX) not to exploit their connected relations to damage the interests of the Company;
- (X) not to lend the money of any customer to others, or use the assets of any customer to provide guarantee for any debt of the Company, any shareholder of the Company, or any other institution or individual;
- (XI) not to exploit inside information for his/her own benefits or others;

(XII) to fulfill other fiduciary duties stipulated by laws, administrative regulations, department rules and Articles of Association.

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

**Article 163** Directors shall observe laws, administrative regulations and Articles of Association and fulfill the following obligations of diligence:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with State laws, administrative regulations and relevant State policies, not beyond the business scope specified in the business license of the Company;
- (II) to treat all shareholders impartially;
- (III) to carefully read the relevant business and financial reports of the Company and keep informed of the operation and management conditions of the Company;
- (IV) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer their discretion to others;
- (V) to honestly provide the supervisory committee with relevant information, not to prevent the supervisory committee or supervisors from exercising their responsibilities and powers, and to accept the lawful supervision and rational suggestions of the supervisory committee on their performance of duties;
- (VI) to fulfill other obligations of diligence stipulated by laws, administrative regulations, department rules and Articles of Association.

**Article 164** Save as specified in the Articles of Association or properly authorized by the Board, no Director shall act on behalf of the Company or the Board in his/her own name. If a Director acts in his/her own name but a third party may reasonably think the said Director is acting on behalf of the Company or the Board, the said Director shall make a prior statement of his/her standpoint and capacity.

**Article 165** If any Director fails to attend Board meetings in person or by proxy for two consecutive times, the said Director shall be deemed incapable of performing his/her duties, and the Board shall suggest that the general meeting remove the said Director.

**Article 166** A Director may resign before his/her term of office expires. The Director who is going to resign shall submit a written resignation letter to the Board. The Board shall disclose such matter within two days.

Under the prerequisite to abide by relevant laws and administrative regulations, a general meeting may remove any Director before the expiration of his/her term of office by way of an ordinary resolution (but without prejudice to any claim for damages under any contract).

**Article 167** If the number of Directors of the Board falls below the legally required number as a result of any resignation, such resignation shall not become effective until such vacancy resulting from such resignation is filled up by a new Director.

The remaining Board shall convene an extraordinary general meeting as soon as possible to elect a new Director to fill the vacancy caused by the Director's resignation. Before the general meeting passes a resolution on the election of Director, the duties of the Director who proposes to resign and the remaining Board shall be reasonably limited.

Save as provided in the above paragraph, a Director's resignation shall be effective when his resignation is served to the Board.

**Article 168** The duties of a Director towards the Company and the shareholders do not necessarily cease when he/she tenders his/her resignation or upon the expiry of his/her term of office. Such Director shall continue to observe his/her duties at any time before the resignation or expiry of term of office, as the case may be, becomes effective and for a reasonable period thereafter. The duty of confidentiality in respect of trade secrets of the Company survives the termination of his/her term of office until such trade secrets become publicly known. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the Director and the Company was terminated.

**Article 169** Any Director who has left his/her office without authorization before his/her term of office expires and thereby caused the Company to incur a loss shall be liable for compensation to the Company.

**Article 170** The Board may propose to the general meeting to remove a Director in the following cases:

- (I) upon the request of shareholder(s) who nominated the Director;
- (II) when the Director seriously impairs the interests of the Company;
- (III) for other adequately reasonable reasons.

**Article 171** The provisions of this section in respect of the obligation of Director shall also apply to supervisors, general manager and senior management of the Company.

**Article 172** The Company shall establish an independent non-executive Director system. The number of independent non-executive Directors shall be at least three, and not less than one-third of the total number of Directors.

An independent non-executive Director refers to the Director who holds no position in the Company other than the position of a Director, has no relationship with the Company or the shareholders of the Company which may impede his independence and Directors as specified by regulatory requirements of the place where the Company's shares are listed.

**Article 173** Independent non-executive Directors shall be elected or replaced at general meetings and shall each serve a term of three years. The term of office of an independent non-executive Director is renewable upon reelection when it expires, but the renewed term shall not exceed six years.

**Article 174** An independent non-executive Director shall meet the following basic conditions:

- (I) having the qualifications as Director of the Company in accordance with the laws, administrative regulations and other relevant provisions;
- (II) being independent as required by securities regulatory authority;
- (III) having the basic knowledge about operations of companies, and proficient in relevant laws, administrative regulations and rules;
- (IV) having more than five years' experience in legal and economic work or other work experience required for fulfilling duties as independent non-executive Director;
- (V) other conditions required by relevant laws, regulations and regulatory provisions at the place where the Company's shares are listed.

**Article 175** The following persons shall not act as independent non-executive Director of the Company:

- (I) persons employed by the Company and its related parties in the last three years;
- (II) persons employed by the Company, its subsidiaries or its related parties and their immediate family members and major social connections (immediate family members shall include spouse, parents and children and major social connections shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);
- (III) persons employed by the top five shareholder entities of the Company which are not related shareholders and their immediate family members;
- (IV) natural person shareholders who hold or indirectly hold more than 1% of the Company's shares, natural person shareholders among the top 10 shareholders of the Company, and the immediate family members of the above-mentioned persons;

- (V) persons employed by institutions with which the Company and its subsidiaries have business dealings or interests;
- (VI) persons who belonged to categories (II) to (IV) within the preceding year;
- (VII) persons holding positions other than independent directors in other securities and fund institutions;
- (VIII) persons who share interests with any senior management, other directors, supervisors or other key personnel in the securities and fund institution where the aforesaid persons are to hold a position or its related parties;
- (IX) other persons specified in the Articles of Association;
- (X) other persons are not suitable to serve as independent Directors upon confirmation by the CSRC or regulatory authority at the place where the Company's shares are listed.

A person may serve as an independent director in no more than two securities and fund institutions. Where any independent non-executive Director is involved in any of the aforesaid circumstances, the securities company shall immediately remove the said Director, and report to the competent industry authority of the Company and the securities regulatory authority at the place where the Company's shares are listed.

**Article 176** The Board (through the remuneration and nomination committee), the supervisory committee and the shareholders who hold no less than 1% of the Company's shares individually or jointly may propose the candidate of independent non-executive Director for election or replacement by the general meeting after prior approval of remuneration and nomination committee of the Board.

Referee shall obtain prior consent of independent non-executive Director candidate. Referee shall fully understand the occupation, education, title, detailed work experience, all con-current position information and so forth of the recommended person, and opine on his/her qualification and independence to act as an independent non-executive Director. Referee shall make a statement regarding non-existence of any relationship between him and the Company that may affect his independent judgment in accordance with relevant requirements of the securities regulatory authority at the place where the Company's shares are listed.

**Article 177** If any independent non-executive Director who fails to attend Board meetings in person for three consecutive times, the Board shall propose to the general meeting to remove such independent Director.

**Article 178** Other matters in relations to the independent non-executive Director stipulated in the laws, regulations, regulative rules, relevant regulations of the securities regulatory authority at the place where the Company's shares are listed, and the Company's independent non-executive Director rules shall be followed.

**Article 179** The Company may maintain a necessary Director liability insurance policy to mitigate any risks incurred by the Directors when performing their duties in due course.

## **Section 2 The Board of Directors**

**Article 180** The Company shall have a Board of Directors, which shall be accountable to the general meeting.

**Article 181** The Board shall consist of 11 Directors, including 1 Chairman and 1 Vice Chairman.

**Article 182** The Board shall have reasonable professional structure, and its members shall have necessary knowledge, skills and quality to perform their duties.

**Article 183** Corporate governance structure shall ensure that the Board can exercise its functions and powers in accordance with the laws, regulations and the Articles of Association. The Board shall take the ultimate responsibilities for the effectiveness of compliance management, risk management and internal control system.

**Article 184** The Board shall be accountable to the general meeting and exercise the following functions and powers:

- (I) to convene general meetings and report to general meetings;
- (II) to report at the annual general meetings and disclose in the annual reports the performance of Directors, including the number of attendances of Directors at Board meetings and voting;
- (III) to execute resolutions of general meetings;
- (IV) to resolve on the Company's operation and development strategies, business plans and investment plans;
- (V) to prepare the annual financial budgets and final accounting plans of the Company;
- (VI) to prepare the profit distribution plan and loss makeup plan of the Company;
- (VII) to prepare plans for the increase or reduction of the registered capital of the Company and for the issuance of corporate bonds or other securities and listing;
- (VIII) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (IX) to resolve on the establishment of internal management organizations and branches of the Company;



- (X) to appoint or remove the Company's general manager, chief compliance officer, secretary to the Board and members of the Executive Committee as nominated by the chairman and determine their remunerations; to decide to appoint or remove the Company's deputy general manager, chief financial officer and other senior management as nominated by the general manager and determine their remunerations;
- (XI) to set up the basic management system of the Company;
- (XII) to formulate the proposals for any amendment to the Articles of Association;
- (XIII) to formulate proposals for appointment and dismissal of an accounting firm;
- (XIV) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations, etc. of the Company within the authority granted by the general meeting;
- (XV) to listen to the work report of the general manager of the Company and examine on the general manager's work;
- (XVI) to listen to the report of the chief compliance officer on the compliance status of the Company;
- (XVII) to listen to the work report of the Executive Committee and examine the work of the Executive Committee;
- (XVIII) to determine Directors' remunerations and distribution plan thereof, and submit special reports to the general meeting on the performance evaluation and remunerations of Directors;
- (XIX) to evaluate and determine the nature and extent of the risks the Company is willing to take in achieving its strategic objectives, ensure that the company establishes and maintains appropriate and effective risk management and internal control systems, and oversee the Company's risk management and internal control systems on an ongoing basis, oversee management in the design, implementation and monitoring of the risk management and internal control systems, and ensure that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually;

(XX) to be ultimately responsible for money laundering risk management, establishing objectives for building a money laundering risk management culture, considering money laundering risk management strategies, considering and approving basic policies and procedures for money laundering risk management, authorizing senior management to take the lead for money laundering risk management, reviewing anti-money laundering reports in a regular manner, and keeping abreast of significant anti-money laundering risk incidents and their handling.

(XXI) to determine the objectives of Company's culture construction and shall be liable to the effectiveness of the Company's culture construction;

(XXII) to exercise other functions and powers as stipulated by laws and regulations, departmental rules, regulatory documents or Articles of Association.

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

**Article 185** When disposing fixed assets, the Board shall not, without prior approval of shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected consideration for the proposed disposal and the proceeds from any such disposal of any fixed assets of the Company completed within four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet considered by the shareholders' general meeting.

