

**Articles of Association**

**Of**

**Everbright Securities Company Limited**

December 2023

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These Articles of Association are hereby established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations on the Overseas Share Offering and Listing of Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions of the Articles of Association of the Companies to Be listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Opinion Letter on the Supplements to and Revision of the Articles of Association of Companies to be Listed in Hong Kong (hereinafter referred to as the “Opinion Letter”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other rules and regulations, with a view to protecting the legitimate interests of Everbright Securities Company Limited (hereinafter referred to as the “Company”), shareholders and creditors.

**Article 2** The Company is a joint stock company incorporated in accordance with the Company Law, the Securities Law and the Special Regulations.

Approved by the Caijin Letter (2004) No. 170 of the Finance Ministry of the People’s Republic of China and the “Reply Regarding the Approval for Everbright Securities Company to Restructure and Reduce its Registered Capital” Zhengjian Jigou Zi [2005] No. 54 issued by the China Securities Regulatory Commission, the Company was incorporated by way of conversion of Everbright Securities Company Limited in its entirety (hereinafter referred to as the “Limited Company”); the Commerce of the People’s Republic of China issued the “Certificate of Approval For Establishment of Enterprises with Investment of Taiwan, Hong Kong and Macao and Overseas Chinese in the People’s Republic of China” Shang Wai Zi Zi [2002] No. 0069 on May 23, 2005. The Company registered with the State Administration for Industry and Commerce and obtained the Enterprise Business License (Registration No. 100000400009059).

**Article 3** Approved by the China Securities Regulatory Commission (the “CSRC”), the Company issued 520 million ordinary shares denominated in RMB to the public for the first time on July 24, 2009 and was listed on Shanghai Stock Exchange on August 18, 2009.

Approved by the CSRC on July 11, 2016, the Company issued 680,000,000 foreign investment shares (H shares) listed outside the People’s Republic of China, which was listed on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on August 18, 2016; as a result of the partial exercise of the over-allotment option by the international underwriters on September 9, 2016, the Company additionally issued 24,088,800 foreign investment shares (H shares) listed outside the People’s Republic of China, which was listed on the Hong Kong Stock Exchange on September 19, 2016.

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

Name in Chinese: 光大證券股份有限公司

Name In English: Everbright Securities Company Limited

**Article 5** Company's Domicile: No. 1508, Xinzha Road, Jing'an District, Shanghai China

Post Code: 200040

Telephone: +8621 22169999

Fax: +8621 62151789

**Article 6** The registered capital of the Company shall be RMB4,610,787,639.

**Article 7** The Company shall be a company limited by share in perpetual existence.

**Article 8** The President shall be the legal representative of the Company.

**Article 9** All assets of the Company shall be divided into stocks of equal value. The shareholders shall be liable for the Company to the extent of the shares subscribed and the Company shall be liable for its debts to the extent of all of its assets. The Company may invest in other limited liability companies and joint stock companies and shall be liable for such companies to the extent of its capital contributions.

**Article 10** The Committee of the Communist Party of China of Everbright Securities Company Limited (the "Party Committee") shall be established in accordance with the Constitution of the Communist Party of China and the Company Law. The Party Committee shall play the leading role in providing correct development direction, managing overall situation and ensuring implementation, and shall be responsible for setting up the Party's working organs, appointing adequate staff members for the party affairs, and ensuring the source of working costs of the party organization. The Company shall provide necessary support for the activities of Party organizations.

**Article 11** These Articles of Association shall be legally binding on the organization and conduct of the Company, the rights and obligations between the Company and the shareholders and among the shareholders as well as the Company, its shareholders, directors, supervisors and officers as from the date when these Articles of Association come into force and effect. Such persons may make claims related to any Company matters in accordance with these Articles of Association. According to these Articles of Association, a shareholder may claim against another shareholder, a shareholder may claim against the directors, supervisors, President and other officers of the Company; a shareholder may claim against the Company; the Company may claim against any shareholder, supervisor, President and other officers.

The claim referred to in the preceding paragraph shall include the filing of a suit with a court or the application to an arbitration body for arbitration.

The other officers referred to in these Articles of Association shall mean the Vice Presidents, Assistant Presidents, Chief Financial Officer, Board Secretary, Chief Compliance Officer, Chief Risk Officer, Chief Information Officer and other senior officers of securities companies identified by CSRC and other persons appointed by a Board Resolution to hold important positions.

The appointment and removal of directors, supervisors and officers of the Company shall be filed with the securities regulators under the State Council.

## CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS

**Article 12** The business purpose of the Company is to: create the corporate brand; maximize the shareholders' equity and the company value; improve customers' value; make a future for employees; participate in competition with an excellent team; practise and innovate in scientific spirit; establish an image with efficient services; and realize value by way of standard management.

**Article 13** The business scope of the Company registered according to the law is: securities brokerage; securities investment and consultation; financial advisor related to securities transactions and securities investment activities; securities underwriting and sponsorship; securities dealing; provisions of intermediary business for futures companies; sales of securities investments funds on a commission basis; securities margin trading; sales of financial products on commission basis; market-making business related to share option; custodian business for securities investment funds and other businesses approved by the CSRC.

**Article 14** With the approval from the CSRC, the Company may be engaged in direct investment business through its subsidiaries.

The Company may establish subsidiaries to be engaged in financial products investment business.

The Company may establish subsidiaries to be engaged in public-private-partnership related business.

## CHAPTER 3 SHARES

### Section 1 Share Issuance

**Article 15** A share of the Company shall be in the form of a share certificate.

The Company shall have ordinary shares at any time; other types of shares may be created to meet the requirements after an approval from the authorities authorized by the State Council has been obtained. The shareholders of the shares of different types of the Company shall have the same right in respect of dividend distribution or any other form of distribution.

**Article 16** The issuance of the Company shares shall comply with the principle of openness, fairness and justice. Each share of the same type shall have the same right.

The share of the same type issued at the same time shall be issued at the same price and subject to the same conditions of issuance; the same price shall be paid for each share subscribed for by any units or individuals.

**Article 17** The shares issued by the Company shall be denominated in RMB, with the nominal value of each share at RMB1.00.

**Article 18** With the approval by the Securities Regulators under the State Council or other regulatory authorities, the Company may offer shares to both domestic investors and overseas investors.

The overseas investors referred to in the preceding paragraph shall mean foreign, Hong Kong, Macau and Taiwan Investors who subscribe for the shares issued by the Company; the domestic investors shall mean the investors within the People's Republic of China (other than the investors from the above-said districts) who subscribe for the shares issued by the Company.

**Article 19** Approved by the competent authorizes, the total number of ordinary shares issued by the Company at the time of incorporation is 2,445,000,000 shares; the number of ordinary shares issued to the sponsors is 2,445,000,000, representing 100% of the total number of ordinary shares issued by the Company at the time.

The sponsor China Everbright (Group) Corporation subscribed for 1,185,750,000 shares by using its net assets in the Limited Share Company; China Everbright Limited subscribed for 1,139,250,000 shares by using its net assets in the Limited Company; Xiamen Xinshiji Group Company Ltd. subscribed for 100,000,000 shares by cash contribution; Dongguan Lianjing Industrial Investment Co., Ltd. subscribed for 10,000,000 shares by cash contribution; Nanjing Xinding Investment and Development Co., Ltd. subscribed for 10,000,000 shares by cash contribution. All five enterprises made their capital contributions in 2005.

**Article 20** The Company has 4,610,787,639 shares, of which domestic shareholders hold 3,906,698,839 domestic investment shares and foreign shareholders hold 704,088,800 foreign investment shares which are listed overseas.

**Article 21** The shares issued by the Company to domestic and other qualified investors and denominated in RMB are referred to as the "domestic investment shares"; and the shares issued by the Company to overseas investors and subscribed for in the currencies accepted by the securities regulators under the State Council and the regulators of the place where the shares of the Company are listed are referred to as the "foreign investment shares listed outside the People's Republic of China". Any such foreign investment shares listed outside the People's Republic of China are referred to as the listed foreign investment shares.

The foreign investment shares issued by the Company and listed in Hong Kong Stock Exchange are referred to as the "H" shares.

With the approval by the securities regulators under the State Council, the shareholders of the domestic investment shares of the Company may transfer to overseas investors the shares held by them to be listed overseas for transaction. For the purpose of such transferred shares to be listed and transacted on an overseas stock exchange, the regulatory procedures, regulations and requirements of such overseas securities market shall be complied with. No shareholders resolution shall be required in respect of any listing and transacting of such transferred shares on any overseas stock exchange.

**Article 22** With the plans of the Company to issue foreign investment shares and domestic investment shares approved by the securities regulators under the State Council, the Board of Directors of the Company may make arrangements to implement such plans respectively.

The plans of the Company to issue foreign investment shares and domestic investment shares in accordance with the preceding paragraph may be implemented respectively within 15 months of the dates when such plans have been approved by the securities regulators under the State Council.

**Article 23** The foreign investment shares and domestic investment shares within the total number of the shares determined in the issuance plan of the Company shall be issued at one time respectively; in case of any special circumstances, such shares may be issued at different times after an approval from the securities regulators under the State Council has been obtained.

**Article 24** If any directors, supervisors and other officers of the Company or employees are to hold or control the equity interest in the Company according to a mid- and-long term incentive plan, such holding or controlling interest shall be approved by a resolution of the general shareholders' meeting of the Company and approved by or filed with the CSRC or its counterparts.

## **Section 2 Share Increase and Reduction and Redemption**

**Article 25** In accordance with the requirements for operation and development of the Company, after a resolution has been adopted at the general shareholders' meeting, the Company may increase its capital:

- (i) by public share offering;
- (ii) by private placement;
- (iii) by share allotment to the existing shareholders;
- (iv) by issuance of bonus shares to the existing shareholders;
- (v) by capital-accumulation-fund-turn-add-equity;
- (vi) by any other means permitted by the laws, rules and regulations or approved by the relevant regulators.

The increase of capital and issuance of new shares by the Company shall be handled in accordance with the relevant laws, rules and administrative regulations after an approval has been obtained according to the provisions of these Articles of Association.

**Article 26** The Company may reduce its registered capital. The reduction of such registered capital by the Company shall be handled in accordance with the Company Law, other relevant regulations and the procedures provided for in these Articles of Association.



When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company shall inform any creditors within 10 days after a resolution concerning the reduction of the registered capital has been adopted and make a public announcement in newspapers within 30 days. The creditors shall have right to require the Company to settle its debts or provide relevant repayment guarantee within 30 days if such creditors have received the notice or 45 days of the date of the public announcement if no such notice has been received.

The registered capital of the Company after the capital has been reduced shall not be lower than the statutory minimum amount.

**Article 27** The Company may not buy back its own shares, except under any of following circumstances:

- (i) the Company reduces its registered capital;
- (ii) the Company merges with other companies which hold shares in the Company;
- (iii) the Company uses the shares for the employee stock ownership plan or stock incentive plan;
- (iv) the shareholders require the Company to buy back its own shares because shareholders object to the resolution adopted at the general shareholders' meeting in respect of any merge and division of the Company;
- (v) the Company uses the shares for the conversion into corporate bonds issued by the Company which are convertible to shares;
- (vi) it is necessary for the Company to safeguard the Company's value and the shareholders' rights and interests;
- (vii) in any other circumstances as permitted by the laws, administrative rules and regulations and the listing rules.

**Article 28** The Company may select one of the methods to buy back its own shares:

- (i) to send a buy-back offer to all shareholders in the same proportion;
- (ii) to buy back through open transactions on a stock exchange;
- (iii) to buy back on a negotiated basis other than through the stock exchange;
- (iv) any other methods permitted by the laws, administrative rules and regulations of the State and accepted by the competent authorities.

Where the Company repurchases its shares under the circumstances stipulated by Item (iii), Item (v) or Item (vi) of Article 27 of the Articles of Association, the repurchase shall be conducted in a public and centralized manner.

**Article 29** The repurchase of the Company shares by the Company for any reasons provided for in Item (i) and Item (ii) of Article 27 require a resolution of the general shareholders' meeting; where the Company repurchases its shares under the circumstance stipulated by Item (iii), Item (v), Item (vi) of Article 27 of the Articles of Association, the repurchase shall be determined by a board meeting with more than two-thirds of the directors present.

The Company shares repurchased by the Company according to Article 27 shall be cancelled within 10 days after the date of the repurchase if in the case of Item (i) of Article 27 or transferred or cancelled within 6 months if in the case of Item (ii), Item (iv) of Article 27; whereas the aggregate shareholding of the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years if in the case of Item (iii), Item (v), Item (vi).

After a portion of shares has been cancelled, the Company shall apply to the original registration authorities for the registration of such changes of the registered capital. The total nominal value of the cancelled shares shall be subtracted from the registered capital of the Company.

When repurchasing the Company shares, the Company shall perform information disclosure obligation in accordance with the stipulations of the Securities Law.

**Article 30** If the Company buys back the shares on a negotiated basis other than through a stock exchange, a prior approval shall be obtained from the general shareholders' meeting in accordance with the provisions of these Articles of Association. After the general shareholders' meeting has given its prior approval in the same manner, the Company may cancel or revise the contract concluded by previous means or waive any rights contained in such contract. Such contract to buy back shares as referred to in the preceding paragraph shall include (but not limited to) such contract whereby buy-back obligations are undertaken and buy-back rights are acquired.

The Company shall not assign the contract for the buy- back of its own shares or any of its rights thereunder.

For the purpose of the redeemable shares which the Company is entitled to buy back, if such shares are to be bought back other than through a market or by way of tender, the price of such shares shall be limited to a certain highest price; if such shares are to be bought back by way of tender, such tender offers must be sent to all shareholders.

**Article 31** Unless the Company has been in liquidation, the Company shall comply with the following provisions when it buys back any of its outstanding shares:

- (i) where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares;

- (ii) where the Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - 1. where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - 2. where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account or capital common reserve amount (including the premiums from the fresh share issue) at the time of buy-back;
- (iii) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  - 1. acquisition of the right to buy back its own shares; distributable profits;
  - 2. modification of any contract for buy-back of its own shares;
  - 3. release from any of its obligations under any buy-back contract.
- (iv) after the par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at the par value of the bought back shares shall be included in the Company's capital common reserve amount.

If the laws, rules and regulators of the place where the Company shares are listed provide otherwise in respect of the finance matters concerning the buy-back of shares as set forth above, such laws, rules and regulations and normative documents and the relevant regulations shall prevail.

### **Section 3 Share Transfer**

**Article 32** Except as otherwise provided in the laws of the state, administrative rules and regulations and the relevant regulations of the securities regulators of the place where the Company shares are listed, the Company shares may be transferred free from any liens. Where any foreign investment shares listed in Hong Kong need to be transferred, the Company shall entrust Hong Kong local share registration institution to proceed with registration.

**Article 33** all foreign investment shares fully paid up and listed on the Hong Kong Stock Exchange may be transferred freely according to the provisions of these Articles of Association; however, unless, the following conditions have been met, the Board of Directors may refuse to recognize any transfer documents without any reasons:

- (i) any transfer documents and other documents related to or affecting the title of any shares shall be recorded and payment shall be made to the Company in respect of such record according to the fee standard provided for in the Hong Kong Listing Rules, with such fees not exceeding the maximum fee as provided for in the Hong Kong Listing Rules from time to time;
- (ii) the transfer documents are related to the foreign investment shares listed on the Hong Kong Stock Exchange;
- (iii) the stamp duties payable under the Hong Kong Laws with respect to the transfer documents have been paid;
- (iv) the relevant share certificate as well as such evidence to prove that transferor has the right to transfer the shares as reasonably required by the Board of Directors have been submitted;
- (v) if the shares are transferred to joint holders, the number of the joint holders so registered shall not exceed 4;
- (vi) the relevant shares shall be free from any liens of any companies. If the Board of Directors refuses to register the share transfer, the Company shall give to the transferor and the transferee a notice of refusal to register such share transfer within 2 months of the date when a formal application has been filed.

**Article 34** For the purpose of the transfer of all foreign investment shares listed in Hong Kong, an instrument of transfer in the general or ordinary form or any other written form accepted by the Board of Directors shall be used (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); the instrument may be executed by hand or (if the transferor or transferee is a company) affixed with the company chop. If the transferor or transferee is a recognized clearing house within the defined meaning of the relevant ordinances under the Hong Kong laws in force from time to time (hereinafter referred to as the “Recognized Clearing House”) or its agent, the transfer form may be executed by hand or by machine print.

All instruments of transfer shall be deposited with the legal address of the Company or such addresses as designated by the Board of Directors from time to time.

**Article 35** The Company shall not accept its own share as the subject matter of a mortgage.

**Article 36** The shares held by the Sponsor in the Company shall not be transferred within one year as from the date of the incorporation of the Company. The shares issued by the Company prior to its public share offering shall be not transferred within one year as from the date when the Company shares have been listed on a stock exchange for transaction.

Any directors, supervisors or officers of the Company shall declare to the Company their holdings in the Company and any changes thereof. While they are acting as such, the shares transferred by them each year shall not exceed 25% of their total holdings in the Company; the shares held in the Company shall not be transferred within one year as from the date when the Company shares have been listed. No shares held by them in the Company shall be transferred with half a year after such persons have left offices.

If any directors, supervisors, officers and the shareholders who hold more than 5% of the Company shares sell the shares held by them in the Company or other equity securities within six months after such shares have been bought or buy such shares again within six months after such shares have been sold, the proceeds resulted therefrom shall be attributed to the Company and the Board of Directors shall claim back such proceeds. However, a securities company that has a shareholding of not less than 5% due to purchase of the shares remaining after underwriting and other circumstances specified by the securities regulators under the State Council shall not be subject to such restrictions.

The shares or other equity securities held by the director, supervisor, officer, or a natural person shareholder as mentioned in the preceding paragraph shall include the shares or other equity securities held by his or her spouse, parents, and children or held through any other person's account.

If the Board of Directors of the Company fails to comply with the provisions of paragraph 3, the shareholders shall have the right to require the Board of Directors to comply within 30 days; if the Board of Directors fails to comply within such period of time as prescribed above, the shareholders may file a law suit with a People's Court in their own name for the benefit of the Company.

If the Board of Directors fails to comply with the provisions of Clause 3, the directors responsible shall assume joint liability according to the Law.

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

**Article 37** The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligators in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 39 of these Articles of Association.

**Article 38** For the purpose of these Articles of Association, the term "financial assistance" shall include (but not limited to) the financial assistance in the forms set out below:

- (i) gift;
- (ii) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company's own fault) and release or waiver of rights;

- (iii) (provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (iv) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company's net assets.

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

**Article 39** The acts listed below shall not be regarded as acts prohibited under Article 37 of these Articles of Association:

- (i) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (ii) lawful distribution of the Company's property in the form of dividends;
- (iii) distribution of dividends in the form of shares;
- (iv) reduction of registered capital, but-back of shares, shareholding structuring, etc., in accordance with these Articles of Association of the Company;
- (v) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits);
- (vi) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).



## Section 5 Share Certificate and Register of Shareholders

**Article 40** The Company share certificate shall be in registered form. A Company share certificate shall state:

- (i) the Company name;
- (ii) the date of the incorporation of the Company;
- (iii) the category, par value of the share and the number of share it represents;
- (iv) the serial number of the shares;
- (v) other particulars required to be stated as provided for in the Company Law and the regulations of the securities Regulators of the Place where the Company shares are listed;
- (vi) if the share capital of the Company includes any shares without any voting rights, then the wording “no voting” shall be indicated in such share certificates;
- (vii) if the share capital of the Company includes any shares with different voting rights, then the wording “restricted voting rights” or “qualified voting rights” shall be indicated in the name of each such type of share certificate (other the share certificates with the most preferential voting rights).

The foreign investment shares issued by the Company may be in the form of overseas depository receipts or other derivative form of share certificates in accordance with the laws and securities registration custody practice of the place where such share are listed.

**Article 41** While H shares are listed in Hong Kong, the Company shall ensure that any H shares related documents contain the following representations and shall direct and cause the share transfer registrar to refuse to register in the name of any individuals any subscription for, purchase and transfer of their shares unless and until such individuals have submitted to such share transfer registrar a completed form in respect of such shares, which form shall contain the following representations:

- (i) The share purchaser and the Company and each of its shareholder and the Company and each of its shareholders have complied with the provisions of the Company Law, the Special Regulations and other relevant laws, administrative rules and regulations and these Articles of Association.
- (ii) The share purchaser and the Company, each shareholder, director, supervisor, President and other officer agree and the Company acting on behalf of itself and each director, supervisor, President and other officer also agree with each director that any disputes or claims arising out of or in connection with the Articles of Association, the Company Law or such rights and obligations as provided for by other laws or administrative rules and regulations and related to the Company matters shall be arbitrated in accordance with the Articles of Association, which arbitration shall be final.

- (iii) The share purchaser agree with the Company and each director that the Company shares may be assigned by the holders thereof freely.
- (iv) The share purchaser authorizes the Company to conclude a contract on its behalf with each director, President and other officer that such director, President and other officer shall undertake to comply with and perform obligations which should be complied with and performed as provided in these Articles of Association.

**Article 42** The share certificates shall be signed by the Chairman of the Board of Directors. Where the signatures of the President or other officers of the Company are required by the securities regulators or the stock exchange(s) of the place where the Company shares are listed, the share certificates shall also be signed by the President or such other officers. The share certificates of the Company shall become effective after the Company seal is affixed thereto or printed thereon. The affixation of the Company seal on the share certificate shall be authorized by the Board of Directors. The signature of the Chairman of the Board of Directors or of other officers on the share certificates may also be in printed form.

In case of paperless issuance and transaction of the Company shares, the regulations of the securities regulators and stock exchange of the place where the Company shares are listed shall apply.

**Article 43** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (i) the name, address (domicile), profession or nature of each shareholder;
- (ii) the category and number of shares held by each shareholder;
- (iii) the amount paid or payable for the shares held by each shareholder;
- (iv) the serial number of the shares held by each shareholder;
- (v) the date on which each shareholder is registered as a shareholder;
- (vi) the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall be ample evidence of holding of Company shares by a shareholder, unless there is evidence to the contrary.