For the purposes of this article, disposal of fixed assets includes the transfer of interest in assets but does not include the charge of fixed assets as security.

The validity of a disposal of fixed assets by the Company shall not be affected by any breach of the first paragraph of this article.

**Article 186** The Board may authorize the chairman to exercise part of the powers of the Board when the Board is not in session as necessary.

**Article 187** The Board shall make explanations to the general meeting in relation to the nonstandard audit opinions in the audit report produced by the accounting firm on the financial reports of the Company.

**Article 188** The Board shall formulate rules of procedure for the Board meetings and implement them after reporting them to the general meeting for approval in order to ensure the work efficiency and scientific decision making of the Board.

**Article 189** The Board shall determine the scope of power of external investments, acquisition and disposal of assets, charging of assets, external guarantee matters, commissioned wealth management, connected transactions and external donations, etc., and establish strict examination and decision-making procedure; in regards to major investment projects, relevant experts and professionals shall be engaged for review and proposed to the general meeting for approval.

**Article 190** The Chairman and Vice Chairman shall be a Director of the Company and shall be elected or removed by a majority of the Directors. The Chairman and Vice Chairman shall serve a term of three years, and is eligible for re-election.

**Article 191** The Chairman shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over the Board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board;
- (III) to sign the shares, bonds and other securities of the Company;
- (IV) to sign important documents of the Board and other documents which should be signed by the legal representative of the Company;
- (V) to exercise the functions and powers as legal representative;
- (VI) In any emergent force majeure event, to exercise the special right of disposal in respect of the business of the Company in compliance with laws, regulations and in the interests of the Company, and report to the Board and the general meeting of the Company afterwards;
- (VII) to exercise other functions and powers conferred by the Board.

**Article 192** In the event that the Chairman cannot or fails to perform his duties, the Vice Chairman shall perform the duties; in the event that the Vice Chairman cannot or fails to perform his duties, a majority of the Directors shall recommend one Director to perform the duties.

**Article 193** Board meetings shall be held regularly at least four times every year, and shall be convened by the Chairman, with the notice of meeting sent in writing to all the Directors and supervisors 14 days before the date of Board meeting. The agenda and related files of Board meetings shall be submitted in time to all the Directors and be sent three days prior to the proposed date of the Board meeting or the committee under the Board (or sent by the date as agreed).

**Article 194** In any of the following circumstances, the chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal:

- (I) proposed by shareholders representing no less than 10% of the voting rights;
- (II) jointly proposed by more than one-third of the Directors;
- (III) proposed by the supervisory committee;
- (IV) proposed by the general manager; and
- (V) jointly proposed by more than half of the independent non-executive Directors.

**Article 195** The notice of provisional Board meetings shall be served to all the Directors and supervisors five days before the date of Board meeting. Such a notice may be sent by post, email, fax or other means. In case of emergency when an extraordinary Board meeting should be convened as soon as possible, the notice may be sent at any time by phone or in other oral forms, but the convener shall make an explanation in the meeting.

**Article 196** A notice of the Board meeting includes the following contents:

- (I) date and location of the meeting;
- (II) duration of the meeting;
- (III) reason and topic for discussion; and
- (IV) date of sending out the notice.

**Article 197** A Board meeting shall be attended by more than half of the Directors. Each Director shall have one vote. Save as otherwise specified in laws, regulations or Articles of Association, resolutions made by the Board shall be passed by more than half of all Directors.

If the pros and cons are the same, the chairman shall be entitled to an additional vote.

**Article 198** If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself or on behalf of other Director. The Board meeting may be held when more than half of the independent Directors attend the meetings. The resolution made at the Board meeting shall be passed by more than half of the independent Directors. If the number of independent Directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 199** In principal, the Board meeting shall be convened physically. However, on the premise of ensuring that the Directors can fully express their opinions, the meeting can also be held by means of video, telephone, fax or email voting with the consent of the convener (facilitator) and the proposer if necessary. Board meetings may also be held on the spot in parallel with other means.

To convene the Board meeting by correspondence, the Company shall clearly state in the meeting notice details of proposal for review, time and manner to vote and ballot format of correspondence voting. Such voting ballot shall include at least the following contents: Director's name, headings of proposals, voting result (for, against or abstain from voting).

At the Board meeting convened by correspondence, Directors attending the meeting shall, at the voting time, fax or scan the voting ballot to specified address via email. The voting ballot not prepared or filled as required or filled by illegible handwriting or failing to be sent within specified time due to any other reasons shall be deemed to be invalid. The original voting ballot shall be sent by post or personal delivery or other means to the Company.

**Article 200** Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to act on his/her behalf.

A power of attorney shall contain the name of the proxy, matters and authority and validity, and be signed or sealed by the principal.

The Director attending the meeting shall exercise the Director's rights within the scope of authority. The Director who fails to attend the Board meeting and does not appoint representative to attend shall be deemed as waiving his/her right to vote in the meeting.

**Article 201** Voting on Board meetings may be conducted by open ballot.

**Article 202** Minutes shall be recorded for Board meetings and shall be signed by the attending Directors and the recorder. Any attending Director shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of Board meetings shall be kept by the secretary to the Board.

The minutes of Board meeting shall be kept as the Company's permanent record.

**Article 203** Minutes of Board meetings shall include the following contents:

- (I) date and location of the meeting and name of the convener;
- (II) name of Directors (or their proxies) attending or entrusted by others to attend the Board meeting;
- (III) meeting agenda;

(IV) main points of Directors' speech;

(V) voting method and result of each resolution (voting result shall include the number of votes for consent, objection or abstention).

**Article 204** The Directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution is in violation of the laws, administrative regulations or Articles of Association, the supervisory committee shall require the Board to rectify, and managers shall refuse to execute the said resolution. If the said resolution causes any losses to the Company, Directors who vote for the said resolution shall be liable for compensation to the Company. If any Director raises an objection to the resolution and the said objection is recorded in the minutes, the said Director may be exempt from any liability.

**Article 205** Director who is in violation of any laws, administrative regulations, regulative rules or the Articles of Association in the course of performing his duties shall be liable to compensate any losses caused to the Company.

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

**Article 206** The Board of the Company sets up special committees with regard to development strategy, risk management, audit and remuneration. The special committees shall all consist of Directors. Members of special committees shall have relevant professional knowledge and working experience.

The number of independent non-executive Directors in audit committee shall not be less than one half of all its members, and there shall be at least one non-executive Director who has worked as an accountant for more than five years.

The person in charge of the remuneration and nomination committee or audit committee shall be an independent non-executive Director.

**Article 207** The Board of the Company sets up a development strategy committee consists of five Directors (including Chairman, general manager (also a Director), Director nominated by the top three largest shareholders respectively or other Directors approved by the Board). The development strategy committee has one chairperson acted by the Chairman, who is responsible for management of the committee's work.

Primary duties of the development strategy committee are as follows:

- (I) studying the Company's medium and long-term development strategy plans and proposing suggestion;
- (II) studying major investment financing programs which requires to be approved by the Board as stated in the Articles of Association and proposing suggestion;

- (III) studying major capital operation and assets management projects which requires to be approved by the Board as stated in the Articles of Association and proposing suggestion;
- (IV) studying other important matters affecting the Company's development and to make recommendation; and
- (V) other duties authorized by the Board.

Development strategy committee is accountable to the Board and shall submit proposals to the Board for review and approval.

**Article 208** The Board sets up a remuneration and nomination committee consists of three or five Directors. The remuneration and nomination committee has one chairman acted by an independent non-executive Director who is responsible for management of the committee's work.

Primary duties of the remuneration and nomination committee are as follows:

- (I) evaluating the remuneration structure and policies of the Directors and senior management and making recommendation to the Board as to the establishment of standardized and transparent formulation procedure for remuneration policies;
- (II) examining and making recommendation to the Board as to the remuneration policies (including non-monetary income, pensions and compensation, etc.), structure and formulation procedures of the remuneration policy of Directors', supervisors' and senior management of the Company. Formulation procedures of remuneration policy shall be proper and transparent;
- (III) making recommendation to the Board on remuneration of non-executive Directors;
- (IV) making recommendation to the Board on remuneration of individual executive Directors and senior management or making decision on remuneration with powers designated by the Board; the above mentioned remuneration includes non-monetary benefit, retirement allowance and compensation;
- (V) reviewing and approving compensation arrangement in relation to the dismissal or removal of the Directors, supervisors and senior management and ensuring such compensation consistent with terms of the agreements; ensuring the compensation be fair and reasonable should such compensation fail to be consistent;
- (VI) reviewing and approving compensation arrangement for removal or dismissal of the Directors due to misconduct and ensuring such compensation consistent with terms of the agreements; ensuring the compensation be reasonable and proper should such compensation fail to be consistent;

- (VII) investigating and examining the appraisal and remuneration management system for Directors, supervisors and senior management and supervising the implementation;
- (VIII) conducting appraisal of the Directors and senior management and giving suggestion;
- (IX) studying and determining selection criteria and procedure of Directors and senior management;
- (X) conducting searches to select qualified candidates for the Directors and senior management, and making recommendation to the Board in regards to selecting and nominating such candidates; when selecting candidates, the committee shall consider the merits of the candidates, review measurable targets, and give due consideration to the benefit of diversification of the Board and senior management;
- (XI) recommending candidates for independent non-executive Director and principal management and operation officers; and examining the qualification of candidates of other Directors and senior management and giving suggestions;
- (XII) examining the structure, number, composition and diversification (including but not limited to gender, age, culture and educational background, professional experience, skills, knowledge and service term and other aspects) of the Board at least annually; and giving suggestion on any proposed change of the Board to match with the Company's strategy;
- (XIII) giving suggestion to the Board on appointment or reappointment and succession plan of Directors and senior management, there among, duly considering the Company's corporate strategy and personnel skills, knowledge, experience and personal diversification demand and other combined factors required in the future;
- (XIV) reviewing the diversification policy of the Board and measurable target formulated by the Board to implement the diversification policy, and supervising the progress of reaching the standard; making relevant disclosure in Corporate Governance Report in the annual report every year;
- (XV) examining the independence of independent non-executive Directors;
- (XVI) other duties authorized by the Board. The remuneration and nomination committee is accountable to the Board and shall submit committee's proposals to the Board for review and approval.



**Article 209** The Board sets up an audit committee which consists of three or five Directors. The audit committee has one chairman acted by independent non-executive Director.