**Article 44** The Company may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside the People's Republic of China, keep outside the People's Republic of China its register of holders of foreign investment shares listed outside the People's Republic of China, and entrust the administration thereof to an agent outside the People's Republic of China. The place to maintain the original register of the holders of foreign investment shares listed on the Hong Kong Stock Exchange shall be Hong Kong.



The Company shall keep at its domicile a duplicate of the register of holders of the foreign investment shares listed outside the People's Republic of China. The appointed agent outside the People's Republic of China shall ensure that the register of holders of the foreign investment shares listed outside the People's Republic of China and its duplicate are consistent at all times.

When the original and duplicate of the register of the holders of the foreign investment shares listed outside the People's Republic of China are inconsistent, the original shall prevail.

**Article 45** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (i) a register kept at the Company's domicile other than those provided for under Item (ii) and Item (iii) of this paragraph;
- (ii) the register(s) of holders of foreign investment shares listed outside the People's Republic of China kept in the place(s) of the stock exchange(s) outside the People's Republic of China on which the shares are listed;
- (iii) registers of shareholders kept in such other places as the Board of Directors may decide necessary for listing purposes.

**Article 46** The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

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

**Article 47** Where laws, administrative regulations and the regulators of the place where the shares of the Company are listed or the stock exchange(s) provide otherwise in respect of the period of closure of register of members before the general shareholders' meeting or before the reference date of the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 48** Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent people's court for correction of the register.

**Article 49** Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares ("Relevant Shares") if his share certificate ("Original Share Certificate") is stolen, missing or lost.

Applications for the replacement of share certificates from holders of domestic investment shares whose share certificates have been stolen, missing or lost shall be handled in accordance with the relevant provisions of the Company Law.

Applications for the replacement of share certificates from holders of foreign investment shares listed outside the People's Republic of China whose certificates have been stolen, missing or lost may be dealt with in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original register of holders of foreign investment shares listed outside the People's Republic of China is kept.

Where the holders of the foreign investment shares apply for replacement of their certificates after their certificates have been stolen, missing or lost, such replacement shall comply with the following requirements:

- (i) the applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the share certificate stolen, missing or lost and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares.
- (ii) the Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (iii) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board of Directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days.
- (iv) before the Company publishes a public announcement of its intention to issue a replacement share certificate to the applicant, it shall submit a copy of the public announcement to be published to the Stock Exchange where it listed and publish such announcement after receiving reply from the Stock Exchange confirming that the announcement has been demonstrated in the Stock Exchange; the period of such demonstration shall be 90 days; If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish.
- (v) upon the expiration of the 90-day period provided for in Item (iii) and Item (iv) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant.
- (vi) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.

- (vii) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 50** After the Company has issued a replacement share certificate in accordance with its Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

**Article 51** The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

#### **CHAPTER 4 PARTY COMMITTEE**

**Article 52** The Company shall establish a Party Committee with one secretary, 1-2 deputy secretaries and several other members. The Chairman and the Secretary of the Party Committee shall be assumed by the same person and one deputy secretary shall be designated to assist the Secretary of the Party Committee in the party building work. The qualified members of the Party Committee may take seats in the Board of Directors, Supervisory Board and senior management through statutory procedures. The qualified Party members of the Board of Directors, Supervisory Board and senior management may take seats in the Party Committee in accordance with relevant requirements and procedures. A Discipline Inspection Commission shall also be established as required.

**Article 53** The Party Committee shall perform its duties in accordance with the Party's regulations such as the Constitution of the Communist Party of China, the Working Rules of the Communist Party Committee of China, and the Work Regulations of Primary-level Party Organizations of State-owned Enterprises of the Communist Party of China (for Trial Implementation):

- (i) to ensure and supervise the thorough implementation of the Party's and national policies, and execute major strategic decisions of the Central Committee of the CPC and the State Council and important work deployment by superior party organization.
- (ii) to reinforce the guidance and make final check on staff selection and utilization and take charge of standards, procedures, assessment, recommendation and supervision; and stick to the principle of the Party Supervising Cadres while ensuring that the Board of Directors is entitled to appoint senior management pursuant to law and senior management is entitled to appoint staff members pursuant to laws.
- (iii) to study and discuss key issues relevant to stable reform and development and significant business operations of the Company as well as vital interests of employees; and make proposals and recommendations; support the general meeting, the Board of Directors, Supervisory Board and senior management to perform their respective duties by laws; and support the work of the employee representative meeting.

- (iv) to undertake the main responsibilities of comprehensive and strict party management; to guide the Company's ideological and political work, the united front work, construction of spiritual civilization, and affairs of the trade union, the Communist Youth League, the women's organization and other mass organizations; and to take leadership in the construction of the Party's working style and a clean & honest administration, and support the Discipline Inspection Commission to effectively discharge its oversight responsibilities.
- (v) to strengthen the Company's grass-roots party organizations and team building of party members; give full play to the party branch's fort effect and exemplary role for party members; unite and lead the cadres and employees to actively participate in the reform and development of the Company.
- (vi) to comprehensively lead the construction of corporate culture, establish corporate culture system, implement overall requirements on the construction of industry culture, and coordinate in promoting implementation of industry culture.
- (vii) to handle other important matters within the scope of duties of the Party Committee.

**Article 54** When making decisions on significant matters of the Company, the Party Committee should follow the principles of collective leadership, democratic centralism, individual consultations and making decisions by meetings, and implement scientific, democratic and legal decision-making.

The research and discussion by the Party Committee is a procedural prerequisite for the Board of Directors and the management to make decisions on significant matters.

## **CHAPTER 5 SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETINGS**

### **Section 1 Shareholders**

**Article 55** The Company shall establish a shareholder register according to the certificates provided by the securities registry and the shareholder register shall be the ample evidence that the shareholders hold any shares in the Company.

The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders. The shareholders of the Company shall enjoy rights and have obligations according to the category of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

If more than two persons are registered as the joint shareholder of any shares, they shall be deemed as the joint owner of the relevant shares, subject to the following conditions:

- (i) the Company shall not register more than four persons as the joint shareholder of any shares;

- (ii) all joint shareholders of any shares shall assume joint liabilities for any amount payable in respect of the Relevant Shares;
- (iii) if one of the joint shareholders dies, only the survivors of such joint shareholders in the register of the shareholders shall be deemed as having the title to the Relevant Shares, but the Board of Director shall have the right to furnish such appropriate death certificate as thought fit so as to amend the register of the shareholders;
- (iv) for the purpose of the joint shareholders of any shares, only the joint shareholder listed first in the register of shareholders shall be entitled to receive any the share certificates of the Relevant shares, to receive any notices from the Company, and any notices served on the person mentioned above shall be deemed to have been served on all joint shareholders of the Relevant Shares. Any of the joint shareholders may execute the form of proxy and attend the general shareholders' meetings of the Company or to exercise all voting rights with respect to the Relevant Shares; if there are more than one joint shareholders participating in person or by proxy, the joint shareholder listed in preference shall have the right to vote. For this purpose, the preference of shareholders shall be subject to the ranking of the joint shareholders of the relevant shares in the register of shareholders.

**Article 56** Any following unit or individual shall not be a shareholder or an actual controller with 5% equity or more of the Company:

- (i) that has been sentenced with penalty due to deliberate crime and completion of penalty is still less than three years;
- (ii) whose net assets are less than 50% of the paid-in capital or contingent liability reaches 50% of its net assets;
- (iii) that has failed to pay debts when due and payable;
- (iv) any other circumstances provided for by the CSRC.

The other shareholders of the Company shall comply with the relevant requirements of the CSRC.

**Article 57** Any unit or individual in any of the following circumstances shall inform the Company in advance and the Company shall apply to the CSRC or its branch office of where the Company is located for approval or filing:

- (i) whose shareholding ratio has reached 5% of the registered capital of the Company upon subscription for or acquisition of the equity of the Company;
- (ii) who actually controls 5% equity or more of the Company by holding shares in the Company or by other means.

No unit or individual shall authorize others or accept any authorization from others to hold or manage the equity of the Company without any approval by the CSRC. The shareholders of the Company shall agree not to exercise the voting rights not in proportion to their capital contribution in violation of the state provisions.

**Article 58** When the Company convenes a shareholders' meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the Board of Directors or the convener of the shareholders' meeting should determine the equity rights registration date. The shareholders who appear in the register of shareholders after the closing of the trading at the equity rights registration date shall have the relevant rights as the shareholders.

**Article 59** Shareholders of the Company shall fully understand shareholders' conditions and shareholders' rights and obligations, be fully aware of the Company's operation and management, potential risks and other information, have reasonable investment expectations and truth willingness to make capital contributions, and perform necessary internal decision procedures.

**Article 60** A shareholder of any ordinary shares of the Company shall have the following rights:

- (i) to receive dividends and other forms of distribution of benefits in proportion to the number of the shares held by such shareholder;
- (ii) to, request, convene, hold, participate or send proxy to attend shareholders' meetings and to exercise the corresponding voting rights according to the law;
- (iii) to monitor, make suggestions or inquiries concerning the operation of the Company;
- (iv) to transfer, give as a gift or pledge the shares held by him according to the laws, administration regulations and the regulations of the securities regulators of the place where the Company shares are listed and the provisions of these Articles of Association;
- (v) to obtain the relevant information according to the provisions of the Articles of Association of the Company, including:
  1. to obtain the Articles of Association of the Company after the cost has been paid;
  2. to have the right to access and copy after reasonable expenses have been paid:
    - (1) all parts of the register of the shareholders;
    - (2) personal data regarding any director, supervisor, President or other officers of the Company, including:
      - (a) present and prior name and alias;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full time and all other part-time jobs and titles;
      - (e) identity certificate and its number.



- (3) share capital of the Company;
  - (4) the report regarding the aggregate par value, number, the highest price and the lowest price with respect to each type of the shares of the Company repurchased by the Company since the last finance as well as the total amount paid by the Company for such repurchase;
  - (5) shareholders' meeting minutes;
  - (6) the latest audited financial statements of the Company and the Board of Directors' report, the auditor's report and the Supervisory Board report;
  - (7) any special resolution of the general shareholders' meeting and/or the Board of Directors of the Company;
  - (8) a copy of the latest annual inspection report (the anniversary declaration form) submitted to the State Administration for Industry and Commerce and other competent authorities for record.
- (vi) to participate in the distribution of any remaining assets of the Company in proportion to the number of the shares held when the Company terminates or liquidates;
  - (vii) any shareholder may request the Company to buy back his shares if such shareholder opposes to the resolution concerning the merger or division of the Company made at a shareholders' meeting;
  - (viii) other rights provided for by the law, administrative regulations, departmental regulations and these Articles of Associations.

The Company shall not exercise any rights to prejudice any rights attached to the shares held by any person who directly or indirectly has any interest in the Company just because such person fails to disclose to the Company any such interests.

**Article 61** When a shareholder requests any access to any information or documents under the preceding clause, such shareholder shall make available to the Company such written documents as evidence the type and number of the Company shares held by him. The Company may provide such information or documents after the identity of such shareholder has been verified.

**Article 62** If any resolution made at any shareholders' meeting or Board of Directors meeting contravenes the law or administrative regulations, any shareholder may request a People's Court to void such resolution.

If any convening procedure or voting method concerning any shareholders' meeting or Board of Directors meeting contravenes the law, administrative regulations or these Articles of Association or if the contents of the any resolution contravenes these Articles of Association, any shareholder may request a People's Court to nullify such resolution within 60 days as from the date when such resolution has been adopted.

**Article 63** If a director or an officer violates the law, administrative regulations or any provisions of these Articles of Association when carrying out his Company duties that has resulted in losses to the Company, any shareholder holding 1% or more of shares in the Company individually or aggregately for consecutive 180 days may request the Supervisory Board in writing to file a law suit with a People’s Court; If the Supervisory Board violates the law, administrative regulations or these Articles of Association when carrying out its Company duties that has resulted in losses to the Company, any shareholder may request the Board of Directors in writing to file a law suit at a People’s Court.

If the Supervisory Board or Board of Directors refuses to file such law suit after a written request under the preceding paragraph has been received from any shareholder, or fails to file such law suit within 30 days as from the date when the request has been received, or the situation is so urgent that without an immediate law suit will lead to irreparable losses suffered by the Company, any shareholder under the previous paragraph may file a law suit directly with a People’s Court in his own name, for the interest of the Company.

If any person infringes any lawful interests of the Company that has resulted in any losses suffered by the Company, any shareholder under the first paragraph file a law suit with a People’s Court in accordance with the provisions of two preceding paragraphs.

**Article 64** If a director or an officer violates the law, administrative regulations or these Articles of Association that has prejudiced the interests of any shareholder, such shareholder may file a lawsuit with a People’s Court.

**Article 65** The Company shall establish an effective mechanism to communicate with the shareholders so as to guarantee the right of the shareholders to know according to the law.

The Company shall promptly inform all shareholders in writing or by any other means provided for in the Articles of Association and report to the counterpart of the CSRC, if:

- (i) The Company or any of its directors, supervisors or officer are suspected of involving in any major violation of law or regulation;
- (ii) The Company’s financial status continues to deteriorate, resulting in the risk control indicator not meeting the standards as prescribed by the CSRC;
- (iii) The Company suffers serious losses;
- (iv) The Company intends to replace the legal representative, the Chairman of the Board of Directors, the Chairman of the Supervisory Board or the primary person in charge of business management;
- (v) An emergency occurs, which has or may have a significant adverse impact on the interests of the company and clients;
- (vi) Other matters that may influence the continuous operation of the Company.



**Article 66** The Chairman of the Board of Directors shall be the first person responsible for the Company's equity administration affairs; and the Board Secretary assists the Chairman of the Board of Directors and shall be the person directly responsible 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, the person responsible for the equity administration affairs and relevant personnel shall bear corresponding responsibilities in accordance with the Securities Law, the Regulation on the Supervision and Administration of Securities Companies and other laws and regulations, regulatory requirements and the Company's systems.

**Article 67** A shareholder of any ordinary shares of the Company shall undertake the following obligations:

- (i) to comply with the law, administrative regulation and these Articles of Association;
- (ii) to make payment for his shares in accordance with the shares subscribed by him and the method of subscription;
- (iii) except as otherwise provided for by law, no share withdrawal shall be permitted;
- (iv) no rights as a shareholder shall be abused to injure the interests of the Company or other shareholders; no independent status of legal person of the Company and the limited liability of a shareholder shall be abused to injure the interests of the Company's creditors;

If any abuse by any shareholder of the Company of the rights as a shareholder causes any losses to other shareholders, such shareholder shall be liable to indemnify according to the law;

Any shareholder shall be jointly and severally liable for the debts of the Company if such shareholder seriously injures the interests of the Company's creditors by any abuse of the independent states of legal person of the Company and the limited liability of a shareholder in order to evade any debts;

- (v) 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 shareholders' meeting, voting, nomination, making proposals and disposition;

- (vi) any other obligations as provided for by the law, administrative regulations and these Articles of Association.

Except the conditions agreed by a share subscriber at the time of subscription, no shareholder shall undertake any obligations to pay in additional capital afterwards.

**Article 68** Any shareholder who holds more than 5% voting rights shares and actual controller shall inform the Company within 5 working days in the following circumstances:

- (i) property preservation or enforcement measures have been made in respect of the equity interests held or controlled in the Company;
- (ii) any shareholder who holds more than 5% voting rights shares has changed the actual controller;
- (iii) any changes of the name;
- (iv) a merger or division has occurred;
- (v) has been ordered to stop business for internal rectification, appointed a trustee or receiver or entered into the dissolution, bankruptcy or liquidation process;
- (vi) such shareholder has received administrative penalty or been investigated for criminal liability;
- (vii) other events which may cause the equity interests held or controlled in the Company to be transferred or have an effect on the operation of the Company.

The Company shall report such event to the counterpart of the CSRC at the place where the Company is located with 5 working days after the Company becomes aware of such events (the above provisions are not applicable if such shareholder is a recognized clearing house within the meaning of the relevant laws and ordinance of the jurisdiction where the Company shares are listed).

**Article 69** If any shareholder who holds more than 5% voting rights shares in the Company or actual controller pledges the shares held, such shareholder shall provide a written report to the Company on the date of such pledge. The Company shall report such event to the counterpart of the CSRC at the place where the Company is located with 5 working days after the Company becomes aware of such events.

If any shareholder who holds more 5 % voting rights shares in the Company violates the law by making a false capital contribution or withdrawing his capital contribution or acting so in a disguised way, the Company shall report to the counterpart of the CSRC at the place where the Company is located within 10 working days and require such shareholder to rectify within 1 month.

**Article 70** Substantial shareholders and controlling shareholders shall make additional capital contribution to the Company after performing relevant internal control procedures in accordance with laws and regulations and regulatory requirements, when necessary. If approval from relevant authorities of the State is needed, appropriate approval procedures shall be followed in accordance with the requirements.

The controlling shareholder or actual controller of the Company shall not use the affiliation to damage the Company's interests. If such shareholder or actual controller has caused any losses to the Company by violating such requirements, such shareholder or actual controller shall be liable for compensation.

The controlling shareholder and actual controller of the Company have a duty of good faith towards the Company and the shareholders holding the public shares of the Company. The controlling shareholder should strictly exercise the rights as a capital contributor. The controlling shareholder shall not injure the lawful interests of the Company and shareholders of public shares by such method as the profit distribution, assets restructuring, external investment, assets occupation or security for loan; it shall not use its controlling position to injure the lawful interests of the Company and a shareholder of any public shares.

**Article 71** Shareholders who shall 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 shareholders' meeting, voting, nomination, making proposals and disposition.

None of the following shall occur between the Company and any shareholder (the affiliates of such shareholder):

- (i) The Company shall not hold any equity interests in any shareholder, except as otherwise provided for in the laws, administrative regulations or by the CSRC;
- (ii) The Company shall not transfer any improper interest to any shareholder by way of acquiring the securities held by such shareholder;
- (iii) Any shareholder shall not occupy any assets of the Company;
- (iv) Any such other acts as prohibited by the law, administrative regulations or by the CSRC.

**Article 72** The shareholding period of a shareholder of the Company shall comply with the laws, administrative regulations and the relevant requirements of the CSRC.

Where the major assets of a shareholder of the Company are equity interests of the Company, the equity interests of the Company controlled by the shareholder's controlling shareholder and actual controller are subject to the same lock-up period as that for the shareholder of the Company, except where otherwise permitted by the CSRC according to the law.

No shareholder of the Company shall pledge any equity interests held in the Company during the lock-up period of the equity interests. After the expiry of the lock-up period of the equity interests, the percentage of equity interests held in the Company pledged by a shareholder of the Company shall not exceed 50% of the equity interests held in the Company, unless the shareholder holds less than 5% equity interests of the Company.

A shareholder pledging equity interests held in the Company shall not prejudice the interests of the other shareholders or the Company, agree on exercising voting rights and other shareholders' rights by the pledgee or any other third party, or transfer the control over the equity interests of the Company in a disguised manner.

**Article 73** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (i) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (ii) approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favourable to the Company;
- (iii) approving a director or supervisor (for his own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the general shareholders' meeting in accordance with the Articles of Association of the Company.

## Section 2 General Provisions Concerning General Shareholders' Meeting

**Article 74** The shareholders' general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

- (i) decide on the business policies and investment plans of the Company;
- (ii) elect and replace directors and supervisors and decide on matters concerning the remuneration of directors and supervisors;
- (iii) examine and approve reports of the Board of Directors;
- (iv) examine and approve reports of the Supervisory Board;
- (v) examine and approve the Company's annual financial budget and final account proposals;
- (vi) examine and approve the Company's plans for profit distribution and making up losses;
- (vii) adopt resolutions concerning the increase or reduction of the Company's registered capital;
- (viii) adopt resolutions on the issuance of bonds by the Company;
- (ix) adopt resolutions on matters such as the merger, division, dissolution or liquidation of the Company;
- (x) amend the Articles of Association of the Company;
- (xi) adopt resolutions on the employment, dismissal or refusal of employment of accounting firms by the Company;
- (xii) examine and approve the guarantee matter as set for in Article 75;
- (xiii) examine any matters concerning the material assets acquired or sold by the Company over 30% of the latest audited total assets;
- (xiv) examine any matters concerning the change of the use of the funds raised;
- (xv) examine the equity-based incentive plan and employee stock ownership plan;
- (xvi) examine and approve the proposals raised by any shareholder holding 3% or more of the voting rights in the Company individually or in aggregate;
- (xvii) examine any other matters required to be decided at a general shareholders' meeting as provided for in the law, administrative regulations, department regulations, listing rules of the place where the securities are listed or the provisions of these Articles of Association.

No Board of Directors or any other institutions or individuals shall exercise such duties and powers required to be exercised by a general shareholders' meeting by way of authorization.

**Article 75** Except the provision of margin financing and securities lending services to clients according to the applicable provisions, the Company shall not provide finance or guarantee to any shareholder or the affiliates of such shareholder. The Company shall comply with the relevant regulations in respect of any external guarantee by a security company or a listed company. Any external guarantee by the Company shall be adopted at a general shareholders' meeting:

- (i) any subsequent guarantee provided after the total amount of external guarantee by the Company or any subsidiaries controlled by the Company has exceeded 50% of the latest audited net assets;
- (ii) any subsequent guarantee provided after the total amount of the external guarantee by the Company has exceeded 30% of the latest audited total assets;
- (iii) guarantees provided by the Company within one year exceed 30% of the Company's latest audited total assets;
- (iv) any guarantee provided for object whose asset-liability ratio has exceeded 70%;
- (v) The amount of any single guarantee exceeding 10% of the latest audited net assets.

**Article 76** Shareholders' meetings consist of annual shareholders' meetings or extraordinary shareholders' meetings. Annual shareholders' meeting shall be held once a year and shall be held with 6 months after the end of the previous financial year.

**Article 77** The Company shall convene an extraordinary shareholders' meeting within 2 months of the occurrence of the following circumstances:

- (i) where the number of directors is fewer than the statutory minimum 5 directors as provided for in the Company Law or 2/3 (which means the number of directors is fewer than 8) as provide for in these Articles of Association;
- (ii) where the amount of losses not made up for by the Company has reached 1/3 of the total paid-in capital;
- (iii) where any shareholders holding 10% or more of the Company shares individually or in aggregate requests (the number of shares shall be determined on the date when such shareholder requests in writing);

- (iv) where necessary as the Board of Directors consider;
- (v) when the Supervisory Board suggests to convene;
- (vi) other circumstances as provided in the law, administrative regulations, departmental regulations or these Articles of Association.

The number of the shares held as set forth in Item (iii) herein shall be calculated on the date of the receipt by the Board of Directors of a written request from the shareholder.

**Article 78** The general shareholders' meeting of the Company shall be held in Shanghai or Beijing.

A venue shall be fixed for the general shareholders' meeting. The Company may make available other means (for instance, internet) to attend the general shareholders' meeting for the convenience of any shareholders. Any shareholder who participates in such way shall be deemed to participate in person.

**Article 79** When the Company holds a shareholders' meeting, the Company shall engage a lawyer to provide legal opinions on the following matters and make a public announcement:

- (i) Whether the convening and meeting procedures comply with the law, administrative regulations, and these Articles of Association;
- (ii) Whether the qualifications of the attendees and the convener are legally valid;
- (iii) Whether the voting procedures and decisions of the meeting are legally valid;
- (iv) Other legal opinion as requested by the Company.

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

**Article 80** A general shareholders' meeting shall be convened by the Board of Directors according to the law.

**Article 81** Any independent director shall have the right to suggest to the Board of Directors to convene an extraordinary shareholders' meeting. The Board of Directors shall, in accordance with provisions of the law, administrative regulations and these Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the suggestion to convene such extraordinary shareholders' meeting.

If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall give a notice of the general shareholders' meeting within 5 days after the Board of Directors has adopted the board resolution; if the Board of Directors has disagreed to hold such extraordinary shareholders' meeting, it shall give its reasons and make a public announcement thereof.

**Article 82** The Supervisory Board shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall propose such to the Board of Directors in writing. The Board of Directors shall, in accordance with provisions of the law, administrative regulations and these Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall give a notice of the general shareholders' meeting within 5 days after the Board of Directors has adopted the board resolution; the Supervisory Board's consent shall be sought in respect of any changes to the original proposal as contained in such notice.

If the Board of Directors does not agree to convene such extraordinary general shareholders' meeting or fails to give any reply with 10 days upon receipt of such proposal, the Board of Directors shall be deemed incapable of or failure in carrying out the duties to convene a general shareholders' meeting and the Supervisory Board may proceed with the convening and holding of such meeting by itself.

**Article 83** Any shareholder who holds 10% or more shares in the Company individually or in aggregate shall have the right to require the board of directors to hold an extraordinary general shareholders' meeting and shall require the Board of Directors in writing. The Board of Directors shall, in accordance with provisions of the law, administrative regulations and these Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the requirement.



If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall give a notice of the general shareholders' meeting within 5 days after the Board of Directors has adopted the board resolution; the relevant shareholders' consent shall be sought in respect of any changes to the original proposal as contained in such notice.

If the Board of Directors do not agree to hold such extraordinary general shareholders' meeting or fails to give any reply within 10 days upon receipt of such requirement, any shareholder who hold 10% or more shares in the Company individually or in aggregate shall have the right to propose to the Supervisory Board to hold such extraordinary general shareholders' meeting and shall propose to the Supervisory Board in writing.

If the Supervisory Board agrees to hold such extraordinary general shareholders' meeting, it shall give a notice of such general shareholders' meeting within 5 days upon receipt of such requirement. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal as contained in such notice.

If it fails to give such notice of the general shareholders' meeting within the period of time as forth above, the Supervisory Board shall be deemed not to convene and preside over such general shareholders' meeting. Any shareholder who has held 10% or more shares in the Company individually or in aggregate for more than consecutive 90 days may proceed to convene and preside over such general shareholders' meeting by itself.

**Article 84** If the Supervisory Board or any shareholder has decided to convene a general shareholders' meeting by itself, a written notice shall be given to the Board of Directors, which notice shall be filed with the Shanghai Stock Exchange for file.

Before the resolution of the general shareholders' meeting is publicly announced, the shares held by the convening shareholder shall not be less than 10%.

The Supervisory Board or the convening shareholder shall submit relevant evidence documents to the Shanghai Stock Exchange before a notice of the general shareholders' meeting has been given and the resolution of the general shareholders' meeting has been publicly announced.

**Article 85** For the purpose of any shareholders' meeting convened by the Supervisory Board or any shareholder, the Board of Directors and the Board Secretary shall provide assistance. The Board of Directors shall provide the register of shareholders on the equity rights registration date.

**Article 86** The Company shall bear all expenses necessary for any general shareholders' meeting convened by the Supervisory Board or any shareholder. If any shareholder convenes a general shareholders' meeting due to any failure by the Board of Directors to hold such meeting according to the requirements of the preceding paragraph, the Company shall deduct from any amount payable to the director who has defaulted on his duty the necessary expenses paid by the Company.

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

**Article 87** The contents of the proposal shall be within the scope of the duties of a general shareholders' meeting, with clear issues for discussion and specific matters to be resolved, and shall be in compliance with the relevant provisions of the law, administrative regulations and these Articles of Association.

**Article 88** When a general shareholders' meeting of the Company is held, the Board of Directors, the Supervisory Board and any shareholder who holds 3% or more shares in the Company shall have the right to make proposals regarding the matters to be resolved to the Company.

Any shareholder who holds 3% or more shares in the Company shall submit any temporary written proposals regarding the matters to be resolved to the convener 10 days before a general shareholders' meeting is held. The convener shall give a supplementary notice of the general shareholders' meeting and publicly announces the content of such temporary proposal within 2 days upon receipt of such proposal.

Except as provide for in the preceding paragraph, no modifications to the proposal contained in the notice of the general shareholders' meeting or addition of any new proposals in such notice shall be made after the convener has give a notice of the general shareholders' meeting.

The general shareholders' meeting shall not vote or resolve on any proposals which are not contained in a notice of the general shareholders' meeting or are not in compliance with the provisions of Article 87 of these Articles of Association.

**Article 89** For holding an annual general shareholders' meeting, the Company shall give a written notice 20 days before the date of the meeting, and for holding an extraordinary general shareholders' meeting, the Company shall give a written notice 15 days before the date of the meeting, to notify all the shareholders whose names appear on the register of members of the matters to be deliberated at the meeting and date and place of the meeting. Where the laws and regulations, the relevant regulatory authorities of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise, such provisions shall prevail. When the Company calculates the commencement of a period, the date when the meeting is held shall not be included.

**Article 90** Where the laws, regulations, the securities regulators of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise in respect of the written reply of the shareholders attending the general shareholders' meeting, such provisions shall prevail.

**Article 91** A notice of a general shareholders' meeting shall include:

- (i) the date and place of the meeting as well as the period of the meeting;
- (ii) the matters and proposals submitted to the meeting for consideration;
- (iii) any information and explanation necessary to be made available to the shareholders for such shareholders to make informed decisions regarding the matters to be discussed, including (but not limited) the specific conditions and contracts (if any) for any contemplated transactions when the Company proposes to merge, buy back its shares, share capital restricting or other reorganization as well as the careful explanation regarding its causation and consequence;
- (iv) if any director, supervisor, President or other officer has material interest in the matters to be discussed, the nature and extent of such interest shall be disclosed; if the matters to be discussed have an effect on such director, supervisor, President or other officer as a shareholder different from the effect on other shareholders of the same category, a separate explanation regarding such difference shall be made;
- (v) the full text of any special resolutions to be adopted at a meeting;
- (vi) the date and place for a proxy statement to be submitted;
- (vii) a conspicuous statement that all shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder;
- (viii) the equity rights registration date for the shareholders entitled to attend the general shareholders' meeting;
- (ix) the name and telephone number of the contact for the meeting.

The contents disclosed in a notice or supplementary notice of a general shareholders' meeting shall be adequate and complete; if the matters to be discussed require any opinion of independent directors, the opinion of such independent directors shall be disclosed in a notice or supplementary notice of a general shareholders' meeting.

If a general shareholders' meeting is held by way of internet or other means, the notice of such general shareholders' meeting shall contain the voting time and voting procedures by way of internet or other means. The time to commence voting by way of internet or other means at such general shareholders' meeting shall not be earlier than 3:00 p.m. on the preceding date prior to the date when the general shareholders' meeting is held but not later than 9:30 a.m. on the date when such general shareholders' meeting is held and shall not end earlier than 3:00 p.m. on the date when such general shareholders' meeting concludes.

The interval between the equity rights registration date and the date of the meeting shall not exceed 7 working days. No changes shall be made in respect of any equity once such equity has been registered.

**Article 92** Except as otherwise provided in these Articles of Association, The notice of a general shareholders' meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by person or per-paid mail to the recipient's address shown in the register of shareholders. For holders of domestic investment shares, the notice of a general shareholders' meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published at the websites of the stock exchanges and the media which satisfied the conditions stipulated by the securities regulators under the State Council. Once the announcement is made, all holders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' meeting.

Subject to compliance with the law, administrative regulations or normative documents and the relevant regulations of the securities regulators of the place where the Company shares are listed and satisfying the relevant procedures, the Company may also give a notice of any general shareholders' meeting to any shareholder of foreign shares listed in Hong Kong by making an announcement on the Company website and the website designated by the Hong Kong Stock Exchange or by any other means permitted by the Hong Kong Listing Rules and these Articles of Association.

**Article 93** A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 94** If a shareholders' meeting intends to discuss the election of any director or supervisor, the notice of such shareholders' meeting shall disclose all particulars of any candidate for director and supervisor, at least including the following information:

- (i) such personal information as the education, work experience and other appointments;
- (ii) whether such candidate is affiliated with the controlling shareholder or actual controller of the Company;
- (iii) the number of shares held by such candidate in the Company;
- (iv) whether such candidate has been subject to any penalty by the CSRC and other relevant departments or a stock exchange;
- (v) any information required by the Hong Kong Listing Rules to be disclosed in respect of any new appointment, re-election or transfer of any director or supervisor.

Unless cumulative voting system is adopted for election of a director or supervisor, each candidate for director or supervisor shall be proposed individually.

**Article 95** After a notice of any general shareholders' meeting has been given, no general shareholders' meeting shall be postponed or cancelled without any cause. No proposals contained in such notice of the general shareholders' meeting shall be cancelled. Once a delay or cancellation occurs, the convener shall inform the shareholders and provide reasons at least 2 working days prior to the date when the meeting is originally scheduled.

### **Section 5 Holding of a General Shareholders' Meeting**

**Article 96** The Board of Directors of the Company and other convener shall take measures necessary to ensure the proper order of any shareholders' meeting. Measures shall be taken to stop any acts which interfere with or disrupt such general shareholders' meeting or infringe the lawful rights of any shareholder and a report shall be given to the relevant department for investigation.

**Article 97** Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his authorization by the shareholder:

- (i) the shareholders' right to speak at the general shareholders' meeting;
- (ii) the right to require by himself or in conjunction with others to make a resolution by voting;
- (iii) the right to vote on a show of hands or by ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

A shareholder shall entrust his proxies by written instruments which shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director(s) or duly authorized proxies.

**Article 98** If a shareholder attends the meeting in person, such shareholder shall produce his identity card or other effective proof documents or certificates of his identity and his share account card; if such shareholder entrusts a proxy to attend the meeting, such proxy shall produce his valid identity card and the power of attorney given by such shareholder.

In the case of a corporate shareholder, the legal representative or a proxy appointed by such legal representative shall attend the meeting. If the legal representative attends the meeting, such legal representative shall produce his identity card and a written power of attorney issued by the legal representative of the corporate shareholder according to the law.

If such shareholder is a recognized clearing house within the meaning of the law or ordinance of the place where the Company shares are listed, such shareholder may authorize one or more persons it thinks fit to act as its representative at any shareholders' meeting or any category of any shareholders' meeting; however, if more than one person is authorized, the power of attorney shall specify the number and type of the shares with respect to such person so authorized. The however of attorney may be executed by a person authorized by such recognized clearing house. The person so authorized may attend the meeting and exercise any rights on behalf of such recognized clearing house (or its proxy) (without producing any share certificate, notarized power of attorney and/or further evidence to prove that the person has been so authorized) as if such person were an individual shareholder of the Company.

**Article 99** A power of attorney issued by a shareholder for any person to attend the shareholders' meeting shall contain the following items:

- (i) the name of the proxy;
- (ii) whether such proxy has any voting rights;
- (iii) any instructions to vote for or against any matters included in the agenda of the shareholders' meeting or to abstain from voting on such matters;
- (iv) the date of issuance of the power of attorney and its valid period;
- (v) the signature (or chop) of the principal. In the case of a corporate shareholder, the common seal of the legal person shall be affixed.

Any form of proxy statement given by the Board of Directors to a shareholder to appoint proxies for such shareholder shall permit such shareholder to select his proxy to vote in the affirmative, negative or to abstain from voting and shall give instructions in respect of each matter to be voted on. The proxy statement shall indicate that such shareholder proxies may vote as they think fit to vote if no instructions are given by such shareholder.

**Article 100** The proxy statement shall be deposited at the address of the Company or any other places designated in the notice to convene the meeting at least 24 hours before the meeting to discuss the relevant matters with respect to such proxy statement or 24 hours before the designated voting time.

If the principal authorizes any other person to sign the proxy statement, the power of attorney to sign such proxy statement or other authorization shall be notarized. Such notarized power of attorney or other authorization and the proxy statement shall be deposited at the address of the Company or other places designated in the notice to convene the meeting.

If the principal is a corporation, its legal representative or any other person authorized its board of directors or other governing body shall attend the general shareholders' meeting as a representative.



- Article 101** If the principal dies, loses capacity, withdraws his appointment or the authorization to execute the appointment or if the shares held by such principal are transferred before voting, the voting made by the statement proxy according to the proxy statement shall still be valid so long as the Company has not received any written notice in respect of such matters before the meeting is held.
- Article 102** The meeting register to record the attendees of the meeting shall be prepared by the Company. The meeting register shall record the name (or the unit name), identity card number, residence address of the attendees, the number of the voting rights shares held or represented and the name of the persons (or the unit name) that are represented.
- Article 103** The convener and the lawyer engaged by the Company shall verify the legality of the qualification of the shareholders against the register of the shareholders provided by the securities registration and clearing institution together and record the name of the shareholders and the number of the voting rights shares held or represented by such shareholders. Before the chairman of the meeting announces the number of the shareholders and proxies attending the meeting and the total number of the voting rights held, such recording for the meeting shall cease.
- Article 104** When a general shareholders' meeting is held, all directors, supervisors and the Board Secretary shall attend the meeting and the President and other officers shall attend the meeting as non-voting attendees.
- Article 105** If a general shareholders' meeting is convened by the Board of Directors, such meeting shall be presided over by the Chairman of the Board of Directors; if the Chairman of the Board of Directors fails or is unwilling to carry out such duties, the meeting shall be presided over by the Vice Chairman of the Board of Directors; in the case that the Company has two or more vice chairmen, the meeting shall be presided over by the vice chairman selected by more than half of the directors; if the vice chairman fails or is unwilling to carry out such duty, the meeting shall be presided over by a director selected by more than half of the directors.

If the Board of Directors fails or is unwilling to convene a general shareholders' meeting, the Supervisory Board shall promptly convene and preside over such meeting; if the Supervisory Board fails or is unwilling to convene or preside over such meeting, the shareholders holding 10% or more of the shares in the Company individually or in aggregate for more than consecutive 90 days may convene and preside over such meeting by themselves. If, for any reasons, the shareholders fail to select a chairman of the meeting, the shareholder (including the shareholder proxy) who attends the meeting and holds the most of the voting rights shall act as the chairman of the meeting to conduct such meeting.

If a general shareholders' meeting is convened by the Supervisory Board, such meeting shall be presided over by the Chairman of the Supervisory Board; if the Chairman of the Supervisory Board fails or is unwilling to carry out the duty, such meeting shall be presided over by a supervisor selected by more than half of the supervisors.

If a general shareholders' meeting is convened by the shareholders, the convener shall nominate a representative to preside over such meeting.



If the chairman of a general shareholders' meeting makes it impossible for the general shareholders' meeting to proceed by violating the meeting procedures, then with the consent of more than half of the shareholders with voting rights present at the general shareholders' meeting, a person may be selected to preside over such general shareholders' meeting, which meeting shall proceed.

**Article 106** The Company shall lay down the rules of procedures for general shareholders' meeting, specifying in detail the procedures for convening and voting at such general shareholders' meeting, including notice, registration, proposal examination, voting, vote counts, vote result announcement, meeting resolution formation, meeting minutes and execution thereof, public announcement as well as the principles to authorize the Board of Directors by the shareholders. The authorization shall be clear and specific. The rules of procedures for general shareholders' meeting shall serve as an appendix to the Articles of Association, which rules of procedures shall be prepared by the Board of Directors and approved the shareholders.

**Article 107** During any annual shareholders' meeting, the Board of Directors and Supervisory Board shall submit reports to such general shareholders' meeting in respect of their work in the past year. Each independent director shall also submit his work report.

**Article 108** Directors, supervisors and officers shall explain with respect to inquiries and suggestions from shareholders at a general shareholders' meeting.

**Article 109** The chairman of the meeting shall declare the number of the shareholders and proxies present at the meeting and the total number of the voting rights held before voting. Such number of the shareholders and proxies present at the meeting and the total number of the voting rights held shall be subject to those registered for the meeting.

**Article 110** A general shareholders' meeting shall have meeting minutes prepared by the Board Secretary. The meeting minutes shall contain:

- (i) the time, venue, agenda and convener of the meeting;
- (ii) the name of the chairman of the meeting and the directors, superiors, President and other officers who attend the meeting either as voting-attendees or non-voting attendees;
- (iii) the number of the shareholders and proxies present at the meeting and the total number of the voting rights shares held and the percentage that such shares represent in the total Company shares;
- (iv) the consideration, main points of address and voting results with respect to each proposal;
- (v) the inquiries, opinions and suggestions from the shareholders and the corresponding answers and explanations;
- (vi) the name of the lawyer and counting overseer;
- (vii) other items required by these Articles to Association to be recorded in the meeting minutes.

**Article 111** The convener shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, supervisors, Board Secretary, convener or its representative and the chairman of the meeting present at the meeting shall sign the meeting minutes. The meeting minutes shall be kept together with the signature book of the shareholders present at the meeting, power of attorney and any valid information with respect to the voting by way of internet or other means for at least 15 years.

**Article 112** The convener shall ensure that a general shareholders' meeting shall proceed until final resolutions have been adopted. If a general shareholders' meeting suspends or no resolution is adopted due to force majeure events or other special circumstances, necessary measures shall be taken to resume the general shareholders' meeting or terminate such meeting directly. Meanwhile, the convener shall report to the counterpart of the CSRC of the place where the Company is located and the Shanghai Stock Exchange.

Any general shareholders' meeting of the Company shall comply with the principle of austerity and no additional economic benefits shall be given to the shareholders (or proxies) attending the meeting.

## **Section 6 Voting and Resolution at a General Shareholders' Meeting**

**Article 113** When a shareholder (including the proxy of such shareholder) exercises voting rights with respect to the number of the voting rights shares which such shareholder represents, each share shall have one vote.

When the shareholders' general meeting considers material matters that could affect the interest of minority investors, the Company shall count the votes by minority investors separately. The results of such separate vote counting shall be disclosed promptly.

The Company shares held by the Company shall have not voting rights. When calculating the total number of the voting rights shares for the general shareholders' meeting, such portion of the shares shall not be counted.

If a shareholder buys the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of the Article 63 of the Securities Law, the exceeding part of regulated proportion cannot exercise the voting rights in the following 36 months after purchase and shall not be accounted into the total amount of voting shares presenting on the general shareholders' meeting.

The Board of Directors, independent directors, the shareholder(s) holding 1% or more of voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulators under the State Council may act as the solicitors, or entrust securities companies and securities service agencies, to publicly request the Company's shareholders to entrust them to attend the general shareholder's meeting and exercise shareholder's rights such as right of making motions and voting rights on behalf of such shareholders.

In the case of soliciting shareholders' rights in accordance with the preceding paragraph, the solicitor shall disclose the solicitation documents and the Company shall provide assistance.

While soliciting votes from shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights. No consideration or other form of de facto consideration shall be offered for the public solicitation of rights from shareholders. Except conditions provided in the laws, the Company shall not impose any limitation related to the minimum shareholding percentage on the solicitation of voting rights.

If a public solicitation of rights from shareholders is in violation of any laws, administrative regulations, or the relevant provisions of the securities regulators under the State Council, resulting in losses to the Company or its shareholders, the solicitor shall be liable to indemnify according to the law.

**Article 114** Any resolutions adopted at a general shareholders' meeting consist of ordinary resolutions and special resolutions.

Any ordinary resolutions made at a general shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders (including the proxies of such shareholders) present at such meeting.

Any special resolutions made at a general shareholders' meeting shall be adopted by more than 2/3 of the voting rights held by the shareholders (including the proxies of such shareholders) present at such meeting.

The following matters shall be decided by an ordinary resolution at a general shareholders' meeting:

- (i) the work reports of the board of directors and the Supervisory Board;
- (ii) the plans proposed by the board of directors to distribute profits or make up for losses;
- (iii) the appointment, removal, remunerations and payment of the members of the Board of Directors and the Supervisory Board;
- (iv) the annual budget, final account plans, balance sheet, income statement and other financial statements of the Company;
- (v) the annual report of the Company;
- (vi) any other matters that shall be decided by a resolution other than a special resolution as provided for by law, administrative regulations or these Articles of Association.

**Article 115** The following matters shall be decided by a special resolution at a general shareholders' meeting:

- (i) when the Company increases or decreases its registered capital, or issue shares, share warrants of any type or other similar securities;
- (ii) when the Company issues any bonds;
- (iii) when the Company divides, spin-off, merges, dissolves or liquidates;
- (iv) when these Articles of Association are revised;
- (v) when the Company within one year buys or sells material assets or provides guarantees whose amount has exceed 30% of the latest audited total assets of the Company;
- (vi) the share incentive plan;
- (vii) any other matters required to be adopted by a special resolution as provided for by the law, rules and regulations or the Articles of the Association of the Company or an ordinary resolution of a general shareholders' meeting confirms to have material effect on the Company.