Primary duties of the audit committee are as follows:

- (I) examining the Company's accounting information and disclosure of major events, examining Company's major accounting policy and its implementation and execution, supervising the Company's major financial decision-making and implementation of the annual budget; supervising the truthfulness, accuracy and integrity of Company's financial report as well as the effectiveness of management's implementation of financial report procedures; reviewing the integrity of the Company's financial statement and annual report and management accounts, interim report and quarterly report (if any), and reviewing major opinion related to financial reporting as disclosed in statements and reports;

Before submitting relevant statements and reports to the Board, the committee shall review the following matters in particular:

1. any changes in accounting policy and practice;
2. any matters in relation to significant judgment;
3. significant adjustment caused by auditing;
4. assumption of corporate continuous operation and any reserved opinion;
5. whether compliance with the accounting standard;
6. whether compliance with the Hong Kong Listing Rules, as well as laws and regulations related to financial reporting;

The committee shall liaise with the Board and senior management in regards to above matters. Audit committee shall meet at least twice a year with the external accounting firm. The committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the staff of the Company responsible for financial reporting and internal audit function or external audit firm;

- (II) monitoring the annual audit and make judgment on the truthfulness, accuracy and integrity of the audited information contained in the financial reports, and submit to the Board for review;

- (III) overseeing the Company's financial reporting system, risk management and internal control systems, including:
1. to review the Company's financial controls;
  2. to review and evaluate the implementation of risk management and internal control rules and systems by the departments and branch offices of the Company. The evaluation results will be important reference and basis for annual performance assessment;
  3. to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems in place. The discussion shall include the adequacy of resources, qualification and experience of employees, training of employees and the relevant budget in accounting and financial reporting of the Company;
  4. to study the important investigation results of risk management and internal control issues and feedback of management on the investigation results proactively or under the delegation of the Board;
  5. to review the financial and accounting policies and practices of the Company (including its holding subsidiaries);
  6. to review the audit notes issued by external audit firm to the management and any material enquiry raised by the auditor to the management on accounting records, financial accounts or monitoring system and feedback from the management;
  7. to ensure prompt reply by the Board to the issues raised in the audit notes of the external audit firm to the management;
  8. to review and execute matters stipulate in the Corporate Governance Report, Appendix 14 of the Hong Kong Listing Rules, and report to the Board;
  9. to review the system and arrangement for employees to anonymously report any irregularities in financial reporting, risk management, internal control and other aspects of the Company. The committee shall ensure appropriate arrangements are in place to allow the Company to carry out fair and independent investigations and appropriate actions on such matters;
  10. to coordinate with the relationship between the Company and external audit firm;

- (IV) coordinating with internal audit department and external audit firm, ensuring internal audit department has sufficient resources and proper status in the Company; discussing on working plan of internal auditing department, listening to the work report of internal auditing department, inspecting and supervising the effectiveness of internal audit;
- (V) making recommendations to the Board on the appointment, reappointment and removal of external audit firm, approving the remuneration and terms of appointment of external audit firms, and dealing with any relevant issues regarding to the resignation or removal of external audit firm. Where the Board disagree with the Audit Committee's recommendation on the appointment, reappointment and removal of external audit firm, such disagreement shall be disclosed in the *Corporate Governance Report* of Company's annual report;
- (VI) supervising the performance of the external audit firm, and inspecting and supervising the independency and objectiveness of the external audit firm with applicable standards; the committee shall discuss on the nature and scope of audit as well as the reporting responsibilities with the auditors of the external audit firm;
- (VII) implementing the policy on engaging external audit firm to provide non-audit services. The external audit firm include any entity that is under the same control, ownership or management with the audit firm responsible for the Company's auditing work, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (VIII) Supervising the implementation of the rectifying measures by the management in response to the audit opinion and to monitor the implementation of the audit opinion by the management;
- (IX) leading the internal audit department in collection, summarization and investigation of materials related to the responsibility of material mistakes in the disclosure of the annual reports and to investigate and provide solutions proposals for implementation after the Board's review and approval; and
- (X) other matters as authorized by the Board.

Audit committee shall be accountable to the Board, and proposals of the committee shall be submitted to the Board for deliberation and approval.

**Article 210** The Board sets up a risk control committee which consists of three or five Directors. The risk control committee has one chairperson acted by the Chairman.

Primary duties of the risk control committee are as follows:

- (I) reviewing and opining on overall objectives and basic policies of compliance management and risk management;
- (II) reviewing and opining on establishment of specific departments and duties of compliance management and risk management;
- (III) evaluating and opining on the risk of major decisions approved by the Board and solution to eliminating such major risk;
- (IV) reviewing and opining on compliance reports and risk evaluation reports approved by the Board;
- (V) reviewing the Company's risk management and internal control systems;
- (VI) formulating the Company's corporate governance policies, reviewing the implementation and making suggestion to the Board;
- (VII) reviewing and supervising Directors and senior management's training and their continuing professional development;
- (VIII) reviewing and supervising whether Company's policies is in compliance with laws and supervisory regulations, and the implementation;
- (IX) formulating, reviewing and supervising professional code of conduct and compliance manual (if any) of employees and Directors;
- (X) reviewing the Company's compliance with the Appendix 14 of the Hong Kong Listing Rules, the *Corporate Governance Codes* and relevant disclosure in the *Corporate Governance Report*, including but not limited to how the Company meets its responsibilities in its review of the risk management and internal control systems and the effectiveness of the Company's internal audit function;
- (XI) other duties specified by the Articles of Association.

The risk control committee is accountable for the Board and shall submit committee's advice on decision and report to the Board for review and approval.

The Board shall take ultimate responsibility for the effectiveness of compliance management, risk management and internal control system.

**Article 211** The Board may set up other special committees and separately formulate the members, duties and rules of procedure separately as necessary for the operations and management of the Company.

## Section 4 Secretary to the Board

**Article 212** The Board shall have a secretary, who is a member of senior management of the Company. The secretary to the Board shall be responsible to the Board and shall be nominated by the Chairman and appointed or removed by the Board.

**Article 213** The secretary to the Board shall be a natural person with necessary professional knowledge and experience. The circumstances set out in the Articles of Association in relation to the removal of a person as Director of the Company shall also apply to the secretary to the Board.

**Article 214** Director or other senior management may concurrently hold the post of secretary to the Board. The accountant of the external accounting firm hired by the Company shall not act as secretary to the Board.

When the secretary to the Board is acted by a Director and an action should be made by the Director and the secretary to the Board separately, the person who is Director and secretary to the Board is not allowed to make such action as double identity.

**Article 215** The main duties of the secretary to the Board are:

- (I) to address and coordinate information disclosure of the Company, organize and formulate information disclosure management system of the Company, and urge the Company and relevant information disclosure obligors to observe relevant provisions concerning information disclosure;
- (II) to be responsible for the investor relations management and shareholder information management of the Company, and coordinating information exchange between the Company and securities regulatory authority, shareholders and actual controller, sponsors, securities service providers and the media;
- (III) to organize and arrange for Board meetings and general meetings, attend general meetings, Board meetings, supervisor y committee meetings and meetings related to senior management, and keep and initial Board meeting minutes;
- (IV) to be responsible for the confidentiality of information disclosure of the Company and promptly report to the stock exchange when significant undisclosed information was disclosed;
- (V) to pay attention to media reports, take the initiative to verify the facts, and urge the Board to promptly reply to relevant enquiries from the stock exchange;
- (VI) to organize trainings concerning securities laws and regulations and relevant provisions for Directors, supervisors and senior management, and assist the said people in understanding their rights and obligations in information disclosure;

- (VII) to urge Directors, supervisors and senior management to observe the laws and regulations, and earnestly fulfill their commitments; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, to immediately remind the Board and report such facts to the securities regulatory authority;
- (VIII) to ensure that the Company has complete organization documents and records;
- (IX) to ensure that the Company legally prepares and submits reports and documents as required by the competent authorities;
- (X) to ensure that the shareholders' register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time; and
- (XI) to fulfill other duties required by the Company Law, Securities Law and the CSRC.

The secretary to the Board shall observe the law, administrative regulations, departmental rules, relevant requirements of the securities regulatory authority at the location where the Company's shares are listed and the Articles of Association.

## **Chapter VII General Manager, Executive Committee and Other Senior Management Members**

**Article 216** The Company shall set up the Executive Committee, which is a standing operating and management decision-making body of the Board of the Company and implements the route and policy determined by the Board under the leadership of the Party Committee of the Company.

Members of the Executive Committee shall be considered and recommended by the Party Committee of the Company, and nominated by the Chairman of the Board, including the Chairman, General Manager, Deputy General Manager, Chief Accountant and other senior management, and shall be appointed or dismissed by the Board. The Chairman of the Board shall serve as the director of the Executive Committee, and the General Manager shall serve as the deputy director of the Executive Committee.

Members of the Executive Committee shall assist the director of the Executive Committee, be responsible to the director of the Executive Committee, report to him/her, and perform relevant duties according to his/her division of work.

The term of office of the members of the Executive Committee shall be the same as that of the Board and the members of the Executive Committee can be reappointed after the expiry of the term.

**Article 217** The Executive Committee of the Company shall mainly exercise the following functions and powers:

- (I) to consider major proposals to be submitted to the Board and the general meeting for consideration;
- (II) to consider and formulate the Company's business policies, development strategies, business plans, investment and financing plans and other major issues;
- (III) to consider and formulate the Company's annual financial budgets, final accounts, profit distribution plans, loss recovery plans and plans for the appointment and dismissal of accounting firms;
- (IV) to consider and formulate plans for the increase or reduction of the Company's registered capital, and plans for material acquisitions, asset restructuring, disposal of assets, transfer of property rights, acquisition of the Company's shares, merger, division, dissolution of the Company and its significant subsidiaries or change of corporate form;
- (V) to consider and formulate the allocation and use of large funds within the budget of the Company, the allocation and use of funds exceeding the budget, large donations and sponsorships and other large funds operation matters;
- (VI) to consider and formulate major investment projects of the Company;
- (VII) to consider and formulate plans for response and disposal of major risks in investment and financing business;
- (VIII) to consider and formulate proposals for amendments to the Articles of Association and the basic management system of the Company;
- (IX) to exercise other functions and powers according to relevant laws and regulations, rules and normative documents and granted by the Board.

Among them, items (V), (VI) and (VII) shall be submitted to the Board and/or the general meeting for consideration in accordance with the decision-making authority of the Board and the general meeting as stipulated in the listing rules and regulatory requirements.

**Article 218** The Executive Committee shall be convened and chaired by the director of the Executive Committee, and the deputy director may be entrusted by the director to convene and chair the meetings of the Executive Committee.