**Article 116** When a general shareholders' meeting considers related transactions, affiliated shareholders shall not participate in the voting and the number of the voting rights shares represented by such affiliated shareholders shall not be counted when calculate the total number of effective votes; the public announcement concerning the resolution of the general shareholders' meeting shall fully disclose the votes of non-affiliated shareholders.

Any vote respect to any related transactions at a general shareholders' meeting shall be valid only when such matters are adopted by more than half of the non-affiliated shareholders (including the proxies of such shareholders) present at the general shareholders' meeting; but, if such matters are those as provided for in Article 115 of these Articles of Association, then the vote with respect to such matters shall be valid only when they are adopted by 2/3 of the voting rights represented by the non-affiliated shareholders (including the proxies of such shareholders) present at the general shareholders' meeting.

Any material related transactions exceeding RMB30 million and representing more than 5% of the latest audited net assets of the Company shall be submitted to a general shareholders' meeting for consideration. The Company shall disclose such material related transactions according to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

**Article 117** Voting shall be made on a show of hand at a general shareholders' meeting, unless the relevant regulations of the securities regulators of the place where the Company shares are listed stipulate to vote by ballot or the following persons require to vote by ballot before or after the vote by a show of hands:

- (i) the chairman of the meeting;
- (ii) at least two shareholders with the voting rights or the proxies of such shareholders with the voting rights;
- (iii) one shareholder or a number of shareholders (including the proxies of such shareholders) representing individually or in aggregate more than 10% of the voting rights shares (including 10%) counted for such meeting.

Unless vote by ballot has been proposed, the results announced by the chairman of the meeting and recorded in the meeting minutes shall be the final evidence without proving that number or the percentage of the votes for or against the resolution adopted at the meeting.

The requirement for vote by ballot may be withdrawn by the proponent.

If the general shareholders' meeting counts the votes, the results of such count shall be recorded in the meeting minutes. The meeting minutes together with the signature book for the shareholders and the proxies shall be kept at the address of the Company.

**Article 118** If the matter required to be voted on by ballots is the election of the chairman or the suspension of the meeting, vote shall be made immediately; if it is required to vote on other matters by ballot, the chairman shall decide when to cast the votes and the meeting shall proceed to consider other matters. The results of the vote shall still be deemed as the resolution adopted at such meeting.

**Article 119** At the time of voting, any shareholder who has two or more votes (including the proxies of such shareholders) needs not to use all votes for or against any resolution or to abstain from voting on such resolution.

In case of an equality of votes for or against a resolution, whether upon a show of hands or by ballot, the chairman of the meeting shall have a casting vote.

**Article 120** Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a shareholders' meeting, enter into a contract to handover all or part of the management of important matters of the Company to a person other than to a director, supervisor, the President or other officers.

**Article 121** The list of candidates for director and supervisor shall be proposed to the shareholders' meeting for voting.

The Board of Directors and Supervisory Board shall provide the curriculum vitae and basic information of the candidates for directors or supervisors five days before a general shareholders' meeting is held.

The candidates for directors shall undertake in writing to accept the nomination before the general shareholders' meeting, warrants that the information disclosed publicly about the candidates for the directors are true, complete and guarantee that they will perform the duties and obligations as directors once appointed.

The candidates for the directors of the Company shall be nominated in the following method:

1. The shareholders shall negotiate to nominate the candidates for the members of the first Board of Directors of the Company;

The major shareholders shall prepare and submit the list of the candidates for the directors nominated to the general shareholders' meeting.

2. Except for the first Board of Directors of the Company, the candidates for the directors of any successive Board of Directors shall be nominated by the shareholders holding more than 3% (including 3%) of the shares or by three directors of the previous Board of Directors of the Company. The previous Board of Directors shall be responsible to prepare and submit a proposal to the general shareholders' meeting for voting.
3. The Board of Directors or Supervisory Board may present a list of candidates for independent directors; any shareholder holding more than 1% (including 1%) of the shares may nominate any candidates for independent directors.

The candidates for supervisors of the Company shall be nominated in the following method:

1. The candidates for the first Supervisory Board of the Company shall be nominated by:

- (1) The shareholders or external personnel acting in the capacity of a supervisor:

The shareholders shall negotiate to nominate the shareholders and the candidates for external supervisors of the first Supervisory Board of the Company;

- (2) The supervisor representing the employee shall be selected by the employees of the Company in a democratic way.

The major shareholders shall prepare and submit the list of the candidates for the supervisors nominated to the general shareholders' meeting.

2. Except the first Supervisory Board of the Company, the candidates for the supervisors of any successive Board of Directors shall be nominated by:
  - (1) the shareholders or any external personnel acting in the capacity of a supervisor:

the shareholders of the Company holding more than 3 % (including 3%) of the shares individually or in aggregate or more than three supervisors of the previous Supervisory Board;
  - (2) the supervisor representing employees shall be elected by the employees in a democratic way.

The previous Supervisory Board shall be responsible to prepare and submit a proposal to the general shareholders' meeting for voting.

If any shareholder of the Company has recommended more than half of the members of the Board of Directors, the supervisors recommended by such shareholder shall not exceed 1/3 of the members of the Supervisory Board.

**Article 122** When a general shareholders' meeting considers the proposals for the election of any directors or supervisors, it is required to vote in respect of each candidate for director or supervisor, except when cumulative voting is used.

**Article 123** Voting by secret ballot shall be used at a general shareholders' meeting. Before a proposal is voted on at a general shareholders' meeting, two shareholder representatives shall be recommended to participate in the vote count or overseeing. If a shareholder has connection with the matters under consideration, such shareholder and the proxy of such shareholder shall not participate in vote count or overseeing. When a proposal is voted on at a general shareholders' meeting, a lawyer, shareholder representative or supervisor representative shall be responsible together to count and oversee the votes and declare the results of such vote on the spot and the results of the vote shall be recorded in the meeting minutes.

Only one method shall be selected from on-site, internet or other votes in respect of the same voting rights. If any vote is repeated in respect of the same voting rights, the first vote shall prevail.

Any shareholder of the Company or the proxy of such shareholder shall have right to verify the results of his vote through the corresponding voting system if such shareholder or the proxy of such shareholder has voted by way of internet or any other means.

**Article 124** When the Company shares held by the largest shareholder of the Company has reached 30% or more or when any shareholder of the Company and its affiliates has held more than 50% of the equity in the Company, the cumulative voting method shall be used to appoint directors and supervisors.



**Article 125** The cumulative voting method shall be as follows:

- (i) Each share held by a shareholder shall have the same voting rights as the number of the candidates for directors or supervisors, when the Board of Directors and the shareholders in compliance with the requirements propose the candidates for directors or supervisors, the voting rights of each share shall be calculated in respect of the number of the candidates for directors or supervisors which are not repeated;
- (ii) When the shareholders vote in respect of the candidates for directors or supervisors, the voting rights may be exercised separately to give each candidate for director or supervisor the number of voting rights represented by each share that is the same as the number of shares held by them; the voting rights may also be exercised collectively to give each candidate for director or supervisor all voting rights represented by each share held by them that is the same as the number of the candidates for directors or supervisors or give a number of candidates for directors or supervisors respectively part of the voting rights represented by each share held by them that is the same as the number of the candidates for directors or supervisors;
- (iii) After the shareholders have exercised collectively all the voting rights represented by each that is the same as the number of the candidates for directors and supervisors in respect of one or more candidates for directors and supervisors, such shareholders shall have no voting rights in respect of other candidates for directors;
- (iv) Where the aggregate number of the voting rights exercised collectively by the shareholders in respect of one or more candidates for supervisors or directors is more than the shares having voting powers held by such shareholders, the votes by the shareholders shall be void and such shareholders shall be deemed to have waived exercised collectively by the shareholders in respect of one or more candidates for directors or supervisors is less than the shares having voting powers held by such shareholders, the votes by the shareholders shall be effective, the voting rights shall be deemed to have been waived in respect of the margin;
- (v) The candidates for directors or supervisors who receive votes representing more voting rights shall be elected as the directors or supervisors;
- (vi) Independent directors and other directors shall be elected separately so as to ensure the proportion of independent directors in the Board of Directors.

**Article 126** Except the cumulative voting system, a general shareholders' meeting shall vote on each proposal on a case by case basis. If there are more than one proposal regarding the same matter, vote shall be made on the proposal raised in the order of time. Unless a general shareholders' meeting suspends or no resolutions may be made, the general shareholders' meeting shall not stay a proposal or fail to vote on it.

There shall be no amendments to any proposal under the consideration of a general shareholders' meeting. Any amendments shall be deemed as a new proposal and shall not be voted on at such general shareholders' meeting.

**Article 127** An on-site general shareholders' meeting shall not conclude earlier than a general shareholders' meeting by way of internet or any other means. The chairman of the meeting shall declare the results of vote with respect to each proposal and declare whether or not such proposal has been adopted on the basis of such results. Before the official results are publicized, all relevant parties such as the onsite general shareholders' meeting, the companies involved in the vote by way of internet or other means, vote counter, vote overseer, major shareholders and the internet service providers shall have the obligations to keep confidential such results.

If he suspects the results of the vote with respect to the resolution submitted for voting, the chairman of the meeting may have the number of votes counted; if the chairman of the meeting does not have the number of votes counted and the shareholders or shareholder proxies object to the results declared by the chairman of the meeting, such shareholders or proxies shall have the right to require an immediate count of such shall count the votes immediately. If the votes are counted at a general shareholders' meeting, the results of such count shall be recorded in the meeting minutes.

The meeting minutes and the signature book for the shareholders and the proxies attending the meeting shall be kept at the address of the Company.

Decisions at a shareholders' meeting should be announced as soon as possible. The announcement should specify the number shareholders and proxies attending the meeting, the total number of shares held with voting rights and the percentage thereof in the total voting rights shares of the Company, the method of voting, voting results for each resolution and detailed contents of each resolution adopted.

If a resolution is not adopted, or if the shareholders' meeting changes the decision of the last shareholders' meeting, this should be specially noted in the announcement of the decisions of the shareholders' meeting.

**Article 128** Any shareholders may have free access to the copy of any meeting minutes during the office hours of the Company. Upon demand by any shareholder, the Company shall send a copy of the relevant meeting minutes within 7 days after the Company has received a reasonable fee paid.

**Article 129** A shareholder who attends any shareholders' meeting shall express one of the following opinions with regard to the proposals submitted for voting for, against or abstention. The securities registration and clearing institution shall act as the nominee for the Shanghai-Hong Kong Stock Connect Program shares and a portion of H shares, except when declared according to the intention of the actual holder.

The voter shall be deemed to have given up the voting rights in respect of any voting polls not completed, completed wrongly or not made and the results of the vote with respect to the number of shares held by such voter shall be "abstention".

If the Hong Kong Listing Rules require that any shareholder must give up his voting rights in respect of certain resolution matter or restrict any shareholder to vote for (or against) certain resolution matter, the votes casted by such shareholder or his representative in violation of any relevant regulations or restrictions shall not be counted.

**Article 130** If a resolution is adopted with respect to the election of any directors or supervisors at a shareholders' meeting, the new directors or supervisors shall act as directors or supervisors on the date when such resolution is adopted; where laws, regulations and regulatory provisions provide otherwise, their appointments shall take effect from the day when they comply with the relevant provisions.

**Article 131** If a resolution is adopted at a shareholders' meeting with respect to the payment of cash dividend, stock dividend or the capitalization of the capital reserve, the Company shall implement the specific plan within 2 months after such general shareholders' meeting concludes.

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

**Article 132** A shareholder holding different types of shares shall be a class shareholder.

A class shareholder shall have the rights and obligations according to the law, administrative regulations and the provisions of these Articles of Association.

Except the shareholders of any other type of shares, the shareholders of domestic investment shares and foreign investment shares shall be deemed as the shareholders of different class.

**Article 133** If the Company intends to change or abrogate any rights attributable to any class shareholders, such changes or abrogation shall be effected only after a special resolution has been adopted at a general shareholders' meeting and the meeting of such affected class shareholders which are convened respectively according to Article 135 to Article 139.

**Article 134** In the following circumstances, the rights of the shareholders of certain class shall be deemed to have been changed or abrogated:

- (i) to increase or reduce of the number of such class of shares or increase or reduction of the number of the class of shares that has the same or more voting rights, rights to distribution or other privileges;
- (ii) to convert all or part of such class of shares into other class, or convert all or part of another class of shares into such class of shares or to grant such right of conversion;
- (iii) to cancel or reduce the rights of such class of shares to the accrued or accumulated dividends;
- (iv) to reduce or cancel the preference rights of such class of shares to dividends or distribution of property in case of any liquidation of the Company;
- (v) to increase, reduce or cancel the rights of such class of shares to convert shares, the option rights and voting rights of such class of shares, the rights to transfer and the preference allotment rights or the rights to obtain the securities of the Company;
- (vi) to cancel or reduce the rights of such class of shares to collect the amount payable by in certain currency;
- (vii) to create any new class with the same or more rights to voting or distribution or other privileges as such class of shares;
- (viii) to restrict or increase any restrictions in respect of such class of shares or the transfer rights thereof;
- (ix) to issue any rights to subscribe for or convert such class or another class of shares;
- (x) to increase any rights or privileges of another class of shares;
- (xi) the restricting plan of the Company that makes different classes of shareholders to undertake disproportionate obligations;
- (xii) to amend or abrogate any clauses contained in this section.

**Article 135** In case of any matters referred to in Item (ii) to Item (viii), Item (xi) and Item (xii) of Article 134, the affected class shareholders, whether or not with any voting rights originally at a general shareholders' meeting, shall have voting rights at a class shareholders' meeting, but any interested shareholder shall not have any voting rights at such class shareholders' meeting.

An interested shareholder as set forth in the preceding paragraph shall mean:

- (i) when the Company issue a buy-back offer to all shareholders in the same proportion or buys back its own shares through public transaction on a stock exchange according to the provisions of Article 28 of these Articles of Association, an interested shareholder shall mean the controlling shareholder defined in Article 290 of these Articles of Association;
- (ii) when the Company buys back its own shares by way of an agreement at a place other than a stock exchange according to the provisions of Article 28 of these Articles of Association, "an interested shareholder" shall mean a shareholder related to such agreement;
- (iii) in the restructuring plan of the Company, "an interested shareholder" shall mean a shareholder who undertakes fewer obligations than other shareholders of the same class or has an interest different from that of other shareholders of the same class.

**Article 136** A resolution at a class shareholders meeting shall be made only after such resolution has been adopted by more than 2/3 of the voting rights equity interests to attend such class shareholders' meeting according to Article 135.

**Article 137** If a class shareholders' meeting is held, the Company shall send a written notice according to Article 89 of the Articles of Association, informing all registered shareholders of such class of the matters to consider as well as the date and address of such meeting.

Where the laws, regulations, regulatory provisions, the securities regulators of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise in respect of the written notice and the written reply of the shareholders attending the general shareholders' meeting, such provisions shall prevail.

**Article 138** The notice of a class shareholders' meeting shall be sent to the shareholders entitled to vote at such meeting only.

Unless otherwise provided for in these Articles of Association, a class shareholders' meeting shall be held according to the near same procedures as for a general shareholders' meeting. For the purpose of a class shareholders' meeting, such provisions concerning the procedures for a general shareholders' meeting as contained in these Articles of Association shall apply.

**Article 139** In the following circumstances, the special procedures shall not be applicable to any voting by class shareholders:

- (i) with the approval by a special resolution at the general shareholders' meeting, the Company issues domestic investment shares or foreign investment shares alone or at the same time at each interval of 12 months and the number of the domestic investment shares or foreign investment shares does not exceed 20% of the respective outstanding shares of such class;
- (ii) the Company has made the plans to issue domestic investment shares or foreign investment shares at the time of incorporation and the implementation of such plan has been completed within 15 months of the date when the securities regulators under the State Council has approved such plans;
- (iii) with the approval by the securities regulators under the State Council, the shareholders of the domestic investment shares of the Company transfer the shares held by them to overseas investors and such transferred shares are listed in any overseas stock exchanges.

## **CHAPTER 6 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 140** A director of the Company shall a natural person. A director needs not hold any shares in the Company. If the Company has any independent directors, such directors must accept the counselling and training provided by the Company.

**Article 141** A director of the Company shall have meet the following conditions:

- (i) being of honesty, integrity and good behaviour;
- (ii) being familiar with securities laws, administrative regulations, rules and other regulatory documents and having the operation and management ability necessary for performing the duties;
- (iii) meeting such years of work experience requirements in securities, finance, economy, law and accounting as provided for by the CSRC;
- (iv) meeting such education requirements as provided for by the CSRC;
- (v) other conditions as provided for by the law, administrative regulations, department regulations and the provisions of these Articles of Association.

**Article 142** An independent director of the Company shall meet the following conditions:

- (i) being of honesty, integrity and good behaviour;
- (ii) being familiar with securities laws, administrative regulations, rules and other regulatory documents and having the operation and management ability necessary for performing the duties;
- (iii) meeting such years of work experience requirements in securities, finance, economy, law and accounting as provided for by the CSRC;
- (iv) meeting such education requirements as provided for by the CSRC;
- (v) having the ability and time necessary to perform the duties;
- (vi) other conditions as provided for by the law, administrative regulations, department regulations and the provisions of these Articles of Association.

There shall be no affiliation, conflict of interest or any possible situations that may affect any independent judgement between an independent director and the Company.

**Article 143** The Chairman and Vice Chairman of the Board of Directors of the Company shall meet the following conditions:

- (i) being of honesty, integrity and good behaviour;
- (ii) being familiar with securities laws, administrative regulations, rules and other regulatory documents and having the operation and management ability necessary for performing the duties;
- (iii) meeting such years of work experience requirements in securities, finance, economy, law and accounting as provided for by the CSRC;
- (iv) meeting such education requirements as provided for by the CSRC;
- (v) pass the qualification test recognized by the CSRC;
- (vi) the conditions as provided for by the law, administrative regulations, department regulations and the provisions of these Articles of Association.

**Article 144** Directors shall be appointed and replace by a general shareholders' meeting and may be removed from office by the general shareholders' meeting before the expiration of their term of office. The term of office of the directors is three years. Upon the expiry of the office term, such directors may be re-elected and re-appointed. When a director is removed upon the expiry of his office term, an explanation shall be made at a general shareholders' meeting; the removed director shall have the right to make a statement to the general shareholders' meeting, the CSRC or its counterpart. Subject to compliance with the relevant laws and administrative regulations, a director may be removed by an ordinary resolution before the office term of such director has expired (any claims for compensation based on any contract shall not be prejudiced thereby).



The office term of an independent director shall be the same as that of other directors, but shall not be in office more than six years upon re-appointment.

The shortest notice period to the Company in respect of a person nominated to act as a director and the shortest notice period to the Company in respect of such person expressing that he is willing to accept the election shall be at least 7 days. The notice period referred to in the preceding sentence shall be calculated as from the date when the Company has given a meeting notice of such election and such period shall not end 7 days (or earlier) before the date of such meeting.

The office term of a director shall be calculated as from the date when such director takes office, until the expiry of the term of the Board of Directors. Before the new directors elected take office, the original directors shall continue to perform their obligations according to the laws, administrative regulations, department regulations and the provisions of these Articles of Association.

A director needs not hold any shares in the Company.

**Article 145** A director shall comply with the laws, administrative regulations and the provisions of these Articles of Association. A director shall have a duty of loyalty towards the Company, as follows:

- (i) not to use his powers and positions to receive bribes or other illegal income or embezzle the assets of the Company and clients;
- (ii) not to misappropriate the assets of the Company and clients;
- (iii) not to open any deposit accounts in his own name or other person's name by using the assets or funds of the Company;
- (iv) not to lend the funds of the Company to any persons or provide guarantee to other persons by using the assets of the Company, without the consent of a general shareholders' meeting or the Board of Directors, in violation of the provisions of these Articles of Association;
- (v) not to lend the funds of clients to any persons or to provide guarantee for any debts of the Company, the shareholders of the Company or any other institutions or individuals in violation of any laws;
- (vi) not to enter into any contracts or and transactions with the Company in violation of the provisions of these Articles of Association or without the consent of a general shareholders' meeting;
- (vii) not to use his powers and position to obtain for himself or others any business opportunities which should have been the business opportunities of the Company or to be engaged for himself or others in the same type of business which the Company is engaged in, without the consent of a general shareholders' meeting;
- (viii) not to occupy as his own the commission generated as a result of any transaction with the Company;

- (ix) not to disclose any secrets of the Company without any authorization;
- (x) not to injure the interests of the Company by using his related party relationship;
- (xi) other duties of loyalty as provided for by the law, administrative regulations, department regulations and the provisions of these Articles of Association.

Any income obtained by a director in violation of the above provisions shall be attributable to the Company; if the Company suffers any losses, such director shall be liable to compensate.

**Article 146** A director shall have a duty of care towards the Company in accordance with the law, administrative regulations and these Articles of Association, as follows:

- (i) to exercise the rights conferred on him by the Company in a prudent, careful and diligent manner to ensure that the business conduct of the Company is in compliance with the requirements of the state laws, administrative regulations and various economic polices and the business activities of the Company are not beyond the scope of its business licence;
- (ii) to give fair treatment to all shareholders;
- (iii) to understand the operation and management of the business of the Company promptly;
- (iv) to confirm any securities issuance documents and regular reports of the Company by signing on them; to ensure that the information disclosed by the Company is true, accurate and complete;
- (v) to provide relevant true information and materials to the Supervisory Board and not to interfere with the duties and powers exercised by the Supervisory Board or any supervisors;
- (vi) any other duty of care as provided for by the law, administrative regulations, department regulations and the provisions of these Articles of Association.

**Article 147** If a director has failed to attend any two consecutive meetings of the Board of Directors in person or by appointing other directors to attend such meetings on his behalf, such director shall be deemed incapable of performing his duties, and the Board of Directors shall make recommendation to a general shareholders' meeting for replacement.

**Article 148** A director may offer to resign prior to the expiry of his office term. If a director resigns, such director shall submit in writing a letter of resignation to the Board of Directors, and the Board of Directors shall disclose relevant information within 2 days.

If the members of the Board of Directors fall below the minimum statutory requirements due to the resignation of a director, the resigning director shall continue to perform his duties as a director in accordance with the law, administrative regulations, department regulations and the provisions of these Articles of Association until a newly-elected director takes office.

Except as provided for in the preceding paragraph, the resignation of a director shall take effect at the time when the letter of resignation has been served on the Board of Directors.

Subject to the relevant laws, rules and regulations and the regulatory regulations of the place where the Company shares are listed, if the Board of Directors appoints any new director to fill the casual vacancy or to increase the number of directors, the directors so appointed shall take office only until the following annual general shareholders' meeting, where such directors shall be qualified to be re-elected and re-appointed.

**Article 149** The duty of loyalty of a director towards the Company and the shareholders shall not cease upon the expiry of his office term and shall survive the expiry of such office term for 3 years. When a director resigns or his term of office expires, the director shall complete all handover procedures with the Board of Directors. The duty of loyalty of such director towards the Company and the shareholders shall not cease upon the expiry of his office term and shall survive the expiry of such office term for 3 years.

**Article 150** A director may accept the appointment to act as the President, Vice President or other officers.

**Article 151** Without any legal authorization by these Articles of Association or the Board of Directors, no director shall use his personal capacity to represent the Company or the Board of Directors. If any third parties reasonably believe that a director represents the Company or the Board of Directors while such director acts in his own name, such director shall make a prior statement as to his position and capacity.

**Article 152** If the Company suffers any losses due to the exercise of his duties by a director in violation of the law, administrative regulations, department regulations and the provisions of these Articles of Association, such director shall be liable to compensate.

**Article 153** An independent director shall carry out his duties in accordance with the relevant requirements of the law, administrative regulations, department regulations and the listing rules of the place where the Company shares are listed.

**Article 154** The obligations of a director as contained in this section shall also be applicable to any supervisors, the President and other officers of the Company.

## **Section 2 Board of Directors**

**Article 155** The Company shall have a Board of Directors which shall be responsible to the general shareholders' meeting.

**Article 156** The Board of Directors shall be made up of 13 members, of whom the number of independent directors shall not be less than 1/3 and the number of executive directors shall not be more than 2.

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

- (i) to convene a general shareholders' meeting and submit work report to such meeting;
- (ii) to implement the resolutions of a general shareholders' meeting;
- (iii) to decide on the operation plan and investment scheme of the Company;
- (iv) to prepare the draft annual budget and final accounts of the Company;
- (v) to prepare the profit distribution plan and the plan for making up for losses of the Company;
- (vi) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds and other securities and other listing plans;
- (vii) to prepare plans of the Company with respect to material acquisitions, acquisition of the Company shares for any reasons provided for in Item (i) and Item (ii) of Article 27 of the Articles of Association, mergers, divisions, dissolution or changes of the form of the Company;
- (viii) to decide on the company's external investments, purchases and sales of assets, pledge of assets, external guarantees, trust management, related parties transactions and external donations within the scope of authorization by a general shareholders' meeting;
- (ix) to decide on the establishment of the internal management organizations of the Company;
- (x) to decide on the appointment or removal of the President or the Board Secretary or the Chief Compliance Officer and other senior officers nominated by the Chairman of the Board of Directors and decide on the remuneration and rewards and punishments thereof; to decide on the appointment or removal of the Vice President, Assistant President, Chief Financial Officer, Chief Risk Officer, Chief Information Officer and other officers nominated by the President and decide the remunerations and rewards and punishments thereof. The Company can only dismiss the Chief Compliance Officer with the following proper reasons: situations such as the application by the Chief Compliance Officer on his own, or being ordered by the CSRC and its local office, or where there is evidence showing that he is unable to perform his duties properly or has failed to act diligently;

- (xi) to establish a basic management system of the Company;
- (xii) to prepare plans to amend these Articles of Association;
- (xiii) to manage the matters related to the information disclosed by the Company;
- (xiv) to make suggestions to a general shareholders' meeting regarding the engagement or replacement of the accounting firm as the auditor of the Company;
- (xv) to receive the work report of the President of the Company and examine such work;
- (xvi) to be responsible to urge, examine and evaluate the establishment and implementation of various internal control systems of the Company and to undertake final responsibility for the validity of such internal control systems;
- (xvii) to be responsible to determine the compliance management objectives of the Company, consider and approve the basic compliance management rules and the annual compliance report, decide the dismissal of any senior management member who assume the primary and leadership responsibility for the occurrence of major compliance risks, establish the mechanism for direct communication with the person in charge of compliance, evaluate the effectiveness of compliance management, and supervise the resolution of problems in relation to compliance management;
- (xviii) to take ultimate responsibility for comprehensive risk management;
- (xix) to review the Company's information technology management objectives and take responsibility for the effectiveness of information technology management;
- (xx) to be responsible for deciding the repurchase of Company shares for any reasons provided for in Item (iii), Item (v) and Item (vi) of Article 27 of the Articles of Association;
- (xxi) other powers and duties conferred by the law, administrative regulations, department regulations and these Articles of Association.

When the Board of Directors adopts any resolutions concerning the matters contained in the preceding clause, except the matters as contained in Item (vi), Item (vii) and Item (xii) which require the affirmative vote by more than 2/3 of the directors, the other matters shall only require the affirmative vote from more than half of the directors.

**Article 158** When the Board of Directors disposes of any fixed assets, if the aggregate value of the expected value of the fixed assets to be disposed and the value obtained from the disposed fixed assets within 4 months prior to such disposal exceeds 33% of the value of the fixed assets shown in the latest balance sheet considered by a general shareholders' meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without any approval by the general shareholders' meeting.

The disposal of fixed assets referred to in the preceding paragraph shall include the transfer of certain rights and interests to and in the assets, but shall not include the provision of any guarantees by way of fixed assets.

The validity of the transaction with respect to the disposal by the Company of any fixed assets shall not be prejudiced due to any violation of the first paragraph of this Article.

**Article 159** The Board of Directors shall make an explanation in respect of any non-standard auditor's opinion issued by the certified public accountants with respect to the financial report of the Company.

**Article 160** The Board of Directors shall establish rules of procedures for the Board meetings so as to ensure that the Board of Directors implements the decisions of any general shareholders meetings, increases work efficiency and makes decisions in a scientific way.

**Article 161** The Board of Directors shall determine the power of authority for making external investments with the assets of the Company, purchases and sales of assets, pledge of assets, external guarantees, trust management, related parties transactions, external donations and establish strict examination and decision procedures; for the purpose of material investment projects, relevant experts and professionals shall be organized to review and evaluate and such projects shall be submitted to a general shareholders' meeting for approval.

The total amount of one-time external investments decided by the Board of Directors of the Company or the total amount of the assets sales, assets pledge or trust management or the aggregate amount of external investments, assets sales, assets pledge or trust management within 4 months shall not exceed 10% of the latest audited net assets of the Company; if such percentage is exceeded, it shall be submitted to a general shareholders' meeting for approval.

External investments shall strictly comply with the provisions of the state laws, rules and regulations as well as the development plan and operation policies of the Company determined at a general shareholders' meeting.

**Article 162** The Board of Directors shall have one Chairman. Vice Chairman of the Board of Directors may also be created. The Chairman and Vice Chairman shall be elected by more than half of the members of the Board of Directors.

**Article 163** The Chairman of the Board of Directors shall exercise the following powers and duties:

- (i) To convene and hold general shareholders' meetings and convene and preside over Board meetings;
- (ii) To urge and examine the implementation of the resolutions of Board meetings;
- (iii) To execute important papers of the Board of Directors;
- (iv) Other powers and duties granted by the Board of Directors.

**Article 164** The Vice Chairman of the Board of Directors of the Company shall assist the Chairman of the Board of Directors with his work. If the Chairman of the Board of Directors is not able or fails to perform his duties, the Vice Chairman shall perform such duties (in case there are two or more Vice Chairman of the Board of Directors, the Vice Chairman elected by more than half of the directors shall perform such duties); If the Vice Chairman are not able or fail to perform such duties, a director elected by more than half of the directors shall perform such duties.

**Article 165** The Board of Directors shall hold at least four meeting every year, which meetings shall be convened by the Chairman of the Board of Directors. A written notice shall be sent to all directors and supervisors 14 days before such meeting.

**Article 166** The shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, more than half of all independent directors, the Supervisory Board, the Chairman of the Board of Directors or the President may propose to hold any interim board meetings. Within 10 days upon receipt of such proposal, the Chairman of the Board of Directors shall convene and preside over such board meetings.

**Article 167** The notice to convene an interim board meeting shall be delivered by person, post, fax or e-mail; such notice shall be given to all directors 5 days before the meeting.

If an interim board meeting needs to be held as soon as possible in a critical condition, a meeting notice may be given by phone or other oral means, but the convener shall give an explanation at such meeting.



**Article 168** A board meeting notice shall include:

- (i) the date and venue of the meeting;
- (ii) the period of such meeting;
- (iii) the subject matters and agenda;
- (iv) the date of the notice.

**Article 169** Unless as otherwise provided in the Articles of Association, a board meeting shall be held only when more than half of the directors are present. Unless as otherwise provided in these Articles of Association, any resolutions made at a board meeting shall be adopted by more than half of all directors.

Each director shall have one vote in respect of any resolutions to be adopted at a board meeting.

When there is a tie of votes, the Chairman of the Board of Directors shall have the right to cast one more vote.

**Article 170** If a director is related to an enterprise involved in a resolution to be adopted at a board meeting, such director shall not exercise his voting rights or on behalf of any other directors in respect of such resolution. Such board meeting may be held when more than half of non-related directors are present; any resolutions made at such board meeting shall be adopted by more than half of non-related directors. If the number of non-related directors present at such board meeting is less than 3, such matters shall be submitted to a general shareholders' meeting for consideration.

**Article 171** Subject to the condition that directors will express their opinions fully, resolutions at an interim board meeting may be made by fax and executed by the directors attending such meeting.

**Article 172** A director shall attend any board meetings in person. If a director fails to attend for any reasons, such director may appoint in writing other directors to attend such meeting on his behalf. Independent directors shall not appoint non-independent directors to vote on their behalf.

A power of attorney shall indicate the name of the proxy, agency matters, powers and valid period and shall be executed or sealed by the principal.

The representative who attends the meeting on behalf of the director shall act as a director within the scope of such power of attorney. If a director fails to attend a board meeting in person or appoints any representative to attend on his behalf, such director shall be deemed to have waived his voting rights at such meeting.

**Article 173** Unless it is impossible to hold an onsite meeting or a meeting by video or telephone due to any special reasons such as emergencies or force majeure events, a board meeting shall be held by way of an on-site meeting or by video or telephone. When necessary, with the consent of the convener, votes may be casted through communications, provided that directors are ensured to express their opinions fully.

Voting with respect to any board resolutions shall be made by show of hands or polls.

**Article 174** A board meeting shall prepare meeting minutes concerning any matters decided at such meeting. The directors present at such meeting shall sign the meeting minutes.

The minutes of a board meeting shall be kept by the Company on file for 15 years.

**Article 175** A board meeting minutes shall include:

- (i) the date, venue and convener's name of the meeting;
- (ii) the names of the directors present at the meeting and the names of the directors (representatives) appointed to attend such meeting;
- (iii) the agenda of the meeting;
- (iv) the main points of directors' address;
- (v) the voting method and results with respect to each matter to be adopted at such meeting (the voting results shall indicate the number of votes for or against or the abstention).

Directors shall sign board resolutions and be liable for such resolutions. If a board resolution causes any losses to the Company by violating the law, rules and regulations or these Articles of Assertion, the directors participating in such resolution shall be liable to the Company for compensation. However, if a director expresses his objections at the time of voting and such objections are recorded in the meeting minutes, such director may be excused from such liability.

### Section 3 Special Committees of the Board of Directors

**Article 176** The Company shall have a Risk Management Committee, an Audit and Related Party Transactions Control Committee, a Remuneration, Nomination and Qualification Review Committee, a Strategy and Sustainable Development Committee according to the Company Law and the relevant regulations of the CSRC, with a view to strengthening the decision-making function of the Board of Directors, so as to ensure the Board of Directors shall effectively monitor the management and perfect the corporate governance structure of the Company. The members of a special committee shall consist of directors and the independent directors shall represent more than half of the number of members of the Audit and Related Party Transactions Control Committee and the Remuneration, Nomination and Qualification Review Committee. An independent director shall act as the convener. The establishment of any special committees under the Board of Directors shall be approved at a general shareholders' meeting by resolution.

**Article 177** The Risk Management Committee shall be mainly responsible to monitor the overall risk management of the Company and control such risks within reasonable limits, so as to ensure that the Company may implement effective risk management plans with respect to various risks in the business related activities of the Company. The Risk Management Committee shall be responsible to the Board of Directors and report to it, as follows:

- (i) to evaluate and express opinions with respect to the overall target and basic policies of compliance management and risk management;
- (ii) to evaluate and express opinions with respect to the establishment of compliance management and risk management organizations and the powers and duties thereof;
- (iii) to evaluate and express opinions with respect to the risks of material decisions to be considered by the Board of Directors and the solution of such material risks;
- (iv) to review and express opinions with respect to the compliance report and risk evaluation report to be considered by the Board of Directors;
- (v) other powers and duties as provided for in these Articles of Association.

**Article 178** The Audit and Related Party Transactions Control Committee shall have the powers and duties, as follows:

- (i) to propose to engage or replace external auditors and monitor and evaluate external audit work;
- (ii) to monitor and evaluate the internal audit work of the Company;
- (iii) to be responsible for coordination between the internal auditors and external auditors;

- (iv) to review the financial information of the Company and its disclosure; to monitor annual audit work and make a judgement as to the truthfulness, accuracy and completeness of the financial report and information subsequent to such audit and submit the same to the Board of Directors for consideration;
- (v) to monitor and evaluate the internal control of the Company;
- (vi) to review and give opinions on the basic management system of the related party transactions, monitor the daily management of the related party transactions and review any material related party transactions;
- (vii) to be responsible for other matters authorized by laws and regulations, the Articles of Association and the Board of Directors.

All members of the Audit and Related Party Transactions Control Committee shall be non-executive directors, with at least one independent director being an accounting professional who have worked as an accountant for more than 5 years. An independent director who is an accounting professional shall act as the convener of the Audit and Related Party Transactions Control Committee.

**Article 179** The Remuneration, Nomination and Qualification Review Committee shall have such main powers and duties, as follows:

- (i) to prepare any remuneration plan or scheme in accordance with the main scope, responsibility, importance of the management posts of a director, the President and other officer and the remuneration level for the similar posts of other related enterprises;
- (ii) a remuneration plan or scheme shall include but be not limited to: the main plans and systems with respect to performance evaluation criteria, procedures and main evaluation system, rewards and punishments;
- (iii) to review the performance of any directors (non independent directors), the President and other officers of the Company and make annual appraisals of such performance;
- (iv) to be responsible to monitor the implementation of the remuneration system of the Company;
- (v) to make suggestions in respect of the scale and constitution of the Board of Directors according to the business activities, asset scale and equity structure of the Company;
- (vi) to research for the candidates for directors and other officers;
- (vii) to search for candidates for qualified directors and other officers;
- (viii) to screen any candidates for directors, the President and other officers and make suggestions;

- (ix) to screen and make suggestions with respect to any officers to be appointed by the Board of Directors;
- (x) to review and make suggestions at least once a year with respect to the structure, number and constitution of the Board of Directors (including skills, knowledge and experience);
- (xi) other matters authorized by the Board of Directors.

**Article 180** The Strategy and Sustainable Development Committee shall have such main powers and duties, as follows:

- (i) to research and make suggestions with respect to the long-term strategic plan of the Company;
- (ii) to research and make suggestions with respect to any material financing plan required to be approved by the Board of Directors as provided for in these Articles of Association;
- (iii) to research and make suggestions with respect to any material capital operations and asset operation projects required to be approved by the Board of Directors as provided for in these Articles of Association;
- (iv) to set environmental, social and governance (ESG) targets, facilitate the establishment of the ESG system and review ESG reports;
- (v) to research and make suggestions with respect to any other material matters affecting the development of the Company;
- (vi) to examine the implementation of all such matters above;
- (vii) other matters authorized by the Board of Directors.

## **CHAPTER 7 PRESIDENT AND OTHER OFFICERS**

**Article 181** The Company shall have one President and a number of Vice Presidents, Assistant Presidents and other senior officers. The President, the Board Secretary and Chief Compliance Officer shall be appointed and removed by the Board of Directors; the Vice Presidents, Assistant Presidents, Chief Financial Officer, Chief Risk Officer, Chief Information Officer and other senior officers shall be nominated by the President and appointed or removed by the Board of Directors.

The relevant conditions and procedures for the appointment, removal, resignation and function in an acting capacity of the Chief Compliance Officer shall comply with applicable laws and regulations as well as the requirements of the relevant regulatory authorities and the Articles of Association.

**Article 182** The duty of loyalty and duty of care of the directors as contained in Article 145 and Item (iv) to Item (vi) of Article 146 of these Articles of Association respective shall also be applicable to any senior officers.

The senior officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior officers of the Company fail to faithfully perform their duties or violate their fiduciary obligations, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the laws.

Except as otherwise provided for in the law, administrative regulations or by the CSRC, no senior officers of the Company shall work part time at any other profit-making institutions.

**Article 183** No controlling shareholder of the Company shall serve as any senior executive officers other than the directors or supervisors of the Company.

The senior officers of the Company only receive salaries from the Company and shall not be paid by the controlling shareholders on their behalf.

**Article 184** The office term for the President shall be 3 years. The President may be re-appointed.

**Article 185** The President shall be responsible to the Board of Directors and shall exercise such powers and duties, as follows:

- (i) to manage the operation of the company, organize to implement the decisions of the Board of Directors and report to the Board of Directors;
- (ii) to organize to implement the annual plan and investment plan of the Company;
- (iii) to prepare the plan for the establishment of internal organizations of the Company;
- (iv) to formulate the basic management system of the Company;
- (v) to formulate specific regulations of the Company;
- (vi) to nominate the Vice Presidents, Assistant Presidents, Chief Financial Officer, Chief Risk Officer, Chief Information Officer and other senior officers identified by CSRC to be appointed or removed by the Board of Directors;
- (vii) to decide on the appointment or removal of any management personnel other than those required to be appointed or removed by the Board of Directors;
- (viii) to formulate the salary, welfare, rewards and punishments of the employees of the Company and decide on the appointment and removal of such employees;
- (ix) to propose to the Chairman of the Board of Directors to agree to convene any interim board meetings;

- (x) to decide on the investment matters of the Company within the scope of authorization of the Board of Directors in accordance with the relevant regulations of the securities regulators;
- (xi) other powers and duties conferred on by these Articles of Association or granted by the Board of Directors.

The President shall attend any meetings of the Board of Directors as a non-voting attendee. The President who is not a director shall have non-voting rights at a meeting of the Board of Directors; with the scope of authorization of the Board of Directors, the President shall exercise or perform the corresponding powers and duties of a legal representative.

**Article 186** Upon request, the President shall report to the Board of Directors or the Supervisory Board with respect to the conclusion and performance of any material contracts or use of funds and profit or losses of the Company. The President shall ensure that such report is true.

**Article 187** When the President decides on such issues as the salary, welfare, safety production, labour protection, labour insurance, removal (or dismissal) of any employees of the Company, the President shall listen to the opinions from the Trade Union and the employee representative congress.

**Article 188** The President shall prepare the detailed working rules for the President, which working rules shall be submitted to the Board of Directors for approval before its implementation.

**Article 189** The detailed working rules for the President shall include:

- (i) the conditions and procedures for a President's meeting and the persons to attend such meeting;
- (ii) the specific duties for the President, Vice Presidents and other senior officers and the assignment of responsibilities between them;
- (iii) the authority with respect to the use of the funds and assets of the Company and the execution of material contracts as well as the reporting system to make reports to the Board of Directors and the Supervisory Board;
- (iv) other matters considered important by the Board of Directors.



**Article 190** In exercising his powers and performing his duties, the President shall comply with the obligations of good faith and diligence in accordance with the law, administrative regulations and the provisions of these Articles of Association to safeguard the interests of the Company and the shareholders. The President shall not seek personal gains by taking advantage of his position and powers in the Company.

**Article 191** The President may resign prior to the expiry of his office term. The procedures and methods concerning the resignation of the President shall be provided for in a labour contract between the President and the Company.

**Article 192** The Company shall have a Board Secretary who shall be a senior officer of the Company. The Board Secretary of the Company shall be a natural person with prerequisite professional knowledge and experience and be appointed by the Board of Directors.

The Board Secretary shall have such main duties, as follows:

- (i) to ensure that the Company has a complete set of constitution documents and records;
- (ii) to ensure that the Company prepares and submit the reports and documents required by competent authorities according to the law;
- (iii) to ensure that the register of shareholders of the Company is properly created and the persons entitled to obtain the relevant records and documents of the Company obtain such records and documents promptly;
- (iv) to be responsible for the preparatory work for the shareholders' meetings and meetings of the Board of Directors, the safekeeping of documents of the Company and the management of the shareholders information of the Company;
- (v) to provide relevant materials and handle matters with respect to information submission or disclosure in accordance with the laws, rules and regulations or the requirements of the CSRC, the securities regulators of the place where the shares are listed and shareholders (either enterprises or individuals).

The Board Secretary shall abide by the laws, administrative regulations, department regulations and the relevant provision of these Articles of Association.

Any directors or other senior officers of the Company may act as the Board Secretary of the Company. The auditor of an accounting firm engaged by the Company shall not act as the Board Secretary of the Company.

In the case of a director acting as the Board Secretary of the Company, if an act should be made both a director and the Board Secretary of the Company, the director acting as the Board Secretary of the Company shall not make such an act in the capacity of a director and the Board Secretary.

**Article 193** The Company shall have a Chief Compliance Officer, which Chief Compliance Officer shall be the person responsible for the compliance matters of the Company to review, monitor and examine the compliance with respect to the Company and the business management and practice of its personnel. The Chief Compliance Officer shall not serve as any other officer in conflict with compliance management and shall not be responsible for the management of any departments which are in conflict with his compliance duties. The Chief Compliance Officer shall be internally responsible and report to the Board of Directors of the Company and externally responsible and report to the regulators. If the Company is found to have any irregularities or potential compliance risks, the Chief Compliance Officer shall report to the Board of Directors of the Company and the President promptly while the same report shall be submitted to the securities regulatory bureau of the Company domicile; if any industry norms or rules of self-regulation are violated, the Compliance Director shall also report to the relevant self-regulation organization.