Members of the Executive Committee shall attend the meetings in person. If he/she cannot attend the meetings for any reason, he/she may appoint another member in writing to attend the meetings on his/her behalf. The chairman of the supervisory committee, the head of the discipline inspection team and other relevant personnel of the Company may attend the meeting.

**Article 219** The Executive Committee shall formulate the rules of procedure for the Executive Committee, which shall be implemented upon approval by the Board.

**Article 220** The Company shall have one general manager, who shall be nominated by the Chairman, and appointed or removed by the Board by a majority of Directors.

A Director may serve concurrently as general manager, deputy general manager or other senior management, but the number of the Directors who serve concurrent positions shall not exceed half of the Directors of the Company.

**Article 221** Fiduciary duties Directors prescribed in Article 162 of the Articles of Association and the obligations of diligence prescribed in Article 163 are also applicable to senior management.

**Article 222** Staff of the controlling shareholder of the Company who serve administrative positions other than Directors and supervisors of the controlling shareholder shall not serve as senior management of the Company. The senior management of the Company shall only be entitled to the salaries paid by the Company. The controlling shareholders shall not pay the salaries on behalf of the Company.

**Article 223** A general manager shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 224** The general manager shall be accountable to the Board, lead the management in operation planning, implementation monitoring and management strengthening, and exercise the following functions and powers:

- (I) to manage the business operations of the Company, implement the Board's resolutions, and report to the Board;
- (II) to implement the Company's annual business plans and investment plans;
- (III) to prepare the plan for the establishment of internal management of the Company;
- (IV) to prepare the plan of the basic management system of the Company;
- (V) to formulate the Company's specific rules;
- (VI) to propose to the Board to appoint or remove the deputy general manager, chief financial officer and other senior management members of the Company;
- (VII) to decide to appoint or remove management other than those appointed or removed by the Board; and
- (VIII) to exercise other functions and powers conferred in the Articles of Association and by the Board.



The senior management of the Company shall be liable to the implementation of culture construction, promote culture construction work, establish and adjust management structure of culture construction, and formulate ideas of culture construction and its management methods.

The senior management of the Company shall be liable to the implementation of money laundering risk management and the resolutions of the Board, promote the building of a money laundering risk management culture, establish and timely adjust the money laundering risk management organizational structure, formulate and adjust money laundering risk management strategies and implementation mechanism, review money laundering risk management policies and procedures, regularly report anti-money laundering work to the Board, timely report major money laundering risk events to the Board and the supervisory committee, organize the implementation of the anti-money laundering information system and data governance, organize the implementation of anti-money laundering performance evaluation and reward and punishment mechanism, and handle violations of anti-money laundering risk management policies and procedures as authorized by the Board.

**Article 225** The general manager shall attend the Board meeting, but the general manager who is not a Director has no voting rights at the Board meeting.

**Article 226** The general manager shall, as required by the Board, report to the Board signing and execution of major contracts and operating condition of the Company. The general manager must guarantee authenticity of the report.

**Article 227** Before formulating such matters related to employees' vital interests as wages, welfare, production safety, labor protection, labor insurance and removal (or dismissal), the general manager shall listen to opinions from the labor union and workers' representative assembly.

**Article 228** The general manager shall formulate relevant working rules, which shall come into effect upon approval by the Board.

The general manager's working rules includes the following contents:

- (I) the conditions and procedures to convene the general manager meeting and the personnel to attend the meeting;
- (II) specific duties and division of labor of the general manager and other senior management;
- (III) the rights to utilize the Company's funds and assets and to sign material contracts and the reporting system to the Board and the supervisory committee; and
- (IV) other matters that the Board considers necessary.

**Article 229** General Manager and senior management may resign before expiration of the term of office. Specific procedure and measures for resignation of general manager and other senior management shall be prescribed in the appointment contracts between the general manager, other senior management and the Company.

**Article 230** The Company shall have one chief compliance officer, who shall be the compliance officer as well as senior management of the Company, and appointed or removed by the Board. The appointment and removal of the chief compliance officer shall comply with Company Law, Securities Law and relevant regulations of CSRC. The chief compliance officer shall not concurrently hold positions which are in conflict with the duties of compliance management, and shall not be in charge of departments conflicting with the duties of compliance management.

Where the Board decides to employ the chief compliance officer, the biography and relevant certificates of the officer to be appointed should be submitted to the securities regulatory authorities at the place where the Company is registered, and the appointment of the chief compliance officer shall be subject to the approval from the securities regulatory authority at the place where the Company is registered.

When the Board removes a chief compliance officer prior to the expiry of his/her term of office, the Board shall have proper reasons and shall, within 10 working days prior to the date of relevant Board meeting, report reasons of the removal in writing to the securities regulatory authority at the place where the Company is registered.

The proper reasons as set out under the previous clause shall include the application made by the chief compliance officer, or change of chief compliance officer under the order of the securities regulatory authority at the place where the Company is registered, or there is evidence showing that such person is unable to perform normal duties or fails to be diligent and responsible, etc.

**Article 231** The main duties of the chief compliance officer are:

- (I) reviewing whether the internal system and regulations, major businesses, major decisions, new products and new business proposals of the Company comply with the requirements of the laws, administrative regulations and departmental rules, and issuing written compliance review opinion. In the event that the Company does not adopt the compliance review opinion of the chief compliance officer, the relevant matter shall be submitted to the Board for decision-making;

- (II) reporting promptly to both the Board and chief operating and managing officer upon discovery of the conduct of the Company violating the laws and regulations or of hidden risks of compliance, and presenting opinions to handle such conduct and hidden risks of compliance and supervising the rectification; supervising the Company to report to the securities regulatory authority at the place where the Company is registered in a timely manner at the same time; directly reporting to the securities regulatory authority at the place where the Company is registered in case of failure of timely reporting by the Company; in the case of involving violation of the normative and self-discipline rules of the industry, reporting to the relevant self-discipline organization as well;
- (III) organizing compliance training on senior management and employees of the Company so as to build compliance culture;
- (IV) providing compliance consulting for other departments and staff of the Company;
- (V) communicating and coordinating with the CSRC and industry self-discipline organizations; and
- (VI) exercising other functions and powers as stipulated by laws, regulations, department rules, normative documents or the Articles of Association.

In the event that he/she considers necessary, the chief compliance officer may engage external professional institutions or personnel to assist his/her work on behalf of the Company at the expense of the Company.

**Article 232** Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing his/her duties or violation of his/her fiduciary duties, the said senior management shall be liable to compensate the Company.

## **Chapter VIII The Supervisory Committee**

### **Section 1 Supervisors**

**Article 233** The positions of supervisors shall be assumed by shareholder representatives, employee representatives, external supervisors and independent supervisors.

**Article 234** Supervisors shall have expertise or experience in law, accounting or other requisite knowledge and experience.

**Article 235** Directors, general manager and other senior management and their direct relatives and major social connections shall not hold the position of supervisors concurrently.

**Article 236** A supervisor shall observe the law, administrative regulations and the Articles of Association, bear the obligations of honesty and diligence to the Company, and not to abuse their official powers to accept bribes or other unlawful income, and not to misappropriate the Company's property.

**Article 237** The term of office of a supervisor shall be three years. Non-employee representative supervisors shall be elected or replaced at the general meetings, employee representative supervisors shall be elected or removed democratically by employees of the Company at employee representatives' meetings, employees' meetings or in other forms. Supervisors may serve consecutively upon re-election.

The appointment and removal of the Supervisors of the Company shall be filed with the securities regulatory authorities under the State Council.

**Article 238** If a supervisor is not re-elected or resigns before the expiration of his/her term resulting in the supervisory committee members to be less than the requisite quorum, the leaving supervisor shall perform his/her duties as a supervisor in accordance with the laws, regulations and these Articles.

**Article 239** A supervisor shall ensure that the disclosure of the Company is true, accurate and complete, and sign written confirmation opinion on regular reports.

**Article 240** A supervisor shall not concurrently hold a position in other securities firms.

**Article 241** Supervisors have the right to know the operations of the Company vi a supervisory committee and shall undertake the confidentiality obligation accordingly.

**Article 242** The Company shall ensure the supervisors' right to know and shall provide necessary assistance to supervisors for their performance of duties. No one shall interfere with or obstruct supervisors' work.

The reasonable expenses required for performance of duties of supervisors shall be borne by the Company.

**Article 243** If any supervisor fails to attend meetings of the supervisory committee for two consecutive times, he shall be deemed as incapable of performing his duties, and shall be removed by the general meeting or the employees representatives' meeting.

**Article 244** A supervisor may resign before expiration of the term of office and the provisions on Directors' resignation in Chapter VI of the Articles of Association are applicable to supervisors.

**Article 245** A supervisor shall, in accordance with laws, administrative regulations and the Articles of Association, perform his/her supervisory duties honestly.

**Article 246** A supervisor shall not use his/her connection relations to damage the interests of the Company, and if any losses incurred to the Company, he/she shall be liable for compensation.

The Company shall sign a written contract with each of supervisors who shall at least make the following commitments in the contract: complying with and conforming to the provisions of the *Company Law*, the *Special Provisions* and the Articles of Association, agreeing that the Company will enjoy remedial measures provided in the Articles of Association and that this contract and his post shall not be assigned; complying with and performing the duties of supervisors to shareholders provided in the Articles of Association; complying with the arbitration clause in 19A.54 (3) of the *Hong Kong Listing Rules*.

**Article 247** If a supervisor causes any losses to the Company while performing his/her duties in violation of any laws, administrative regulations, department rules or the Articles of Association, he/she shall be liable to compensate the Company's loss.

## **Section 2 The Supervisory Committee**

**Article 248** The Company shall have a supervisory committee, consisting of nine Supervisors, not less than one-third of themselves of the supervisory committee shall be employee representative supervisors.

The supervisory committee shall have one chairman, who shall be appointed or removed by the affirmative votes of more than two-thirds of the members of the supervisory committee.

**Article 249** The supervisory committee of the Company shall be accountable to all the shareholders, and shall supervise the financial operations of the Company and the legality and compliance of the fulfillment of duties of the Company's Directors, general manager and other senior management to protect the legitimate rights and interests of the Company and its shareholders.

**Article 250** Personnel and structure of the supervisory committee shall ensure the supervisory committee being able to independently and effectively supervise and review Directors, general manager and other senior management as well as the Company's finance.