The Board of the Directors, the Supervisory Board and senior officers of the securities company shall comply with the duties of compliance management and undertake responsibility for the validity of the compliance management of the Company according to the requirements of the laws, regulations and the Articles of Association. The senior management members shall be responsible for implementing the compliance management objectives of the Company, establishing a comprehensive organizational structure for compliance management of the Company, complying with procedures of compliance management, designating adequate and suitable staff for compliance management, and providing adequate support and back-up in terms of human resources, materials, finance and technology for the performance of their duties. The President shall be responsible for operation of the Company in compliance with laws and regulations, and the other senior management members shall be responsible for operation of the respective departments they supervise in compliance with laws and regulations.

**Article 194** The Company shall appoint a Chief Risk Officer who is responsible for leading and promoting comprehensive risk management. The Chief Risk Officer shall not concurrently or separately serve in another post or department which conflicts with his duties.

The Company shall guarantee the independence of the Chief Risk Officer. Shareholders and Directors of the Company shall not directly give orders to the Chief Risk Officer or interfere with his work in violation of the prescribed procedures.

**Article 195** If a senior officer violates the law, administrative regulations, department regulations or the provisions of these Articles of Association while performing the duties of the Company, such officer shall be liable to compensate if any losses are caused to the Company or any lawful rights and interests of clients are injured. The Board of Directors and the Supervisory Board of the Company shall internally call such officer to account.

The Company shall not pay any penalties or compensations payable by any directors, supervisors or senior officers.

## CHAPTER 8 SUPERVISORY BOARD

### Section 1 Supervisors

**Article 196** The conditions to act as the Chairman of the Board of Directors as set forth in Article 143 shall also be applicable to the Chairman of the Supervisory Board.

The directors, President and other senior officers of the Company and the immediate family and other main relatives shall not act as the supervisors of the Company.

**Article 197** A supervisor shall comply with the laws, administrative regulations and the provisions of these Articles of Association. A supervisor shall have a duty of loyalty and care towards the Company. A supervisor shall not accept any bribes or other illegal income by taking advantage of his powers and position and shall not embezzle any property of the Company.

**Article 198** The office term of a supervisor shall be three years. A shareholder to act as a supervisor and external supervisor shall be appointed or replaced by a general shareholders' meeting; an employee to act as a supervisor shall be elected or replaced by the employees of the Company in a democratic way; a supervisor may be re-elected and re-appointed upon expiry of his office term. If a supervisor is removed prior to his office term, an explanation shall be made at a general shareholders' meeting. The removed supervisor shall have the right to make a statement to the general shareholders' meeting, the CSRC or its counterpart.

**Article 199** If a supervisor has failed to attend any two consecutive meetings of the Supervisory Board in person or by appointing other supervisors to attend such meetings on his behalf, such supervisor shall be deemed incapable of performing his duties, and a general shareholders' meeting or the employee representative congress shall remove and replace such supervisor.

**Article 200** If no re-election is timely conducted upon expiry of the office term of a supervisor, or if any resignation by any supervisor during the office term results in the number of the members of the Supervisory Board to fall below the quorum, the original supervisor shall continue to perform his duties as a supervisor in accordance with the laws, administrative regulations, rules and these Articles of Association until a new supervisor takes office.

**Article 201** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

**Article 202** A supervisor may participate in any meetings of the Board of Directors as a non-voting attendee. Such supervisor may make inquiries or give opinions on the decisions of the Board of Directors.

**Article 203** A supervisor shall not injure the interests of the Company by taking advantage of his related party relation. If any losses are caused to the Company, such supervisors shall be liable to compensate.

**Article 204** A supervisor shall perform his duties in good faith according to the law, administrative regulations, department regulations and the regulatory rules of the place where the Company shares are listed and the provisions of these Articles of Association. If a supervisor is or should be aware of any violations by any directors or senior officers of the law, administrative regulations or the Articles of Association of the Company which are prejudicial to the interests of the Company but fails to perform his duties which should be performed, such supervisor shall assume corresponding liabilities. In performing his duties, if a supervisor causes any losses to the Company by violating the law, administrative regulations, department regulations or the provisions of these Articles of Association, such supervisor shall be liable to compensate.

## **Section 2 Supervisory Board**

**Article 205** The Company shall have a Supervisory Board. The Supervisory Board shall consist of 9 supervisors, 1 Chairman and 2 external supervisors. The Chairman of the Supervisory Board shall be appointed or removed by the affirmative votes of more than 2/3 of the members of the Supervisory Board. The Chairman of the Supervisory Board shall convene and preside over any meetings of the Supervisory Board; if the Chairman of the Supervisory Board fails or is unwilling to perform such duties, a supervisor elected by more than half of the supervisors shall convene and preside over a meeting of the Supervisory Board. The Supervisory Board shall include shareholders representative and appropriate number of employee representatives of the Company, with the number of such employee representatives not be less than 1/3. The employees' representatives on the Supervisory Board shall be elected at an employee representative congress, employee congress or by any other democratic means.

**Article 206** The Supervisory Board shall be responsible to the general shareholders' meeting and shall have such powers and duties according to the law, as follows:

- (i) to review and provide in writing comments with respect to any securities issuance documents and periodic reports of the Company prepared by the Board of Directors, and supervisors shall sign the written confirmation opinions;
- (ii) to examine the finance matters of the Company;
- (iii) to supervise the performance of company duties by directors and senior officers and the performance of the duties of compliance management; to propose any removal of any directors or senior officers who have violated the law, administrative regulations, these Articles of Association or the resolution of a general shareholders' meeting and assume the primary or leadership responsibility for the occurrence of major compliance risks; in case of any serious violations of laws by the Board of Directors or senior officers, the Supervisory Board shall report to the CSRC or its counterpart directly;

- (iv) where any acts of a director or senior are detrimental to the interests of the Company, shareholders or clients, to require such director or senior officer to rectify within a prescribed period of time; if it is serious or such director or senior officer fails to rectify within such prescribed period of time, the Supervisory Board shall propose to convene a general shareholders' meeting and submit a special proposal to the general shareholders' meeting;
- (v) to propose to hold an interim shareholders' meeting, provided that the Board of Directors fail to perform its duties to convene and preside over a shareholders' meeting as required by the Company Law;
- (vi) to submit any proposals to a general shareholders' meeting;
- (vii) to initiate any legal proceedings against any directors or senior officers according to the provisions of Articles 152 of the Company Law;
- (viii) to examine such financial information as the financial report, business report and profit distribution plan to be submitted to a general shareholders' meeting; in case of any doubts or if any irregularities have been found with respect to the operation of the Company, to conduct an investigation; when necessary, an accounting firm or a law firm may be engaged to assist with such investigation for the account of the Company;
- (ix) to organized to conduct leave audits towards senior officers;
- (x) to provide a special explanation at an annual general shareholders' meeting with respect to the finance and compliance of the Company.
- (xi) to take responsibility for supervising comprehensive risk management, supervising and inspecting due diligence performance of the Board of Directors and the management in risk management, and supervising any rectification.

Whenever it believes necessary, the Supervisory Board may provide specific comments on the proposal under the consideration of a general shareholders' meeting and submit an independent report.

**Article 207** The Supervisory Board shall establish rules of procedures of the Supervisory Board for discussions, specifying the discussion methods and voting procedures so as to ensure the work efficiency and scientific decisions of the Supervisory Board.

**Article 208** The Supervisory Board shall hold at least one regular meeting every six months. A notice of such regular meeting shall be given to all supervisors 10 days before such meeting is held.

The Supervisory Board may hold any interim meetings. A notice of such interim meeting shall be given to all supervisors 5 days before such meeting is held. If an interim meeting needs to be held as soon as possible in emergency, a meeting notice may be given by phone or other oral means, but the convener shall give an explanation at such meeting.

Any supervisor may propose to hold an interim meeting of the Supervisory Board.

**Article 209** A meeting notice of the Supervisory Board shall include:

- (i) the date, venue and the period of time of the meeting;
- (ii) the subject matters and agenda;
- (iii) the date of the notice.

### **Section 3 Meetings of the Supervisory Board**

**Article 210** The Supervisory Board shall hold meeting to discuss. Unless it is impossible to hold an onsite meeting or a meeting by video or telephone due to any special reasons such as emergencies or force majeure events, a Supervisory Board meeting shall be held by way of an on-site meeting or by video or telephone. When necessary, with the consent of the convener, votes may be casted through communications, provided that supervisors are ensured to express their opinions fully.

**Article 211** The Supervisory Board shall vote by a show of hands or polls. Each supervisor shall have one vote. Any resolutions made by the Supervisory Board shall be adopted by more than 2/3 of the members of the Supervisory Board. A supervisor shall sign any resolutions of the Supervisory Board and assume responsibility for such resolutions.

**Article 212** The Supervisory Board may require the directors, President and other senior officers of the Company, the internal and external auditors to attend a Supervisory Board to answer questions concerned.

**Article 213** The Supervisory Board shall prepare meeting minutes to record any decisions concerning the matters discussed. The supervisors and the recorder shall sign such meeting minutes. A supervisor shall have the right to record in such minutes any explanation with respect to his address at the meeting. The meeting minutes of the Supervisory Board shall kept by the Company for files for 15 years.



## **CHAPTER 9 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER OFFICERS OF THE COMPANY**

**Article 214** In addition to such qualifications for directors (including independent directors), supervisors and senior officers as contained in Article 141, Article 142, Article 143, Article 181 and Article 196 of these Articles of Association, none of the following persons may hold the position of a director, supervisor, General Manager or other senior officer of the Company:

- (i) those without capacity or with limited capacity for civil conduct;
- (ii) those sentenced to criminal punishment for embezzlement, bribery, seizure of property, appropriation of property or disrupting socialist market economic orders, where no more than 5 years have elapsed since the expiration of the enforcement period, or those deprived of political rights for crimes committed, where no more than 5 years have elapsed since the expiration of the enforcement period;
- (iii) directors or managers of bankrupt and liquidated companies or enterprises who were personally responsible for the bankruptcy of such companies or enterprises, where no more than 3 years have elapsed since the date of completion of the bankruptcy liquidation;
- (iv) legal representatives of companies or enterprises that had the business license revoked for violating the law, where such legal representatives bear personal liability therefore and no more than 3 years have elapsed since the date of revocation of the business license;
- (v) those with relatively large amount of personal debts that have fallen due but have not been repaid;
- (vi) those who have been prohibited by the CSRC to participate in the securities market, where the enforcement period has not expired;
- (vii) a responsible persons of a stock exchange, securities registration and clearing institution or a director, supervisor or senior officer of a securities company removed from office for violating the laws or rules, where it has not been more than 5 years since the date of such removal;
- (viii) those determined by the competent authorities to have violated the securities laws and regulations and been involved in any fraudulent and dishonest conduct, where it has not been more than 5 years since the date of such determination;
- (ix) any lawyers, certified public accountants or professionals of other securities service institutions, whose certified certificates or qualifications were revoked for violating any rules, where it has not been more than 5 years since the date of the revocation of certified certificates or qualifications;
- (x) any persons working in any state organs or other persons prohibited by the law or administrative regulations to work in the Company;



- (xi) those who have received any administrative punishments from any financial regulators for violating laws, rules and regulations, where no more than 3 years have elapsed since the expiry of the enforcement period;
- (xii) those whose qualifications have been revoked by the CSRC, where it has been no more than 3 years since the date of such revocation;
- (xiii) those determined by the CSRC to be inappropriate candidates, where it has been no more than 2 years since the date of such determination;
- (xiv) those who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (xv) those who are non-natural persons;
- (xvi) those who have been investigated for suspected violations or been registered and investigated by a judicial authority for violating criminal laws, where such investigations are still pending or have not concluded;
- (xvii) employees of stock dealing institutions, securities companies, securities registration and clearing institution, securities service institutions who had been dismissed for any act against law or relevant discipline, and government officers who had been dismissed;
- (xviii) such other prohibitions as contained in the law, administrative regulations, department regulations or the listing rules of the place where the Company shares are listed.

In addition to the requirements as set forth above, none of the following persons may hold the position of independent directors of the Company:

- (i) any persons working in the Company and its affiliates and their immediate family and other main relatives;
- (ii) any persons working in any following institutions and their immediate family and other main relatives: any units which hold or control more than 5% of the equity interest in the Company, the top 5 shareholders unit of the Company or any institutions that have business relations with the Company or are interested in the Company;
- (iii) the natural persons who hold or control more than 1% of the equity interest in the Company, the natural person shareholders among the top 10 shareholders of the Company or the natural persons who more than 5% of the equity interest in the Company and the immediate families of such persons;
- (iv) any persons who provide financial, law and consulting services to the Company and their immediate families;
- (v) any persons who meets the conditions listed in any of the four paragraphs above in the recent one year;

- (vi) any persons holding any position other than independent directors in any other securities companies;
- (vii) any other persons who are identified by the CSRC not to hold the position of independent directors.

The Company shall remove an independent director if any conditions as set forth occur with respect to such independent director during his office term.

If a director, supervisor, President or other senior officers are elected, appointed or engaged in violation of the provisions of this Article, such election, appointment or engagement shall be invalid. If any conditions as forth in this Article occur with respect to a director, supervisor, President or senior officer during his office term, the Company shall remove such director, supervisor, President or officer.

**Article 215** The validity of an act of a director, President or other senior officer of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

**Article 216** In addition to the obligations imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which the Company shares are listed, the directors, supervisors, President and other senior officers of the Company shall have the following obligations towards each shareholder in the exercise of the duties and powers granted to them by the Company:

- (i) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (ii) to act honestly in the best interests of the Company;
- (iii) not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (iv) not to deprive the shareholders of their individual rights or interests, (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

**Article 217** The directors, supervisors, President and other senior officers of the Company shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with such due care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

**Article 218** The directors, supervisors, President and other senior officers of the Company must, in the exercise of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfilment of the following obligations:

- (i) to act in good faith in the best interests of the Company;

- (ii) to exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (iii) to exercise in person the discretion invested in him, not to allow himself to be manipulated by another person;  
  
and not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of an informed general shareholders' meeting;
- (iv) to be impartial to shareholders of the same category and fair to shareholders of different categories;
- (v) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association of the Company or with the consent of an informed general shareholders' meeting;
- (vi) not to use the Company property for his own benefit in any way without the consent of an informed general shareholders' meeting;
- (vii) not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (viii) not to accept commissions in connection with Company transactions without the consent of an informed general the shareholders' meeting;
- (ix) to abide by the Articles of Association of the Company, perform his duties faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
- (x) not to compete with the Company in any way without the consent of an informed general shareholders' meeting;
- (xi) not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, not to use Company assets as security for the debts of the Company shareholders or other individuals;
- (xii) not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of an informed general shareholders' meeting, and not to use such information except in the interests of the Company; however, such information may be disclosed to a court or other government authorities if:
  - 1. provided by law;
  - 2. required in the public interest;
  - 3. required in the own interest of such director, supervisor, President or other senior officers of the Company.

**Article 219** A director, a supervisor, President or other senior officers of the Company may not cause the following persons or organizations (“Connected Persons”) to do what such director supervisor, President or other senior officers are not allowed to do:

- (i) the spouse or minor children of such director, supervisor, President or other senior officer of the Company;
- (ii) the trustee of a director, supervisor, President or other senior officer of the Company or of any person referred in Item (i) hereof;
- (iii) the partner of a director, supervisor, President or other senior officer of the Company or of any person referred in Item (i) and Item (ii) hereof;
- (iv) the company over which a director, supervisor, President or other senior officer of the Company, alone or jointly with any person referred to in Item (i), Item (ii) and Item (iii) hereof or any other director, supervisor, President or other senior officer of the Company, has actual control;
- (v) a director, a supervisor, the President or other senior officer of a company being controlled as referred to in Item (iv) hereof.

**Article 220** The obligation and credibility of the Company’s directors, supervisors, President and other senior officers does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company’s trade secrets shall survive the expiry of their officer term. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 221** An informed general shareholders’ meeting may relieve any director, a supervisor, the President or other senior officers of the Company from any liability for a specific breach of obligations, except in circumstances as specified in these Articles of Association.

**Article 222** If a director, a supervisor, the President or other senior officers of the Company has directly or indirectly any material interest in a contract, transaction or arrangement concluded or planned by the Company (except their employment contracts with the Company), they shall disclose the nature and extent of their interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors in normal circumstances.

Except as permitted by note 1 of Appendix 3 to the Hong Kong Listing Rules or the Hong Kong Stock Exchange, no directors shall vote on a board resolution related to any contract or arrangement or any other suggestions in which such director is materially interested, by himself or his close associates (as defined in the Hong Kong Listing Rules); such director shall not be counted in determining if a quorum is present at the meeting.

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

A director, a supervisor, the President or other senior officer of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a Related Person of that director, supervisor, President or other senior officer has an interest.

**Article 223** If a director, a supervisor, the President or other senior officer of the Company gives a written notice to the Board of Directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be entered into by the Company, such director, supervisor, the President or other senior officer of the Company shall be deemed for the purposes of the preceding paragraph of this Article to have disclosed his interest to the extent of the scope stated in the notice.

**Article 224** The Company may not in any manner pay taxes on behalf of its directors, supervisors, the President or other senior officers.

**Article 225** The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, the President or other senior officers, those of its parent company, or Related Persons of the above-mentioned person.

The provisions of the preceding paragraph shall not apply in the following circumstances:

- (i) the provision of a loan or loan security by the Company for a subsidiary of the Company;
- (ii) the provision of a loan or loan security or other funds by the Company to a director, a supervisor, the President or other senior officer of the Company under an employment contract approved by a general shareholders' meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties;
- (iii) the provision of a loan or loan security by the Company to a relevant director, a supervisor, the President or other senior officer of the Company or to a Related Person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

**Article 226** A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 227** The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 225, except:

- (i) when the loan is provided to a Related Person of a director, a supervisor, the President or other senior officers of the Company or its parent company, the loan provider is not aware of the condition;
- (ii) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 228** For the purposes of the preceding paragraphs of this Article, the term “security” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligator.

**Article 229** If a director, a supervisor, the President or other senior officers of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, shall have a right to:

- (i) require the relevant director, supervisor, the President or other senior officer to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
- (ii) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, the President or other senior officer and contracts or with a third party (where such third party is aware or should be aware that the director, supervisor, the President or other senior officer representing the Company was in breach of his obligations to the Company);
- (iii) require the relevant director, supervisor, the President or other senior officer to surrender the gains derived from the breach of his obligations;
- (iv) recover any funds received by the relevant director, supervisor, the President or other senior officer that should have been received by the Company, including (but not limited to) commissions;
- (v) require the relevant director, supervisor, the President or other senior officer to return the interest earned or possibly earned on the funds that should have been given to the Company.

**Article 230** The Company shall enter into a written contract with each director, supervisor, the President and other senior officer, which contract shall at least include:

- (i) the undertakings made the director, supervisor, President or other senior officer to the Company that he shall comply with the provisions of the Company Law, Special Regulations, Articles of Association of the Company, Codes on Takeovers and Mergers and Share Repurchase and other regulations made by the Hong Kong Stock Exchange and the Company shall have all such remedies available under these Articles of Association and such contract and the post shall not be assigned;
- (ii) the director, supervisor and President and other senior officer undertake with the Company that he shall comply with his obligations to the shareholders provided under these Articles of Association;
- (iii) the arbitration clauses provided for in Article 289 of these Articles of Association.

The Company shall enter into a written contract with each director and supervisor of the Company concerning his remunerations. Such contract shall be approved by a general shareholders' meeting in advance. The above-mentioned remunerations shall include:

- (i) remunerations in respect of his service as a director, supervisor or senior officer of the Company;
- (ii) remunerations in respect of his service as a director, supervisor or senior officer of a subsidiary of the Company;
- (iii) remunerations in respect of the management and other services provided for the Company and its affiliates;
- (iv) funds as compensation for the loss of office or retirement of the aforementioned directors and supervisors.

A director or supervisor may not sue the Company for his benefits due to him on the basis of the above-mentioned matters, except under an above-mentioned contract.

**Article 231** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his remuneration that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the a general shareholders' meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean:

- (i) a general take-over offer made by anyone to all the shareholders;



- (ii) a general take-over offer made by anyone and designed for such offeror to become a controlling shareholder within the meaning of Article 290 of these Articles of Association.

If the relevant director or supervisor has failed to comply with the provisions of this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and shall not be deducted from such fund.

## **CHAPTER 10 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 232** The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and the stipulations of the relevant national authorities concerned.

**Article 233** The Company shall submit its annual financial reports to the CSRC and Shanghai Stock Exchange within 4 months as from the date when each of its financial year concludes, and make disclosures in accordance with the relevant provisions of the Hong Kong Stock Exchange; its semi-annual financial report to the counterpart of the CSRC and the Shanghai Stock Exchange within 2 months as from the date when the first six months of each of its financial year concludes, and make disclosures in accordance with the relevant provisions of the Hong Kong Stock Exchange.

The annual reports and interim reports above shall be prepared in accordance with relevant laws, administrative regulations, and the regulations of the securities regulatory authorities and stock exchanges of the place where the Company shares are listed.

**Article 234** The Board of Directors of the Company shall place before the shareholders at each annual shareholders' meeting the financial reports which the Company is required to prepare according to the relevant laws and regulations, rules and normative documents.

**Article 235** The financial report of the Company shall be made available for inspection by the shareholders 20 days prior to the date of the annual shareholders' meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial report mentioned in these Articles of Association.

Unless otherwise provided for in these Articles of Association, the Company shall deliver a copy of such report or the report of the Board of Directors together with the balance sheet (including each document required by the ordinance to be appended to the balance sheet) and the profit and loss statement and the statement of income and expenditure or the summary financial report to each shareholder of foreign investment shares by person or prepaid letter at the address such shareholders shown in the register of shareholders 21 days prior to the annual shareholders' meeting.

**Article 236** The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the People's Republic of China where the Company shares are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall govern.

**Article 237** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the People's Republic of China where Company shares are listed.

**Article 238** The Company shall publish two financial reports each financial year, namely an interim financial report within 60 days after the end of the first six months of the financial year and an annual financial report within 120 days after the end of the financial year.

**Article 239** The Company may not establish any account books other than statutory account books. No account shall be opened in the name of any individuals to deposit any assets of the Company.

**Article 240** When any after-tax profits for the current year are distributed, the Company shall allocate 10% of the profit as the statutory reserve fund of the Company and allocate general risk reserve funds according to the regulations. If aggregate amount of the statutory reserve funds exceeds 50% of the registered capital of the Company, no more allocation shall be required.

If the statutory reserve fund is not sufficient to make up for the losses of the previous years, such losses shall be made up for with the profits for the current year before any statutory reserve fund shall be allocated in according with the preceding paragraph.

The Company shall allocate transaction risk reserve funds in accordance with laws, regulations and regulatory requirements to make up for the loss of securities operations.

After the statutory reserve fund has been allocated from the after-tax profit, with the approval of a general shareholders' meeting, the Company may allocate any discretionary reserve fund from such after-tax profit.

The remaining profits of the Company shall be distributed in proportion to the shares held by the shareholders after the losses have been made up for and reserve fund has been allocated.

If a general shareholders' meeting distributes to shareholders any profits in violation of the provisions of the preceding paragraph before the Company has made up for its losses and allocated its statutory reserve fund, the shareholders must return to the Company the profits so distributed.

The Company shares held by the Company shall not participate in any profit distribution.

**Article 241** The reserve fund of the Company shall be used to make up for the losses of the Company, to expand the production and operation of the Company or to increase the capital of the Company. However, no capital common reserve shall be used to make for any losses of the Company. The capital common reserve shall include:

- (i) the amount of premium obtained from the issuance of shares in excess of the par value of such shares;
- (ii) other income to be included in the capital common reserves required by the competent finance authorities under the State Council.

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

**Article 242** A profit distribution plan of the Company shall be in compliance with the relevant regulations, with a view to long-term and sustainable growth. Such factors as the analysis of the operation and development of the Company, the intention of the shareholders and the costs of social funds and the external environment for financing shall also be taken into consideration.

The profit distribution plan of the Company shall be submitted to a general shareholders' meeting after it has been reviewed and adopted by the Board of Directors, with any independent directors making independent comments with respect to such plan. When a general shareholders' meeting considers a cash dividends distribution plan, it shall actively communicate with the shareholders, the medium and small shareholders in particular to fully listen to their opinions and demands. After a resolution has been adopted at the general shareholders' meeting in respect of a profit distribution plan, the Board of Directors shall complete the distribution of any dividends (or shares) within 2 months after the general shareholders' meeting is held.

**Article 243** The Company shall implement a policy of continuous and stable profit distribution. For the distribution of profits, the Company shall pay attention to the reasonable return of investment of investors and give consideration to the sustainable growth of the Company.

The Company may pay dividends in cash, stock or by the combination of cash and stock. Cash dividend payment shall be in preference to stock dividend payment. Normally, the Company shall pay annual dividends. When conditions permit, interim dividends may also be paid.

When the Company has no any material investment plans or any material cash expenditures, provided the funds for normal operation of the Company has been satisfied, the profits to be distributed by the Company in cash shall not be less than 10% of the distributable profits for such year; in any consecutive three years, the aggregate profits distributed by the Company in cash shall not be less than 30% of the distributable profits for such three years.

Subject to the satisfaction by the Company of the percentage of the above cash dividend payment, the Company may distribute profits by issuing bonus shares.

If it needs to adjust the profit distribution policy provided for in these Articles of Association due to any material changes of the external operational environment or the conditions of its own operation, the Company shall submit such changes to a general shareholders' meeting for consideration with detailed demonstrations and explanations after such changes have been adopted by the Board of Directors, with more than half of the independent directors consenting and expressing independent opinions with respect to such changes. When a general shareholders' meeting considers the proposal regarding any adjustments of the profit distribution plan, such changes shall be adopted by the shareholders (including the shareholders proxies) present at the meeting and representing more than 2/3 of the voting rights, by voting at an on-site meeting and by internet.

**Article 244** Interests shall accrue on any stock capital paid with respect to any Company shares before any capital calls have been made by the Company, but the holders of the shares shall not be entitled to receive any dividends distributed subsequent to the prepayment of such stock capital.

Subject to the relevant laws, rules, regulations and normative documents of China, the Company may exercise the powers to forfeit any unclaimed dividends, but no such powers shall be exercised before the expiry of the relevant limitation period.

The Company shall have the right to terminate the dispatch of dividend warrants by way of mail to any holders of foreign investment shares, but no such power shall be exercised by the Company until such warrants have been left uncashed for two consecutive occasions. If the initial dividend warrants mailed are returned as they fail to reach the recipients, the Company may exercise such powers immediately.

The Company shall have the right to sell the shares of an untraceable shareholder of overseas listed shares in any way the Board of Directors thinks it, subject to the following conditions:

- (i) the Company has paid three dividends in respect of the shares in question at least during a period of 12 years and no dividend during that period has been claimed;
- (ii) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers of the place where the Company shares are listed and notifies the securities regulators of the place of the place where the Company shares are listed.

If the power to forfeit any unclaimed dividends is granted, such power may be exercised on the sixth anniversary of the dividend declaration date or after.

**Article 245** The Company shall appoint recipient agents for holders of foreign investment shares listed outside the People's Republic of China to collect on behalf the relevant shareholders the dividends distributed and funds payable in respect of foreign investment shares.

The recipient agents appointed by the Company shall meet the requirements of the laws or the relevant regulations of the place where the Company shares are listed.

The recipient agents appointed by the Company for holders of foreign investment shares listed in Hong Kong shall be the trust companies registered under the Trustee Ordinance of Hong Kong.

**Article 246** If the Company is required to adjust its profit distribution policy by virtue of the regulatory policy of the industry, the conditions of its operation, investment plans and the requirements for long-term development or because there occur significant changes with respect to the external environment of operation, the adjusted profit distribution policy shall not violate any laws, rules or regulatory regulations in order to protect the rights and interests of the shareholders.

Any proposals concerning any adjustment of the profit distribution policy shall require demonstration in detail, with the reasons for such adjustments. The proposal shall be submitted to a general shareholders' meeting for approval after it has been considered and adopted by the Board of Directors, with the independent directors expressing independent opinions. When the general shareholders' meeting considers the adjustments concerning the profit distribution policy, the Company shall actively with the shareholders, the medium and small shareholders in particularly, by various means and the proposal shall be adopted by the shareholders present at the general shareholders' meeting representing more than 2/3 of the voting rights.

## **Section 2 Internal Audit**

**Article 247** The Company shall implement an internal audit policy, with full time auditors to conduct internal audit and supervision with respect to the financial revenues and expenditures, economic activities and comprehensive risk management of the Company.

**Article 248** The internal audit system and auditor duties of the Company shall be proposed by the management of the Company and implemented after the same has been adopted by the Board of Directors. The internal audit department shall be responsible to the Board of Directors and report to the President and the Supervisory Board of the Company.

## **Section 3 Engagement of an Accountant Firm**

**Article 249** The Company shall engage an accountant firm that complies with the provisions of the Securities Law to audit financial statements, verify net assets and provide other relevant consultation services. The engagement shall be one year and may be renewed.

**Article 250** The accountant firm to be engaged by the Company shall be determined by a general shareholders' meeting and the Board of Directors shall not decide to engage such accountant firm before the general shareholders' meeting has made its decision.

**Article 251** The Company guarantees to provide true complete accounting vouchers, accounting books, financial reports and other accounting information to the accountant firm without refusing, concealing such vouchers, books, reports and information or giving false vouchers, books, reports or information.

**Article 252** The accountant firm engaged by the Company shall have the right to:

- (i) inspect the accounting books, records or vouchers of the Company at any time and shall have the right to require the directors, the President or other senior officers of the Company to provide relevant information and explanation;
- (ii) request the Company to take all necessary measures so as to obtain from its subsidiaries the information and explanation necessary for the accountant firm to perform its duties;
- (iii) attend general shareholders' meetings, receive any meeting notice or other information related to such meeting that a shareholder is entitled to receive and speak with respect to any matters concerning it as the accountant firm of the Company at any general shareholders' meetings.

**Article 253** If there is a vacancy in the position of the accountant firm, the Board of Directors may appoint an accountant firm to fill up such vacancy before the convening of a general shareholders' meeting. But, any other accountant firm which has been engaged by the Company may continue to act during the period of such vacancy.

Where it is proposed that any resolution be passed at a general shareholders' meeting to fill a casual vacancy in the office of the accountant firm, re-appoint a retiring accountant firm which was appointed by the Board of the Directors to fill a casual vacancy or remove the accountant firm before the expiration of its term of office, the following provisions shall apply:

- (i) before the notice of general shareholders' meeting is given, a copy of the proposal concerning the appointment or removal shall be sent to the accountant firm proposed to be appointed or proposing to leave its post, or the accountant firm which has left its post in the relevant financial year. Leaving from office includes leaving by removal, resignation and retirement.
- (ii) if the accountant firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the written representations are received too late):
  - 1. state the fact of the representations having been made by the accountant firm leaving in any notice of the resolution;
  - 2. deliver a copy of the representations to each shareholder as an appendix to the notice in the way provided for in these Articles of Association.
- (iii) in addition to its right to be heard, the relevant accountant firm may (in addition to its right to be heard) require that the representations be read out at the general shareholders' meeting if the representations of the relevant accountant firm are not sent by the Company in accordance Item (ii) herein.



- (iv) an accountant firm which is leaving its post shall be entitled to attend the following meetings:
1. the general shareholders' meeting at which its term of office would otherwise have expired;
  2. any general shareholders' meeting at which it is proposed to fill the vacancy caused by its removal;
  3. any general shareholders' meeting convened on its resignation.

An accountant firm which is leaving its post shall be entitled to receive all notices of, and other information relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accountant firm of the Company.

**Article 254** Notwithstanding the stipulations in the contract between the Company and the accountant firm, a general meeting may, by ordinary resolution, remove an accountant firm before the expiration of its term of office, but without prejudice to the right of the firm to claim against the Company for damages in respect of such removal.

**Article 255** The remuneration of an accountant firm or the manner in which such firm is to be remunerated shall be determined by the shareholders at a general shareholders' meeting. The remuneration of an accountant firm appointed by the Board of Directors shall be determined by the Board of Directors.

**Article 256** Prior to the removal or the non-renewal of the appointment of the accountant firm, notice of such removal or non-renewal shall be given 30 days in advance to the accountant firm and such firm shall be entitled to make representations at the general shareholders' meeting of the Company in respect of the removal of such firm.

Where the accountant firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

The accountant firm may resign its post by deposit a written notice of resignation at the legal address of the Company. The notice shall take effect on the later of the date of the notice deposited at the legal address of the Company or the date of the notice. Such notice shall include:

- (i) statement that it believes its resignation does not involve any representations to be given to the shareholders or creditors of the Company;
- (ii) any other representations required to be made.

The Company shall deliver a copy of the above notice to the competent authorities within 14 days upon receipt of such notice. If it contains the representations mentioned in the sub-clause (ii) above, the Company shall make available a copy of such representations in the Company for inspection by shareholders. Unless otherwise provided for in these Articles of Association, the Company shall send a copy of such representations by prepaid letter to each shareholder entitled to receive the financial reports of the Company at the address shown in the register of shareholders.



If the resignation letter of an accountant firm contains any representations required to be made, the accountant firm may request the Board of Directors to convene an interim general shareholders' meeting at which it shall be heard in respect of its resignation.

## CHAPTER 11 NOTICE AND ANNOUNCEMENT

### Section 1 Notice

**Article 257** A notice of the Company shall be sent:

- (i) by person;
- (ii) by post;
- (iii) by announcement;
- (iv) by fax;
- (v) by e-mail;
- (vi) subject to the laws and regulations and the listing rules of the place where the Company shares are listed, by posting on the website designated by the Company and the stock exchange;
- (vii) any other methods agreed in advance between the Company and notice recipients or agreed by notice recipients after receipt of such notice;
- (viii) any other methods permitted by the securities regulators of the place where the Company shares are listed or provided for in these Articles of Association.

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

The communications of the Company referred to in the preceding paragraph shall mean any documents sent or to be sent by the Company to shareholders of H shares or required by the Hong Kong Listing Rules for any other persons to refer to or to act on, including but not limited to:

1. the annual reports of the Company (including the report of the Board, annual accounts, auditor's report and summary financial report of the Company);
2. the interim report and summary interim report of the Company (if applicable);
3. meeting notices;

4. listing documents;
5. circulars;
6. proxy forms (within the meaning of the listing rules of the exchange of the place where the Company shares are listed).

If a notice to exercise the powers provided for in these Articles of Association by given by way of an announcement, such announcement shall be published in the way stipulated by the Hong Kong Listing Rules.

In case of joint shareholders, the Company shall send or mail any notice, information or other materials to one of such joint shareholders only.

**Article 258** If the Company gives a notice by way of an announcement, all relevant persons shall be deemed to have received such notice once the announcement is published.

**Article 259** A notice to convene a general shareholders' meeting of the Company shall be given by way of an announcement.

**Article 260** A notice to convene a Board of Directors meeting of the Company shall be delivered by person, post, fax or e-mail.

**Article 261** A notice to convene a Supervisory Board meeting shall be delivered by person, post, fax or e-mail.

**Article 262** If the Company sends a notice by person, the recipient shall sign (or seal) the receipt acknowledgement and the date of the signature of such recipient shall be the date of service; if the Company sends a notice by post, it shall be the date of service 3 working days after such mail is presented to the post office; if the Company sends a notice by fax, the fax reply date of the recipient shall be date of service; if the Company sends a notice by fax or on a website, the date of giving such notice shall be the date of service; if the Company sends a notice by way of announcement, the date of the first announcement shall be the date of service; if the Company sends a notice by e-mail, the date of the successful dispatch of such e-mail shall be the date of service.

**Article 263** A meeting and the resolutions adopted to thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 264** If the listing rules of the place where the Company shares are listed require the Company to send, post, distribute, dispatch or publish or provide any relevant documents of the Company in English and Chinese and if the Company has made appropriate arrangement to ascertain whether the shareholders of the Company wish to receive the English version or Chinese version only, the Company may send the English or Chinese version to relevant shares only (according to the expressed wishes of such shareholders).

## **Section 2 Announcement**

**Article 265** The Company shall make announcements and disclose information to the shareholders of domestic investment shares through the newspapers or periodicals provided for by the laws and regulations and designated by the CSRC. If an announcement is required to be made to the shareholders of foreign investment shares listed outside the People's Republic of China according to the Articles of Association of the Company, such relevant announcement shall also be published in the way provided for in the Hong Kong Listing Rules.

The Company shall not disclose any information in any other public media before such disclosure is made in the designated newspapers or on designated websites. No announcements of the Company shall be substituted by such form as news releases or answers to reporters' request.

The Board of Directors shall have the right to make adjustments with respect to the newspapers and periodicals to disclose any information of the Company, but shall ensure the designated information disclosure newspapers and periodicals meet the qualifications and conditions as provided for in the relevant laws, rules and regulations and by the CSRC and the overseas regulators and the exchanges both within and without the People's Public of China.

## **CHAPTER 12 MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 266** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Where a company merges other companies by absorption, the absorbed companies shall dissolve; where two companies merge to establish a new company, both parties to the merge shall dissolve.

**Article 267** In the event of any merger or division of the Company, the Board of the Company shall submit proposals to be approved in accordance with the procedures as stipulated in the Articles of Association, before going through the relevant examination and approval procedures as required by laws. The shareholders who object to the proposal of merger or division are entitled to request the Company or shareholders who agree to such proposal to purchase their shares at a fair price. Resolutions on merger or division shall be recorded as a special document for shareholders' inspection. The aforesaid document shall also be sent by mail to holders of foreign investment shares listed in Hong Kong.

**Article 268** In the event of the merger or division of the Company, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The company shall notify its creditors within ten days of the date of the Company's resolution on merger and shall publish an announcement on newspapers within 30 days. The creditors may request the Company to settle its debts or provide corresponding guarantee within 30 days upon receipt of such notice or within 45 days of the date of such announcement if no such notice has been received.

**Article 269** After the merger of the Company, claims and liabilities of parties to the merger shall be assumed by the continuing company or the newly established company.

**Article 270** When there is a division of the Company, its assets shall be divided up accordingly.

In the event of a division of the Company, balance sheets and inventories of assets shall be prepared. The Company shall notify its creditors within 10 days of the date of the division resolution and shall publish an announcement on newspapers within 30 days.

**Article 271** Liabilities of the Company prior to the division shall be assumed by the companies which exist after the division, except as otherwise agreed in a written debt settlement agreement between the Company and its creditors prior to the division of the Company.

**Article 272** Where the Company is required to reduce its registered capital, balance sheets and inventories of assets shall be prepared.

The Company shall notify its creditors within 10 days of the date of its capital reduction resolution and publish an announcement in news papers within 30 days. The creditors shall have the right to request the Company to settle its debts or provide corresponding guarantees within 30 days as of the receipt of a notice or within 45 days as of the issuance of the public announcement in the case of its failure to receive such a notice.

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

**Article 273** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

Where it increases or reduces its registered capital, the Company shall go through the formalities of registration change with the registration authorities of the Company in accordance with the law.

The merger, division, registered capital increase or reduction of the Company shall be submitted to the CSRC for approval.

## **Section 2 Dissolution and Liquidation**

**Article 274** In one of the following cases, the Company shall be dissolved, and undergo liquidation according to the law:

- (i) the expiry of the term of operation provided for in these Articles of Association or occurrence of other events for dissolution stipulated in these Articles of Association;
- (ii) the general shareholders' meeting makes a resolution on dissolution;
- (iii) the Company has to be dissolved by virtue of its merger or division;
- (iv) the Company has been declared bankrupt for being unable to pay its debts when due and payable;
- (v) the business licence of the Company has been revoked or has been ordered to close down or deregistered according to the law;
- (vi) where a company meets any serious difficulty during its operation or management so that the interests of the shareholders will be subject to heavy loss if it continues to exist and no any other means are available to solve such difficulties, the shareholders who hold more than 10% of the voting rights of all the shareholders of the Company may plead the People's Court to dissolve the company.

**Article 275** Where it meets the conditions as set for in Item (i) of preceding article in this Section, the Company may amend these Articles of Association to continue in existence.

The amendments to these Articles of Association in accordance with the preceding paragraph shall be adopted by more than 2/3 of the voting rights held by the shareholders attending a general shareholders' meeting.

**Article 276** Where the Company is dissolved on account of the regulation in Item (i), Item (ii) and Item (vi) of Article 274, a liquidation group shall be set up within 15 days, and its members shall be determined by the Board of Directors or a general shareholders' meeting. If no liquidation group is set upon within the prescribed period of time, the creditors may apply to a People's Court to designate relevant persons to constitute such liquidation group for liquidation.

Where the Company is dissolved on account of the regulations in Item (iv) of Article 274, the People's Court shall organize the shareholders, the relevant authorities and professionals to constitute a liquidation group for liquidation.

Where the Company is dissolved on account of the regulations in Item (v) of Article 274, the relevant competent authorities shall organize the shareholders, the relevant authorities and professionals to constitute a liquidation group for liquidation.

**Article 277** In the event that the Board makes a decision upon liquidation of the Company (save and except for a liquidation in the event of the Company being declared as bankrupt), it shall, in the notice on the general meeting to be held for such purpose, state that the Board has made a comprehensive investigation of the Company's conditions, and believed that the Company may clear off all liabilities of the Company within 12 months from the commencement of liquidation.

Upon passing of the resolution on liquidation at the general shareholders' meeting, the powers and functions of the Board of the Company shall immediately cease.

**Article 278** During the period of liquidation, the liquidation group shall have following duties and powers:

- (i) to notify creditors and make announcements;
- (ii) to clear up the property of the Company, prepare balance sheets and inventories of assets;
- (iii) to settle any business of the Company which has not been settled;
- (iv) to pay taxes due and taxes accrued in the course of liquidation;
- (v) to clear off claims and debts;
- (vi) to dispose of the Company's remaining property after the repayment of its debts;
- (vii) to participate in civil proceedings on behalf of the Company.

**Article 279** The liquidation group shall, within ten days as of its formation, notify the creditors, and shall make a public announcement within 60 days in newspapers. Creditors shall, within 30 days as of the receipt of a notice or within 45 days as of the issuance of the public announcement in the case of its failure to receive such a notice, declare credits to the liquidation group.

To declare credits, a creditor shall explain the relevant matters and provide relevant evidential materials. The liquidation group shall record such credits.

The liquidation group may not clear off any of the debts of any creditor during the period of credit declaration.

**Article 280** The liquidation group shall prepare a liquidation plan after the property of the company has been cleared up and the balance sheets and the inventory of assets have been prepared. The liquidation plan shall be submitted to a general shareholders' meeting or a People's Court for confirmation.

The assets of the Company remaining after paying off the liquidation expenses, wages of employees, social insurance premiums and legal compensation premiums, the outstanding taxes and the debts of the Company with such assets shall be distributed by the Company in proportion to the shares held by the shareholders.

During such liquidation, the Company shall continue to exist, but may not carry out any non-liquidation related business operations. None of the assets of the Company shall be distributed to any shareholder before they are used for the settlement as provided for in the preceding clause.

**Article 281** If the liquidation group finds that the assets of the Company are not sufficient to repay its debts after the assets of the Company have been cleared off and the balance sheets and inventories of the assets have been prepared, it shall file an application to a People's Court for bankruptcy.

Once the People's Court makes a judgement declaring the bankruptcy of the Company, the liquidation group shall hand over the liquidation matters to such People's Court.

**Article 282** After liquidation of the Company is completed, the liquidation group shall prepare a liquidation report, which shall be submitted to a general shareholders' meeting or the People's Court for confirmation and shall be submitted to the company registration authority for deregistration of the Company within 30 days as of the confirmation by relevant competent departments. It shall also make a public announcement on its termination.

The dissolution, liquidation of the Company or an application by the Company to a People's Court for bankruptcy shall be submitted to the CSRC for approval.