**Article 251** The supervisory committee shall exercise the following functions and powers:

- (I) to examine financial operations of the Company;
- (II) to supervise the work performance of the Directors and senior management, and propose dismissal of Directors and senior management who have violated laws, administrative rules, the Articles of Association or the resolutions of general meetings;

- (III) to require Directors and senior management to make corrections if their conduct has damaged the interests of the Company;
- (IV) to require the Board to make corrections when any resolution of the Board runs against the laws and administrative regulations or regulations of China Securities Regulatory Commission;
- (V) to review the financial reports and profit distribution schemes to be submitted by the Board to the general meetings; to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (VI) to assume supervision responsibility over money laundering risk management, supervise the performance of the Board and senior management in respect of performance and accountability on money laundering risk management and urge rectification, and make recommendations and suggestions on the Company's money laundering risk management;
- (VII) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (VIII) to propose motions to the general meeting;
- (IX) to coordinate with Directors on behalf of the Company or initiate legal proceedings against Directors and senior management in accordance with the laws;
- (X) to formulate remuneration plan and distribution plan for supervisors and submit specific reports on performance evaluation and remuneration of supervisors to the general meeting;
- (XI) to exercise other functions and powers as stipulated by laws, regulations, department rules, normative documents or the Articles of Association.

The supervisors may attend Board meetings and make inquiries or suggestions in relation to the resolutions of such meetings.

The Company shall bear all reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants, and practicing auditors by the supervisory committee to exercise its functions and powers.

**Article 252** Meetings of the supervisory committee shall be held at least once every six months, and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or does not fulfill the duty thereof for any reason, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the supervisory committee.

Supervisors may propose to convene a provisional meeting of the supervisory committee.

In general, the supervisory committee votes physically but in emergency case or due to force majeure or other special reasons a physical, video or telephone conference is not be able to be held and on the following conditions, voting by correspondence can also be adopted:

- (I) the number of proposal is low the issue is simple;
- (II) supervisors can fully express their opinions;
- (III) all the supervisors attending the meeting have no objection to voting by correspondence.

To convene the meeting of the supervisory committee voting by correspondence, the Company shall clearly write in the notice of the meeting such contents as details of proposal for review, time and manner to vote and ticket ballot of voting by correspondence. The ballot of voting by correspondence shall include at least the following contents: supervisor's name, proposal, voting result (for, against or abstain from voting).

At the meeting of the supervisory committee convened by correspondence, the supervisors attending shall at the voting time fax or scan the voting ballots and send it to specified address by email. The voting ballots prepared or filled not as required or filled by illegible handwriting or failing to be sent within specified time due to any other reasons shall be deemed to be invalid. The original ballots of voting by correspondence shall be sent by post, delivery in person or other means to the Company after the meeting.

**Article 253** The notice of meetings of supervisory committee shall be served to all the supervisors 10 days in advance, and the notice of provisional meetings of the supervisory committee shall be served to all the supervisors five days in advance. Notice of meetings shall be delivered by post, email or fax. Where a provisional meeting of the supervisory committee needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

The notice of meetings includes the following contents: the meeting date, place and duration, causes, matters for discussion and the date of sending out the notice.

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

**Article 254** Meetings of supervisory committee shall not be held unless over two-thirds of supervisors are present. Each supervisor shall have one vote. Resolutions made by the supervisory committee shall be approved by no less than two-thirds of the members of the supervisory committee.

**Article 255** Supervisors shall attend meetings of the supervisory committee in person. If any supervisor cannot attend the meeting for any reason, he/she may authorize another supervisor as his/her proxy.

Power of attorney shall contain the name of the proxy, authorized matters and scope of authority and period, and be signed or sealed by the principal. The proxy attending the meeting shall exercise the rights of supervisor within the scope of authority. The supervisor who fails to attend the meeting of the supervisory committee and does not entrust his representative either shall be deemed as a waiver of the right to vote in the meeting.

**Article 256** Voting on resolutions of the supervisory committee may be conducted by open ballot.

Minutes shall be recorded for meetings of the supervisory committee and shall be signed by the attending supervisors and the recorder. Minutes shall be true, accurate and complete records of the meeting process, the content of the resolution, speech and voting results of supervisors. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting.

The minutes of meetings of the supervisory committee shall be kept by the secretary to the Board as the Company's permanent record.

#### **Chapter IX Qualifications and Obligations of Directors, Supervisors, the General Manager and Other Senior Management Members**

**Article 257** In any of the following circumstances, a person shall not serve as Director, supervisor, general manager or other senior management of the Company:

- (I) without capacity or with limited capacity for civil conduct;
- (II) is sentenced due to taking graft or committing bribery, offences against property, disrupting socioeconomic order and has completed a term of imprisonment for less than five years, or is deprived of political rights due to offence and has completed a term of imprisonment for less than five years;
- (III) was ever the Director or manager of any company or enterprise which was bankrupted due to bad operation and was responsible for the bankruptcy of the said company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the said company or enterprise;



- (IV) was ever the legal representative of a company or an enterprise whose Business License was revoked due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of Business License of the said company or enterprise;
- (V) has large outstanding debts;
- (VI) was ever the officer-in-charge of a stock exchange or securities registration and clearing institution or Director, supervisor or senior management of a securities firm who was dismissed for any act against the law or relevant discipline, and it is less than five years since the said dismissal;
- (VII) was ever a lawyer, certified public accountant or a professional of other securities service institutions whose certified certificates or qualifications were revoked for any act against the law or relevant discipline, and it is less than five years since the said revocations of certificates or disqualifications;
- (VIII) was employee of stock exchange, securities registration and clearing institution, securities service provider or securities company and functionary of State organ discharged for violating the law or rules of discipline;
- (IX) was functionary of State organ, or other person prohibited by laws or administrative regulations from concurrently holding position in the Company;
- (X) was banned from the market by securities regulatory authority and has not been relieved of the ban;
- (XI) was given an administrative penalty by financial regulatory departments due to serious violation of laws or regulations, and it is less than three years since completion of execution of such penalty;
- (XII) has been less than three years from the day when the person's professional qualification is revoked by the China Securities Regulatory Commission;
- (XIII) has been less than two years from the day when such person is identified as unfit for a position by the China Securities Regulatory Commission;
- (XIV) is under investigation by the judiciary authority for violation of the criminal law;
- (XV) is disqualified as corporate leader in laws and regulations;
- (XVI) is not a natural person;
- (XVII) was ruled by the relevant regulatory authority that he/she has violated the relevant securities regulations and committed any fraudulent or dishonest act, and such ruling was made less than five years ago; and

(XVIII) other circumstances as stipulated in laws, regulations, or the listing rules at the place where the Company's shares are listed.

Any election, appointment of Directors, supervisors, or appointment of general manager or other senior management in violation of the above provisions shall be invalid. The Company shall remove the Director, supervisor, general manager and other senior management if he is involved in the said circumstances during his term of office.

**Article 258** The validity of an act of a Director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 259** Save as otherwise specified by laws, administrative regulations and provisions of the securities regulatory authority at the place where the Company's shares are listed, the Directors, supervisors, the general manager and other senior management, in fulfilling duties, shall also bear the following obligations to each of the shareholders:

- (I) not allowing the Company exceed its business scope prescribed by the business license;
- (II) to sincerely act for the best interest of the Company;
- (III) not misappropriating the property of the Company in any way, including (but not limited to) the opportunities that are favorable to the Company;
- (IV) not depriving the rights and interests of the shareholders, including (but not limited to) the distribution and voting rights, and excluding the restructuring of the Company adopted by the general meeting according to the Articles of Association.

At the same time, the Company's Directors shall perform the fiduciary duties and in diligence in accordance with Article 162 and 163 of the Articles of Association.

**Article 260** When the Directors, supervisors, the general manager and other senior management exercise their rights or fulfill their obligations, all of them have the responsibility to act with carefulness, diligence and skills as a reasonably prudent person.

**Article 261** In fulfilling duties, the Directors, supervisors, the general manager and other senior management shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) the following obligations:

- (I) to sincerely act in the best interest of the Company;
- (II) to exercise their rights within their terms of reference;

- (III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;
- (IV) to be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (V) not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;
- (VI) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a general meeting;
- (VII) not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a general meeting;
- (IX) to observe the Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;
- (X) not to compete with the Company in any form without the informed consent of shareholders given at a general meeting;
- (XI) not to appropriate the monies of the Company or lend the same to others, not to deposit the Company's assets in the accounts of their own or others, and not to use the Company's assets as security for the personal debts of the shareholders of the Company or others;
- (XII) without the informed consent of the shareholders at a general meeting, not to disclose any confidential information related to the Company acquired by them during the term of their office; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:
  - 1. as required by law;
  - 2. as required in the interests of the public;
  - 3. as required for the interests of the said Directors, supervisors, the general manager and other senior management.

**Article 262** The Directors, supervisors, the general manager and other senior management shall not procure the following persons or parties (“related persons”) to conduct any actions that Directors, supervisors, the general manager and other senior management are prohibited from:

- (I) the spouse or minor children of Directors, supervisors, the general manager and other senior management;
- (II) a trustee of Directors, supervisors, the general manager and other senior management or the persons mentioned in the subparagraph (I) of this article;
- (III) a partner of Directors, supervisors, the general manager and other senior management or the persons mentioned in subparagraph (I) and (II) of this article;
- (IV) a company in which such Directors, supervisors, the general manager and other senior management alone or jointly with one or more persons mentioned in subparagraph (I), (II) and (III) of this article or with any of other directors, supervisors, general manager and other senior management of the Company, have de facto control;
- (V) Directors, supervisors, the general manager and other senior management of the controlled companies mentioned in subparagraph (IV) of this article.

**Article 263** The fiduciary duties of Directors, supervisors, the general manager and other senior management shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the Director and the Company was terminated.

**Article 264** The responsibilities of Directors, supervisors, the general manager and other senior management due to violation of certain obligation shall be relieved by the informed consent general meeting, save as the cases provided in Article 71 of the Articles of Association.

**Article 265** If Directors, supervisors, the general manager and other senior management of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or proposed contract, transaction or arrangement the Company (other than appointment contract between the Company and Directors, supervisors, the general manager and other senior management with the Company), they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board under normal circumstances.

Unless the interested Directors, supervisors, general manager and other senior management disclosed his/her interest to the Board in accordance with the preceding paragraph of this article, and the Board approved it in the meeting in which such Directors, supervisors, general manager or any other senior management of the Company was not counted in the quorum and has abstained from voting, the Company shall be entitled to revoke the contract, transaction or arrangement except the counterparty is a bona fide party acting without notice of branch of the obligations of Directors, supervisors, the general manager and other senior management.

Where related parties of Directors, supervisors, the general manager and other senior management have interest in a contract, transaction and arrangement, Directors, supervisors, the general manager and other senior management shall also be considered as the interested party.

**Article 266** If Directors, supervisors, the general manager and other senior management notify the Board in writing before the Company considers to conclude a contract, a transaction and an arrangement for the first time and state that he will have interest in the expected contract, transaction and arrangement, the relevant Directors, supervisors, the general manager and other senior management shall be considered having made the disclosure provided in preceding article to the extent as specified in the notice.

**Article 267** The Company shall not pay taxes for its Directors, supervisors, the general manager and other senior management by any means.

**Article 268** The Company shall not directly or indirectly provide loan or guarantee to the Directors, supervisors, the general manager and other senior management of the Company or its parent company, or to the related parties of the aforesaid. Except when:

The preceding paragraph shall not apply to the following circumstances:

- (I) the Company provides loan or guarantee for its subsidiaries;
- (II) the Company, in accordance with the employment agreements approved by the general meeting, provides loan, guarantee or other funds to the Directors, supervisors, the general manager and other senior management of the Company so that they may pay the expenses incurred for the Company or in the course of performing their duties;
- (III) If the normal business scope of the Company includes provision of loan and guarantee, the Company may provide loan and guarantee to the relevant Directors, supervisors, the general manager and other senior management and their related parties, but the conditions for providing loan or guarantee shall be on normal commercial terms.

**Article 269** If the Company provides loan in violation of the preceding article, the recipient of the loan shall be repaid immediately regardless of conditions of loan.

**Article 270** The Company shall not be forced to carry out the guarantee if it is in violation of Clause I of Article 268 of the Articles of Association, except for the following conditions:

- (I) where the lender is not aware of the cases when providing the loans to the Directors, supervisors, the general manager and other senior management of the Company or its parent company;
- (II) where the collateral provided by the Company has been legally sold to bona fide purchasers by the lender.

**Article 271** The guarantees mentioned in the preceding article include the acts that the guarantor takes the responsibility or provides the property to ensure the fulfillment of the obligations of the obligor.

**Article 272** If the Directors, supervisors, the general manager or other senior management fail to fulfill the obligations to the Company, the Company shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) require the Directors, supervisors, the general manager or other senior management to compensate the Company for the losses as a result of their negligence;
- (II) rescind the contracts or transactions entered into between the Company and the Directors, supervisors, the general manager or other senior management of the Company, or between the Company and a third person (if the third person knows or is supposed to know that the Directors, supervisors, the general manager or other senior management representing the Company have breached their obligations to the Company);
- (III) require the relevant Directors, supervisors, the general manager or other senior management to surrender gains arising from breach of obligations;
- (IV) recover any money, including (but not limited to) commissions, received by the relevant Directors, supervisors, the general manager or other senior management which should have been received by the Company;
- (V) require the relevant Directors, supervisors, the general manager or other senior management to surrender interests earned or likely to be earned on the money that should have been paid to the Company.

**Article 273** The Company shall enter into written agreements with Directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The foregoing remuneration includes the following items:

- (I) remuneration of the Directors, supervisors or other senior management;
- (II) remuneration of the Directors, supervisors or other senior management of the Company's subsidiaries;
- (III) remuneration of other services offered to the Company and its subsidiaries;
- (IV) compensation for removal or for retirement of the Directors or supervisors.

Save as in accordance with the aforementioned agreements, the Directors, supervisors shall not sue the Company for their own benefits due to the foregoing matters.

**Article 274** The Company shall specify in the contracts entered into with the Directors or supervisors in relation to remunerations that if the Company is acquired, the Directors or supervisors shall be entitled to seek compensations or other money for losing their positions or for retirement under the conditions approved at the general meeting. The acquisition of the Company mentioned in the preceding paragraph refers to one of the following conditions:

- (I) a tender offer to all shareholders;
- (II) a tender offer with an aim of making the offeror a controlling shareholder.

If the relevant Directors and supervisors violate these Articles, any funds they received shall attributable to the persons who accept the offer aforementioned, and the fees arising from distributing such funds in proportion shall be paid by the Directors and supervisors and shall not be deducted from such funds.

## **Chapter X Financial and Accounting Systems, Profit Distribution and Audit**

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

**Article 275** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and China Accounting Standards formulated by the financial authority under the State Council.

**Article 276** The financial statements of the Company shall be prepared in accordance with China Accounting Standards and regulations.

**Article 277** The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the China Accounting Standards and regulations.

**Article 278** The Company shall fulfill its obligation of disclosure in accordance with the requirements of regulatory authority and prepare its annual and interim financial reports in accordance with relevant laws, administrative regulations and department rules. An annual financial report of the Company shall at least include balance sheet, profit statement, cash flow statement, statement of changes in owners' equity and notes; an interim financial report of the Company shall at least include balance sheet, profit statement, cash flow statement and notes.

**Article 279** The Company shall publish two financial reports in each financial year, i.e. interim financial report published within 60 days after the end of the first six months of the financial year and the annual financial report published within 120 days after the end of the financial year.

**Article 280** The Company shall prepare its financial and accounting report at the end of each financial year, which shall be reviewed and verified in accordance with the law.

**Article 281** The Board shall, at each annual general meeting, submit to the shareholders the normative documents promulgated by relevant laws, administrative regulations, local governments and competent authorities, and the financial reports which shall be prepared by the Company as required by securities supervisory regulations at the place where shares of the Company are listed.

**Article 282** The financial report of the Company shall be available at the Company's premises for shareholders' inspection 20 days before the date of annual general meeting. Each shareholders of the Company shall have the right to obtain the financial report mentioned in this chapter.

The Company shall at least post the copy of financial report and balance sheet (including each file shall be included as appendix for the balance sheet as specified by applicable law) as well as income statement, statement of income and expenditure or summary financial report to each shareholders of the overseas listed foreign shares by prepaid mail 21 days prior to the annual general meeting, and the addresses of recipient shall be the addresses appear on the register of shareholders.

**Article 283** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 284** The Company shall submit its financial and accounting report and relevant statistical report to the securities regulatory authorities of the State Council and tax and financial administrative departments, and promptly report major business activities, in accordance with relevant provisions.



## Section 2 Profit Distribution

**Article 285** The capital reserve shall consist of the following:

- (I) the premium on shares issued on premium;
- (II) other incomes to be allocated to the capital reserve as stipulated by the finance authority under the State Council.

**Article 286** Save as otherwise stipulated by the State, the Company shall distribute its after-tax profit of each financial year in the order of:

- (I) recovering losses of the preceding year;
- (II) contributing 10% of after-tax profit each to general risk reserves and trading risk reserves;
- (III) contributing 10% of after-tax profit to statutory surplus reserve;
- (IV) contributing to other funds in accordance with laws, regulations, department rules and Articles of Association; and
- (V) distributing dividends to shareholders.

When the general risk reserves has accumulated to at least 50% of the registered capital of the Company, the company may cease to make any further contribution.

When the statutory surplus reserve has accumulated to at least 50% of the registered capital of the Company, the company may cease to make any further contribution.

If the general meeting, in violation of the provision, distributes profits to shareholders before recovering losses and contributing to statutory surplus reserve, the profits thus distributed shall be returned to the Company.

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

**Article 287** After contributing to general risk reserves, trading risk reserves and statutory surplus reserve from its after-tax profit, the general meeting decides whether the discretionary surplus reserve shall be taken.

**Article 288** Profit cannot be distributed to the shareholders before recovering losses of the Company and taking out general risk reserves, trading risk reserves, statutory common reserve fund and other funds specified by the Articles of Association.

**Article 289** The surplus reserve of the Company shall be used to recover losses of the Company, expand the Company's production and operation, or to be converted into the Company's increase in share capital. But capital reserve will not be used to recover losses of the Company.

When the general meeting resolves to convert the surplus reserve into share capital, new shares shall be distributed to the shareholders on pro rata basis. However, upon conversion of statutory surplus reserve into share capital, the amount remaining in the statutory surplus reserve may not fall below 25 percent of the registered capital.

**Article 290** After the general meeting makes a resolution on profit distribution plans, the Board of Directors shall complete distribution of dividend (or share) within two months after such general meeting.

**Article 291** The Company may distribute dividends in cash or in shares. The Company shall emphasize on the reasonable investment returns to investors in its profit distribution and shall keep its profit distribution policies consistent and stable.

Cash dividends and other money paid by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other money paid by the Company to holders of overseas listed foreign shares shall be stated and announced in RMB and paid in foreign currency. Foreign currency needed by the Company to pay cash dividends and other money to holders of overseas listed foreign shares shall be obtained pursuant to relevant State regulations on foreign exchange.

Amount paid for any shares before date of the call shall bear interests, but the holders of shares are not entitled to dividends on such pre-paid share capital before the date of the call. Regarding shareholders' collection of dividends, the Company shall be entitled to confiscate unclaimed dividend; however, such right shall not be exercised before the expiry of relevant applicable limitation period.

The Company's power to cease sending dividend warrants to holders of overseas listed foreign shares by post will not be exercised until such dividend warrants had been so left uncashed on two consecutive occasions. Such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

The Company is entitled to, as permitted by the law, sell the shares held by shareholders who are untraceable, where: (1) dividends are allocated for at least three times to such shares within a period of 12 years, but no shareholder has claimed any dividends; and (2) upon expiry of the 12 year period, the Company makes an announcement in newspapers and periodicals stating the intent to sell the shares, and notifies the Hong Kong Stock Exchange of such intent.

**Article 292** The Company shall appoint receiving agents for holders of overseas listed foreign shares. The receiving agents shall, on behalf of the related shareholders, receive dividends and other payables distributed by the Company for the overseas listed foreign shares.

The receiving agents appointed by the Company shall be in line with the law at the place where the Company's shares are listed or the requirements of the relevant provisions of stock exchange.

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

**Article 293** The Company shall fully consider and listen to the opinions of shareholders (especially minority shareholders) and independent Directors, and shall adhere to cash dividend as its primary method of profit distribution. In the absence of significant investment plan, significant cash outlay or any other matters that prohibit profit distribution in accordance with relevant laws, regulations and regulatory documents, the profit distributed by cash dividend each year shall be no less than 20% of the distributable profit realized for that year.

Significant investment plan and significant cash outlay refer to one of the following:

1. The cumulative costs of intended external investment and acquisition of assets in the next 12 months meet or exceed 20% of the latest audited net assets of the Company,
2. The cumulative costs of intended external investment and acquisition of assets in the next 12 months meet or exceed 10% of the latest audited total assets of the Company;

The Company may distribute interim profits.

**Article 294** The formulation and amendment of the profit distribution plan of the Company shall be proposed by the Board at the general meeting of the Company. The Board shall fully engage independent Directors during the thorough discussion of the profit distribution plan. The profit distribution plan shall be formulated on the basis of sustainable, stable and reasonable returns to the shareholders.

The Board shall, taking into consideration factors such as industry characteristics, the Company's development stage, business operation model, profitability level and whether there are significant capital expenditure arrangements, develop differentiated cash dividend policies to be applicable in the following different situations:

- (I) Where the Company is at a sophisticated stage of development and has no significant capital expenditure arrangements, the cash dividend payout ratio in the profit distribution shall reach a minimum of 80%;
- (II) Where the Company is at a sophisticated stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 40%; and

- (III) Where the Company is at a growth stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 20%.

Where the Company's development stage is difficult to be defined but the Company has any significant capital expenditure arrangement, the preceding provisions may still be followed. In addition to cash dividend distribution, the Company may also distribute its profits by way of stock dividend. However, in the event that no cash dividend is made by the Company during that year, profits shall not be distributed by way of stock dividend alone.

The Board may propose to amend the profit distribution plan if material changes occur in the Company's external operating environment or the existing profit distribution plan affects the sustainable development of the Company. The profit distribution plan proposed by the Board shall be based on the interests of the shareholders and focused on the protection of investors' interests, the reasons for such amendments shall be specified in the proposal submitted to the general meeting. The revised profit distribution plan shall not violate relevant provisions of the CSRC and the stock exchange where the shares of the Company are listed.

The profit distribution plan formulated and amended by the Board shall obtain approval by voting from a simple majority of the Board as well as more than half of the independent Directors. The independent Directors shall express their independent opinions on the formulation or amendment of the profit distribution plan.

The formulation and amendment of the profit distribution plan of the Company shall be submitted to the general meeting of the Company for consideration and shall obtain approval by voting from more than two-thirds of voting rights held by the shareholders present thereat. In considering such proposal at the general meeting, the Board shall fully listen to the opinions of shareholders (especially minority shareholders). In addition to voting in person at the meeting, shareholders shall be supported by and provided with an online voting system.

Independent Directors of the Company may solicit voting rights from public shareholders of the Company prior to the general meeting. The independent Directors shall exercise above duties and power upon obtaining approval from more than half of all the independent Directors.

**Article 295** The Board shall, in the light of specific operating data of the Company, the profit margin, the cash flow position, the development stage and the current capital requirements, take into consideration of the opinions of shareholders (especially minority shareholders) and independent Directors, while conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends, conditions of adjustment as well as decision-making procedures, to propose the annual or interim profit distribution plan. Independent Directors shall express specific opinions on these matters.

The profit distribution plan proposed by the Board shall be approved by a simple majority of the and more than half of the independent Directors.

The resolution of the profit distribution plan proposed at the general meeting of the Company shall be approved by more than half of voting rights held by the shareholders present thereat. When the profit distribution plan is being considered by the general meeting, the Company shall take initiatives to communicate and exchange views with shareholders (especially minority shareholders) by various means to gather their opinions and demands and shall promptly answer issues of their concerns.

**Article 296** The Company shall give full consideration to the provisions of regulatory authorities on the risk control indicators such as the net capital and liquidity in formulating the dividend distribution plan. In the event that cash distribution of dividends causes risk control indicators of the Company to reach the warning levels, the Company may adjust the dividend ratio.

**Article 297** The secretary to the Board shall be responsible for the disclosure of information of the matters related to the profit distribution of the Company.

The Company shall disclose in detail the formulation and implementation of the cash dividend distribution policy in the regular reports and state whether or not it is consistent with the requirements of the Articles of Association or the requirements of the general meeting, whether or not the criteria and proportions of dividends are definite and clear, whether or not the relevant decision-making procedures and mechanisms are complete, whether or not the independent Directors have fulfilled their responsibilities and duties, whether or not the minority shareholders have the opportunity to fully express their views and demands, whether or not the legitimate rights and interests of minority shareholders are fully protected. In the event that adjustments or changes are made to the cash dividend distribution policy, whether or not the details of the conditions and procedures of such adjustment or changes are legitimate and transparent shall also be specified.

### **Section 3 Audit**

**Article 298** The Company maintains internal audit system.

**Article 299** The internal audit department shall be independent from various business departments and branches, independently implement its functions of supervision and examination such as compliance review, financial auditing, business auditing and risk control, and be responsible for proposing suggestions for improving internal control system and urging relevant responsible units to make improvement in time. The internal audit department shall be accountable to the Board of the Company and shall report the building and implementation of the Company's internal control to the supervisory committee and senior management.

**Article 300** A responsibility management system shall apply for the internal auditing.

**Article 301** No departments or personnel of the Company shall refuse, obstruct or damage internal audit, and those who attack, revenge on or frame up auditors shall be severely punished.

**Article 302** Any internal auditors who abuses his/her power, corrupts for personal interests or neglects his/her duty shall be liable, anyone with exceeding performance in the internal audit shall be give appropriate recognition and reward.

**Article 303** The internal audit system and duties of the auditors shall be subject to the approval of the Board. The officer in charge of internal audit shall be accountable to the Board and report his work to the same.

## **Chapter XI Appointment of Accounting Firm**

**Article 304** The Company shall appoint a qualified independent accounting firm which is qualified under relevant stipulations of the State to audit the annual financial reports and other financial reports of the Company.

**Article 305** The term of appointment of the accounting firm for the Company shall be from conclusion of one annual general meeting to conclusion of the next annual general meeting.

**Article 306** The accounting firm appointed by the Company shall have the following rights:

- (I) to access the account books, records and vouchers, and to ask Directors, general manager or other senior management to provide relevant documents and explanations;
- (II) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (III) to be present at general meetings, get notice of general meeting or other information relating to general meetings, and speak at general meetings concerning its role as the accounting firm of the Company.

**Article 307** If there is any vacancy in the position of the Company's accounting firm, the Board shall appoint an accounting firm to fill the vacancy prior to the convening of the general meeting. During period of vacancy, any other accounting firms engaged by the Company, may continue to act.

**Article 308** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, by an ordinary resolution, remove such accounting firm before expiry of the term thereof. Any rights claimed by the accounting firm against the Company shall not be affected.

**Article 309** The remunerations of the accounting firm and payment method shall be decided the general meeting. The remunerations of the accounting firm appointed by the Board shall be determined by the Board.

**Article 310** Appointment, removal or non-retention of the accounting firm shall be subject to decision at the general meeting and shall be filed with the securities regulatory authority under the State Council.

To adopt a resolution, where the general meeting appoints another accounting firm to fill any vacancy, or continues to appoint an accounting firm which is employed to fill in any vacancy or remove an accounting firm before the expiry of its term of office, it shall comply with the followings:

- (I) The proposal on appointment or removal shall be sent to the accounting firm that is to be appointed, removed or has been removed in the financial year prior to the issuance of notice of general meeting.

The leaving of an accounting firm may refer to the removal, resignation or retirement of such firm.

- (II) In case the leaving accounting firm makes a written statement and requests the Company to notify the shareholders about the statement, the Company shall take the following measures unless it is too late when the Company receives the written statement:
  - 1. explaining the statement was made by the leaving accounting firm on the notice for resolution;
  - 2. sending the duplicate of statement as attachment of notice to shareholders by the way specified by the Articles of Association.
- (III) if the Company fails to send the statement of accounting firm according to the provisions described in subparagraph (II), the public accounting firm may request to read the statement at the general meeting and can further make a complaint.
- (IV) the leaving accounting firms have the right to attend the following meetings:
  - 1. the general meeting that the term shall expire;
  - 2. the general meeting which is convened because of the existence of vacancy due to its removal;

3. the general meeting which is convened because it took the initiative to resign.

The leaving accounting firm shall have the right to receive all the notice of meeting as mentioned above or other information related to the meeting and speak if the subject matter is related to it being the Company's former accounting firm in the meeting as mentioned above.

**Article 311** Where the Company removes or does not continue appointing the accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall be entitled to state its opinions to the general meeting. Where the accounting firm tenders its resignation, they shall state to the general meeting whether the Company has anything inappropriate.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The notice shall enter into effect from the date that it is placed at in the legal address of the Company or later date indicated in the notice. The notice shall include the following statements:

1. its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
2. any information is to be disclosed.

Within 14 days from the date of receipt of written notice referred to in the preceding paragraph, the Company shall send the copy of notice to relevant competent authority. In case of the notice containing the statement mentioned in subparagraph (2) of the preceding paragraph, copy of statement shall be available at the Company's premises for shareholders' review. In addition, the Company shall distribute copies of statement as mentioned above to each shareholders of the overseas listed foreign shares by mail postage paid, and the addresses of recipient is subject to address of register of shareholders.

If the notice of resignation of the accounting firm contains a statement that any information is to be disclosed, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation about the resignation.

## **Chapter XII Notice and Announcement**

**Article 312** The notice of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by e-mail;



(IV) by fax;

(V) by announcement on the website designated by the Company and stock exchanges in accordance with laws, regulations and the listing rules at the location where the Company's shares are listed;

(VI) by announcement;

(VII) by other means agreed before between the Company and the recipient or approved by the recipient, by other means approved by the regulatory authority at the place where the Company's shares are listed or specified in the Articles of Association.

**Article 313** Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once it is published. Where there are regulations specified by the regulatory authority at the place where the Company's shares are listed, the relevant regulations shall prevail.

Any notice sent by the Company to the holders of overseas listed foreign shares, if sent by announcement, shall be submitted in electronic form to the Hong Kong Stock Exchange for immediate release through the electronic publication system of the Hong Kong Stock Exchange on the same date according to local listing rules, so as to be published on the websites of the Hong Kong Stock Exchange and the Company. In addition, the aforesaid notice shall be sent by personal delivery or prepaid mail to the registered addresses in the register of holders of overseas listed foreign shares according to rules of listing place, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.

The holders of overseas listed foreign shares of the Company may obtain in written form (by e-mail or by post) the information about the Company that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The holders of overseas listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant version thereof according to proper procedures.

In case the Directors and the shareholders need to prove that the notice, documents, data, or written statement have been sent to the Company, the evidence that relevant notice, document, data, or written statement have been sent to correct address by the usual way or prepaid mail within a specified time has to be provided.

Although the Company is required to provide written information to shareholders according to the preceding paragraph, if the Company has obtained the shareholders' prior written consent or implied consent according to relevant laws and regulations and the Hong Kong Listing Rules amended from time to time, it may send information to shareholders by e-mail or via publication on the website of the Company. The information includes, but is not limited to: (i) circulars, annual reports, interim reports, quarterly reports, notice of general meeting and other information listed in the *Hong Kong Listing Rules*. Report of the Board along with balance sheet (including each file which is specified by applicable law to be inserted as appendix in balance sheet), income statement, statement of income and expenditure or (ii) summary financial report, shall be handed over or delivered to the registered address of each shareholder by post at least 21 days prior to the convening of the general meeting.

Where the notice is sent by personal delivery, it shall be signed (or sealed) in the return of service, the date of receipt by the person on whom to be serviced shall be the date of service; where the notice is sent by post, the second working days starting from the date of delivering and paying at the post office shall be the date of service; where the notice is sent by public announcement, the first publishing date of announcement shall be the date of service.

For shareholders who fail to provide his registered address or unable to be contacted due to errors or omissions of addresses, as long as relevant notices are presented and maintained at the legal address of the Company for 24 hours, such shareholders shall be deemed to have received such notice.

**Article 314** The Company shall issue announcements and disclose information to the holders of domestic shares through the newspapers and periodicals and websites for disclosure designated by laws and regulations or CSRC. If the Company is required to issue announcements to the holders of overseas listed foreign shares according to the Articles of Association, relevant announcements shall also be published by means specified in the Hong Kong Listing Rules.

## **Chapter XIII Merger, Division, Dissolution and Liquidation**

### **Section 1 Merger and Division**

**Article 315** In respect of the merger or division of the Company, the Board of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Any shareholder objecting to merger or division of the Company shall be entitled to require the Company or the shareholders approving merger or division of the Company to buy his shares at a fair price. The content of merger or division resolutions shall be regarded as special files for shareholders' reference.

With regard to shareholders of the overseas listed foreign shares of the Company listed in Hong Kong, documents as mentioned above shall be delivered by mail.

**Article 316** The Company may be merged and divided in accordance with the laws.

Companies may be merged by acquisition or consolidation. One company absorbing another company is merger by acquisition, and the Company being absorbed shall be dissolved. Merger of two or more Companies through establishment of a new company is consolidation, and the companies being consolidated shall be dissolved.

**Article 317** If the Company is to undergo merger or division, it shall be conducted according to the following procedures:

- (I) the merger or division plan is prepared by the Board;
- (II) the general meeting resolves in accordance to the Articles of Association;
- (III) the merger or division agreement is signed by the parties;
- (IV) the examination and approval procedure is carried out in accordance the laws;
- (V) disposing of credits and debits related to the merger or division matters;
- (VI) cancellation of registration and registration of change is carried out.

**Article 318** In the event of merger or division of the Company, the parties concerned shall conclude a merger or division agreement and prepare balance sheets and property inventories. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper within 30 days after the date of the Company's merger or division resolution.

**Article 319** The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

**Article 320** The assets, credits and debts of the parties to the merger or division shall be specified in contracts.

The credits and debts of the Company after merger shall be inherited by the company subsisting after merger or by the newly established company.

Where the Company is divided, its properties shall be divided accordingly. The companies after division shall bear joint liability for the debts of the Company before division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 321** Change in registered particulars arising from merger or division of the Company shall be registered with the company registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

## **Section 2 Dissolution and Liquidation**

**Article 322** In any of the following circumstances, the Company shall be dissolved and liquidated according to law upon approval by securities regulatory authorities of the state:

- (I) Circumstance for dissolution specified in the Articles of Association arises;
- (II) The general meeting have resolved to dissolve the Company;
- (III) Merger or division of the Company entails dissolution;
- (IV) The business license is revoked according to law, or the Company is ordered to close or is cancelled;
- (V) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10.0% of the total voting rights of the Company may request the People's Court to dissolve the Company according to law;
- (VI) The Company is declared bankrupt according to law because it is unable to pay its debts as they fall due.

**Article 323** In the circumstance set out in the preceding article subparagraph (I), the Company may continue to subsist by amending the Articles of Association.

An amendment to the Articles of Association according to the provisions as mentioned in the preceding paragraph requires affirmative votes by at least two-thirds of the votes held by shareholders attending the general meeting.

**Article 324** If the Company is dissolved pursuant to subparagraph (I), (II), (IV) or (V) of Article 322 hereof, it shall establish a liquidation committee within 15 days after the dissolution circumstance arises. The liquidation committee shall comprise members determined by the Directors or the general meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.

Where relevant laws and regulations provide special regulations on dissolution and liquidation, it shall be carried out according to the relevant provisions.

**Article 325** Upon establishment of the liquidation committee, the powers of the Board and general manager shall cease forthwith. The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation.

**Article 326** If the Board decides the Company is to be liquidated (except for the Company to be liquidated as a result of bankruptcy), it shall state that the Board has made a comprehensive investigation on the condition of company and think that the Company can settle all the debts within twelve months after the start of the liquidation in the notice of the general meeting.

After it is resolved that the Company is to be liquidated at the general meeting, the authority of the Board shall be terminated immediately.

The liquidation committee shall observe the instructions of the general meeting, report the income and expenditure of liquidation committee, the business of the Company and the progress liquidation to the general meeting at least once a year, and make final report to the general meeting at the end of the liquidation.

**Article 327** The liquidation committee shall exercise the following functions and powers:

- (I) To examine and take possession of the Company's assets and prepare the balance sheet and a property inventory;
- (II) To inform creditors by notice or announcement;
- (III) To deal with the outstanding businesses of the Company relating to liquidation;
- (IV) To pay outstanding taxes and the taxes arising during liquidation;
- (V) To settle claims and debts;
- (VI) To dispose of the remaining assets of the Company after repayment of debts;
- (VII) To represent the Company in civil proceedings.

**Article 328** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days.

**Article 329** The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice. The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 330** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant competent authority and People's Court for confirmation.

**Article 331** The assets of the Company shall be settled in the following order:

- (I) payment of the liquidating expenses;
- (II) payment of the employees' salaries, social insurance expenses and statutory compensations;
- (III) payment of outstanding taxes;
- (IV) payment of the Company debts.

The Company shall distribute the properties of the Company remaining after payments have been made in accordance with the previous paragraph in proportion to the shares held by the shareholders.

In the liquidation period, the Company cannot conduct new business.

**Article 332** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt. Following a ruling by the People's Court that the Company is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

**Article 333** After completion of liquidation of the Company, the liquidation committee shall prepare liquidation reports, income and expenditure statements and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the general meeting or the relevant competent authority and People's Court for confirmation.

The liquidation committee shall, within 30 days after obtaining confirmation from the general meeting or relevant competent authority and People's Court, cancel registration of the Company with the company registration authority and announce termination of the Company.

**Article 334** Members of the liquidating committee shall honestly perform their duties, carry out their liquidating obligations in accordance with the laws, and cannot abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Company's property. A committee member who causes loss to the Company or its creditors due to his intentional misconduct or gross negligence shall be liable for damages.

**Article 335** Where the Company is declared bankrupt in accordance with laws, it shall implement bankruptcy liquidation according to the relevant laws in relation to bankruptcy of enterprises.

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

**Article 336** The Company may amend the Articles of Association pursuant to laws, administrative regulations and Articles of Association.

**Article 337** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to Company Law or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (II) The Company's conditions have changed, and such change is not covered in the Articles of Association;
- (III) The general meeting has resolved to amend the Articles of Association.

**Article 338** If the amendment approved by the general meeting to Articles of Association involves any content of Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the said amendment shall be subject to approval by the securities regulatory authority; other matters shall be submitted to the securities regulatory authority of the State for examination and approval or recording where necessary; if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.

**Article 339** The Board may amend the Articles of Association in accordance with amendment approved by the general meeting to Articles of Association and examination and opinions of the relevant departments.

**Article 340** The matters on the amendment of Articles of Association belongs to disclosure of information required by laws or administrative regulations, it shall be announced according to the stipulations.

## Chapter XV Settlement of Disputes

**Article 341** The Company complies with the rules of the following dispute settlements;

- (I) In the event of any dispute or claim between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a Director, a supervisor, the general manager or other senior management, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, Directors, supervisors, the general manager, or other senior management.

Disputes relating to definition of shareholders and shareholders' register may be settled other than through arbitration.

- (II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral institution selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

- (III) The laws of the PRC shall be applicable if a dispute or claim mentioned in the subparagraph (I) is resolved through arbitration, except as otherwise provided for by laws or administrative regulations.
- (IV) The arbitration award made by the arbitral institution shall be final and binding on both parties.



## Chapter XVI Supplementary Provisions

### Article 342 Definitions

- (I) the term “controlling shareholders” shall refer to a person that satisfies any of the following conditions:
1. he/she, acting alone or in concert with others, has the power to elect more than half of the total number of Directors;
  2. he/she, acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of the Company’s voting rights;
  3. he/she, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or
  4. he/she, acting alone or in concert with others, controls the Company in any other manner in fact.
- (II) an “actual controller” refers to anyone who is not a shareholder but is able to hold control of the acts of the Company by means of investment relations, agreements or any other arrangements.
- (III) “connected relation” refers to the relationship between the controlling shareholders, effective controllers, Directors, supervisors, or senior management and the enterprise directly or indirectly controlled by him and any other relationship that may lead to the transfer of any interest of the Company. However, the enterprises controlled by the State do not incur a connected relation simply because their shares are controlled by the state.
- (IV) Date of Registration

Although other stipulations provided in the corresponding terms, the Company or the Directors can decide on the registration date to:

1. determine the shareholders who have the right to accept any dividend, distribution, distribution, or issuance;
2. determine the shareholders who have the right to accept notice of the general meeting or exercise the right to vote in the general meeting.

**Article 343** Regulations of the Articles of Association may be formulated by the Board in accordance with the provisions of the Articles of Association. The Regulations of the Articles of Association cannot contravene the provisions of the Articles of Association.

**Article 344** The Articles of Association is written in Chinese, in case of any discrepancy between versions in any other languages and different versions, the Chinese version upon the latest approval and registration of Henan Administration for Market Regulation shall prevail. In case of any discrepancy between the Chinese version and versions in any other languages, the Chinese version shall prevail.

**Article 345** The terms “above”, “within”, “following”, as stated in the Articles of Association shall all include the given figure; “except”, “lower”, “higher”, “up to”, “more than” shall all exclude the given figure.

**Article 346** The Board will be responsible for the explanation of this Articles of Association.

**Article 347** Upon approval of the Articles of Association by the general meeting and securities regulatory authority, the Articles of Association shall come into effect on the date of the initial public offering and listing of the Company’s A shares on the Shanghai Stock Exchange.