**Article 283** The members of the liquidation group shall devote themselves to their duties and fulfil their obligations of liquidation according to the law.

None of the members of the liquidation group may take any bribe or any other illegal income by taking advantage of his position, nor may he misappropriate any of the properties of the Company.

Where any of the members of the liquidation group causes any loss to the Company intentionally or due to gross negligence, such members shall be liable to compensate.

**Article 284** Where the Company is declared bankrupt according to the law, liquidation shall be made according to the bankruptcy laws.



## CHAPTER 13 AMENDMENTS TO ARTICLES OF ASSOCIATION

**Article 285** The Company may, pursuant to the provisions of the laws, administrative regulations and the Articles of Association of the Company, amend the Articles of Association of the Company.

**Article 286** The Company shall amend these Articles of Association in any following circumstances:

- (i) the provisions of these Articles of Association are in conflict with the provisions of the amended Company Law or the relevant laws, administrative rules and regulations and other normative documents after such laws, rules and regulations and documents have been amended;
- (ii) changes have occurred with respect to the Company that they are not consistent with the matters contained in these Articles of Association;
- (iii) a general shareholders' meeting has resolved to amend these Articles of Association.

**Article 287** The amendments to these Articles of Association adopted by a general shareholders' meeting involve any changes in the registration particulars of the Company, the changes of registration shall be made according to the laws.

**Article 288** The Board of Directors shall amend these Articles of Association according to the resolution of a general shareholders' meeting on the amendments to these Articles of Association.

Amendments to these Articles of Association shall be disclosed by making an announcement according to the laws, rules and regulations.

## CHAPTER 14 SETTLEMENT OF DISPUTES

**Article 289** The Company shall comply with the following rules to settle any disputes:

- (i) For the purpose of any disputes or claims in respect of any matters of the Company between the shareholders of foreign investment shares listed outside the People's Republic of China and the Company, the shareholders of foreign investment shares listed outside the People's Republic of China and the directors, supervisors, President or other senior officers of the Company, the shareholders of foreign investment shares listed outside the People's Republic of China and the shareholder of domestic investment shares or based on the rights and obligations as provided for in the Articles of Association, the Company Law or other relevant laws and administrative regulations, parties concerned shall submit such disputes or claims to arbitration for settlement.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, President or other senior officer of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders need not be referred to arbitration.

- (ii) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules.

Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

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

- (iii) If any disputes or claims of rights prescribed in sub-paragraph (i) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (iv) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **CHAPTER 15 MISCELLANEOUS**

### **Article 290** Definition

- (i) A "Controlling Shareholder" shall mean:
  1. a shareholder who acting alone or together with others holds shares representing more than 30% of the total capital of the Company;
  2. a person who acting alone or together with others may exercise more than 30% of the voting rights in the Company or control the exercise of more than 30% of the voting rights in the Company;
  3. a shareholder who holds less than 30 % of shares in the Company, but the voting rights vested by the shares held by him have a material effect on any resolutions made at a general shareholders' meeting;

4. any person who acting alone or together with others may elect more than half of the number of the directors;
  5. any person who acting alone or together with others actually control the Company in any other manner.
- (ii) An “Actual Controller” shall mean a person who is not a shareholder of the Company, but is able to actually control the conduct of the Company through investment relationship, agreement or other arrangements.
- (iii) “Affiliated Relations” shall mean the relations between the Controlling Shareholder, Actual Controller, director, supervisor and senior officer and the enterprises directly or indirectly controlled by him and other relations which may cause the interests of the Company to be transferred. But, no affiliate Relations shall exist between state-controlled enterprises because of their shares held by the State.

**Article 291** The Board of Directors may prepare the by-laws according to the provisions of these Articles of Association, which by-laws shall not be in conflict with these Articles of Association.

**Article 292** These Articles of Association shall be written in Chinese. If there are any differences between any translations or versions of these Articles of Association, the Articles of Association in Chinese latest approved for registration by the State Administration for Industry and Commerce shall prevail.

**Article 293** In these Articles of Association, “above”, “within” and “below” shall include the original number; “no more than”, “other than”, “less than” or “more than” shall not include the original number.

**Article 294** These Articles of Association shall come into force and effect from the date when these Articles of Association is approved by a special resolution at a general shareholders’ meeting and the foreign investment share of the Company (H shares) are listed in the Hong Kong Stock Exchange. As of the date when these Articles of Association come into force and effect, the original Articles of Association and the amendments thereto shall become void automatically.

**Article 295** These Articles of Association shall be interpreted by the Board of Directors of the Company.

**Article 296** The appendices to these Articles of Association shall include: the Rules of Procedures for the General Shareholders’ Meeting, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Board.

## APPENDIX 1

# Everbright Securities Company Limited

## Rules of Procedures for the General Shareholders' Meeting

### Chapter 1 General Provisions

**Article 1** In order to regulate the acts of Everbright Securities Company Limited (the “Company”) and ensure that the exercise of functions and powers by a general shareholders’ meeting is in accordance with the laws, these Rules are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Code of Corporate Governance for Securities Companies, the Code of Corporate Governance for Listed Companies, the Rules of General Meetings for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Everbright Securities Company Limited (the “Articles of Association”).

**Article 2** The Company shall convene a general shareholders’ meeting in strict compliance with the relevant requirements of the laws, the administrative regulations, the Articles of Association and these Rules, and ensure the shareholders can exercise their rights in accordance with the laws. The Board of Directors of the Company shall perform its duties practically and organise a general shareholders’ meeting attentively in a timely manner. All directors of the Company shall be diligent, responsible and ensure a general shareholders’ meeting is convened normally and exercise its functions and powers in accordance with the laws.

**Article 3** A general shareholders’ meeting shall exercise its functions and powers within the scope as prescribed by the Company Law and the Articles of Association.

**Article 4** A general shareholders’ meeting is divided into annual general meeting and extraordinary general meeting. An annual general meeting is convened once a year and shall be held within 6 months after the end of the previous financial year. An extraordinary general meeting is convened at an irregular time but shall be held within 2 months if circumstance occurs under which an extraordinary general meeting shall be convened as required by the Articles of Association.

If the Company cannot convene a general shareholders’ meeting within the aforesaid time limit, it shall report to the dispatched office of the China Securities Regulatory Commission at the place where the Company is located and the Shanghai Stock Exchange with reasons as well as make an announcement.

**Article 5** When the Company convenes a general shareholders’ meeting, it shall engage lawyers to issue legal opinions about the following issues and make an announcement:

- (i) the procedures for convening and holding of the meetings comply with the requirements of the laws, the administrative regulations, these Rules and the Articles of Association;
- (ii) whether or not the qualifications of the attendees and the conveners of the meetings comply with the applicable laws and are valid;
- (iii) whether or not the voting procedures and the voting results of the meetings comply with the applicable laws and are valid;
- (iv) other relevant issues as requested by the Company to issue legal opinions.

## Chapter 2 Convening of a General Shareholders' Meeting

**Article 6** The Board of Directors shall convene a general shareholders' meeting within the time limit as prescribed in Article 4 of these Rules.

**Article 7** Independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal, the Board of Directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal in accordance with the requirements of the laws, the administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene such an extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within 5 days after the relevant resolution of the Board of Directors is made; if the Board of Directors disagrees to convene such an extraordinary general meeting, it shall state the reasons and make an announcement.

**Article 8** The Supervisory Board has the right to propose to the Board of Directors to convene an extraordinary general meeting and shall put forward the proposal to the Board of Directors in written form. The Board of Directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the proposal in accordance with the requirements of the laws, the administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene such an extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within 5 days after the relevant resolution of the Board of Directors is made; if the Board of Directors changes the original proposal in the notice, it shall obtain the consent of the Supervisory Board.

If the Board of Directors disagrees to convene such an extraordinary general meeting or fails to make a written response within 10 days after receipt of the proposal, it shall be regarded as cannot or failing to perform the duties of convening an extraordinary general meeting and the Supervisory Board may convene and preside over such meeting by itself.

**Article 9** Shareholder(s) individually or collectively holding 10% or more of the shares of the Company has the right to request the Board of Directors to convene an extraordinary general meeting and shall put forward the request to the Board of Directors in written form. The Board of Directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days after receipt of the request in accordance with the requirements of the laws, the administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene such an extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within 5 days after the relevant resolution of the Board of Directors is made; if the Board of Directors changes the original request in the notice, it shall obtain the consent of the relevant shareholders.

If the Board of Directors disagrees to convene such an extraordinary general meeting or fails to make a written response within 10 days after receipt of the request, shareholder(s) individually or collectively holding 10% or more of the shares of the Company has the right to propose to the Supervisory Board to convene such an extraordinary general meeting and shall put forward the request to the Supervisory Board in written form.

If the Supervisory Board agrees to convene such an extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within 5 days after receipt of the request; if the Supervisory Board changes the original request in the notice, it shall obtain the consent of the relevant shareholders.

If the Supervisory Board fails to issue the notice of convening the extraordinary general meeting within the aforesaid time limit, it shall be regarded as not to convene and preside over such an extraordinary general meeting. Shareholder(s) individually or collectively holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and preside over such meeting by itself.

**Article 10** If the Supervisory Board or shareholders decide to convene a general shareholders' meeting by themselves, they shall inform the Board of Directors in written form and file records with the dispatched office of the China Securities Regulatory Commission at the place where the Company is located and the Shanghai Stock Exchange.

Before the resolution of the general shareholders' meeting is announced, the shareholding ratio held by the convening shareholder cannot be less than 10%.

When the Supervisory Board and the convening shareholder issue a notice of the general shareholders' meeting and make an announcement of the resolution of the general shareholders' meeting, they shall provide the dispatched office of the China Securities Regulatory Commission at the place where the Company is located and the Shanghai Stock Exchange with relevant evidential materials.

**Article 11** For general shareholders' meetings convened by the Supervisory Board or shareholders, the Board of Directors and the Board Secretary shall offer cooperation. The Board of Directors shall provide the share register as on the equity registration date. If the Board of Directors fails to provide the share register, the convener may obtain it through applying to the securities registration and clearing institution with the relevant announcement of the notice of convening the general shareholders' meeting. The share register obtained by the convener cannot be used for purposes other than for convening the general shareholders' meetings.

**Article 12** The Company shall bear all the necessary expenses of the general shareholders' meetings convened by the Supervisory Board or shareholders.

### **Chapter 3 Proposal and Notice of a General Shareholders' Meeting**

**Article 13** The content of the proposal shall fall within the scope of the functions and powers of a general shareholders' meeting, with clear issues for discussion and specific matters for resolution, and shall be in accordance with the relevant requirements of the laws, the administrative regulations and the Articles of Association.

**Article 14** Shareholder(s) holding 3% or more of the shares of the Company may put forward and submit temporary written proposal to the convener 10 days prior to the convening of the general shareholders' meeting. The convener shall issue a supplementary notice of the general shareholders' meeting and announce the content of such temporary proposal within 2 days after receipt of the proposal.



Except as prescribed in the preceding paragraph, the convener cannot amend the listed proposals or add new proposals in the notice of the general shareholders' meeting after issuing such notice.

The general shareholders' meeting shall not vote on or adopt resolution on proposals which are not listed in the notice of the general shareholders' meeting or are not consistent with Article 13 of these Rules.

**Article 15** For holding an annual general meeting, the Company shall give a written notice 20 days before the date of the meeting, and for holding an extraordinary general shareholders' meeting, the Company shall give a written notice 15 days before the date of the meeting, to notify all the shareholders whose names appear on the register of members of the matters to be deliberated at the meeting and date and place of the meeting. Where the laws and regulations, the relevant regulatory authorities of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise, such provisions shall prevail. When the Company calculates the starting date of the time limit, the day when the meeting is convened shall not be included.

Where the laws, regulations, the securities regulators of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise in respect of the written reply of the shareholders attending the general shareholders' meeting, such provisions shall prevail.

An extraordinary shareholders' meeting shall not decide matters which are not set out in the notice.

**Article 16** The notice of the general shareholders' meeting shall satisfy the following requirements:

- (i) be issued in writing;
- (ii) specify the place, date and time of the meeting;
- (iii) state the matters to be discussed in the meeting; the notice and the supplementary notice of the general shareholders' meeting shall fully and completely disclose all specific contents of all of the proposals and all necessary information or explanation enabling the shareholders to make reasonable judgment on the matters to be discussed. If the matters to be discussed need the independent directors to express their opinion, the opinion and reasons of the independent directors shall be disclosed at the same time when the notice or supplementary notice of the general shareholders' meeting is issued;
- (iv) provide necessary information and explanation enabling the shareholders to make sensible decisions on the matters to be discussed. This principle includes (but not limited to) when the Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, the notice shall provide the specific conditions and contract (if any) of the transactions under discussions and make earnest explanations as to their causes and consequences;



- (v) if any director, supervisor, manager or other senior management officer has a material interest in the matters to be discussed, then the nature and extent of such interest shall be disclosed; if the effect of the matters to be discussed on such director, supervisor, manager or other senior management officer as a shareholder is different from the effect on other shareholders of the same category, then such difference shall be illustrated;
- (vi) contain the full text of any special resolution proposed to be approved in the meeting;
- (vii) state with clear words that shareholders who have the right to attend and vote have the right to appoint one or more than one proxies to attend and vote on their behalves and that such proxies need not be shareholders;
- (viii) set out the delivery time and place of the proxy form of the meeting;
- (ix) the equity registration date of the shareholders who have the right to attend the general shareholders' meeting; the interval between the equity registration date and the date of the meeting shall not exceed 7 working days. No changes can be made once such equity registration date has been confirmed;
- (x) the name and telephone number of the standing contact person of the meeting;
- (xi) if a general shareholders' meeting is held by way of internet or other means, the notice of such general shareholders' meeting shall expressly set out the voting time and voting procedures by way of internet or other means. The starting time of voting by way of internet or other means of such general shareholders' meeting cannot be earlier than 3:00 p.m. on the day immediately preceding the date on which the general shareholders' meeting is to be held but not later than 9:30 a.m. on the day the general shareholders' meeting is held; the ending time of voting cannot be earlier than 3:00 p.m. on the day the general shareholders' meeting is concluded.

**Article 17** If a general shareholders' meeting intends to discuss the election matters of director or supervisor, the notice of such general shareholders' meeting shall fully disclose detailed particulars of the candidate for the director or supervisor, including at least the following information:

- (i) personal situation such as educational background, work experience, part-time jobs and others;
- (ii) whether or not such candidate is affiliated with the Company or its controlling shareholders and actual controllers;
- (iii) disclosure of the number of shares of the Company held by such candidate;
- (iv) whether or not such candidate has been subject to punishment by the China Securities Regulatory Commission and other relevant departments as well as discipline by the stock exchange;

- (v) information required by the Hong Kong Listing Rules to be disclosed in respect of new appointment, re-election or transfer of director or supervisor.

Except for adopting a cumulative voting system for the election of a director or supervisor, each candidate for the director or supervisor shall be put forward with individual proposal.

**Article 18** The notice of the general shareholders' meeting shall be sent to the shareholders (whether or not having voting rights at the general shareholders' meeting) by personal delivery or pre-paid mail, the addresses of the recipients are subject to those registered on the share register. For the holders of domestic shares, such notice of the general shareholders' meeting may also be made by way of announcement.

The announcement referred to in the preceding paragraph shall be published at the websites of the stock exchanges and the media which satisfied the conditions stipulated by the securities regulators under the State Council. Once the announcement is made, all the holders of domestic shares are regarded as having received the notice of the relevant general shareholders' meeting.

**Article 19** A meeting and the resolutions adopted at such meeting are not invalidated by the accidental omission to issue the notice of the meeting to, or the failure to receive such notice by, a person entitled to receive such notice.

**Article 20** After a notice of the general shareholders' meeting is issued, the general shareholders' meeting cannot be postponed or cancelled and the proposals listed in such notice cannot be cancelled without proper reasons. Once the situation of postponement or cancellation arises, the convener shall make an announcement and state the reasons at least 2 working days prior to the original scheduled convening date of the meeting.

#### **Chapter 4 Convening of a General Shareholders' Meeting**

**Article 21** The convening place of the general shareholders' meeting of the Company is the registered place of the Company or the place designated by the Company.

A general shareholders' meeting shall have venue set up and be convened in the form of on-site meeting. The Company may adopt internet or other means which is safe, economical and convenient to provide convenience for its shareholders' participation of the general shareholders' meetings. Shareholders participating in the general shareholders' meetings by the aforesaid means are regarded as having attended the meetings.

A shareholder may attend the general shareholders' meeting in person and exercise his voting right, or may appoint other persons to attend the meeting on his behalf and exercise voting right within the scope of the given authorisation.

**Article 22** The Board of Directors and other conveners shall take necessary measures to guarantee the proper order of the general shareholders' meeting. Measures shall be taken to stop acts interfering with or disrupting the general shareholders' meeting or infringing the lawful rights of the shareholders and a prompt report shall be given to the relevant departments for investigation.

**Article 23** All shareholders or their proxies who are registered on the share register as on the equity registration date have the right to attend the general shareholders' meetings, the Company and the convener shall not reject their attendance for any reason.

Any shareholder entitled to attend and vote at the general shareholders' meeting shall have the right to appoint one or more persons (such person(s) need not be shareholder(s)) as his proxy to attend and vote on his behalf. Such proxy may exercise the following rights according to the shareholder's appointment:

- (i) such shareholder's right to speak at the general shareholders' meeting;
- (ii) the right to request by himself or join in demanding a poll in voting;
- (iii) the right to vote on a show of hands or by poll, but when more than one proxy is appointed, such proxies may only exercise voting rights by way of poll.

**Article 24** Shareholders who attend the general shareholders' meeting shall produce their stock account cards, identity cards or other valid documents or proof that can identify themselves. A proxy shall also provide a power of attorney and valid personal identification documents.

Shareholders shall appoint proxies in written form which is signed by the appointor or his proxy appointed in written form; if the appointor is a legal person, a corporate seal shall be stamped or signed by either its director or the formally appointed proxy.

**Article 25** The proxy form shall be deposited at the residence of the Company or at such other places as is designated in the notice of convening the meeting at least 24 hours before the convening of the relevant meeting or 24 hours before the designated voting time. If the proxy form is signed by a person authorized by the appointor, the power of attorney to sign or other authorisation documents shall be notarized. The notarized power of attorney or other authorisation documents shall, together with the proxy form, be deposited at the residence of Company or at such other places as is designated in the notice of convening the meeting.

If the appointor is a legal person, its legal representative or the board of directors or such person as is authorized by resolutions of other governing bodies to act as its representatives to attend the general shareholders' meeting of the Company.

**Article 26** The proxy form shall be deposited at the residence of the Company or at such other places as is designated in the notice of convening the meeting at least 24 hours before the convening of the relevant meeting or 24 hours before the designated voting time. If the proxy form is signed by a person authorized by the appointor, the power of attorney to sign or other authorisation documents shall be notarized. The notarized power of attorney or other authorisation documents shall, together with the proxy form, be deposited at the residence of the Company or at such other places as is designated in the notice of convening the meeting.

If the appointor is a legal person, its legal representative or the board of directors or such person as is authorized by resolutions of other governing bodies to act as its representatives to attend the general shareholders' meeting of the Company.

**Article 27** If the appointor dies, loses capacity, withdraws appointment, withdraws authorization to sign the appointments or the relevant shares have been transferred before the voting, the vote made by the proxy in accordance with the proxy form remains valid so long as the Company has not received written notice in respect of such matters before the relevant meeting starts.

**Article 28** Resolutions of a general shareholders' meeting are divided into ordinary resolutions and special resolutions.

For ordinary resolutions made at a general shareholders' meeting, they shall be approved by more than half of the voting rights held by the shareholders (including the proxies) who attend the general shareholders' meeting.

For special resolutions made at a general shareholders' meeting, they shall be approved by more than two-thirds of the voting rights held by the shareholders (including the proxies) who attend the general shareholders' meeting.

**Article 29** The following matters approved by ordinary resolutions at a general shareholders' meeting:

- (i) the work reports of the Board of Directors and the Supervisory Board;
- (ii) the profit distribution proposals and loss make-up proposals formulated by the Board of Directors to distribute profits and make up losses;
- (iii) the removal, remuneration and payment methods of the members of the Board of Directors and the Supervisory Board;
- (iv) the annual budget and final account reports, balance sheets, income statements as well as other financial statements of the Company;
- (v) matters other than those that shall be approved by special resolutions as required by the laws, the administrative regulations or the Articles of Association.

**Article 30** The following matters are approved by special resolutions at a general shareholders' meeting:

- (i) the increase or reduction of share capital and the issuance of shares, warrants of any type and other similar securities of the Company;
- (ii) the issuance of debentures of the Company;
- (iii) the split, merger, dissolution and liquidation of the Company;
- (iv) the amendment to the Articles of Association;
- (v) any other matters viewed and approved by ordinary resolutions at a general shareholders' meeting to have significant impact on the Company and needs to be approved by special resolutions.

**Article 31** When shareholders (including the proxies) vote at a general shareholders' meeting, they exercise their voting rights as represented by their number of shares with voting rights; each share has one vote.

**Article 32** The convener and the lawyer shall jointly verify the legality of the qualifications of the shareholders based on the share register provided by the securities registration and clearing institution, and register the names of the shareholders as well as their number of shares with voting rights. The registration of the meeting shall be terminated before the presider of the meeting announces the number of shareholders and the proxies that are present at the meeting and the total number of shares with voting rights held by them.

**Article 33** When the Company convenes a general shareholders' meeting, all the directors, supervisors and the Board Secretary shall attend the meeting, the President and other senior management officers shall attend the meeting as non-voting attendees.

**Article 34** If a general shareholders' meeting is convened by the Board of Directors, such meeting is presided over by the Chairman of the Board of Directors; if the Chairman of the Board of Directors is unable or fails to perform such duty, the meeting is presided over by the Vice Chairman of the Board of Directors (when the Company has two or more Vice Chairmen of the Board of Directors, the meeting is presided over by the vice chairman who is jointly elected by more than half of the directors); if such vice chairman is unable or fails to perform such duty, the meeting is presided over by a director jointly elected by more than half of the directors. If a chairman of the meeting has not been designated, shareholders attending the meeting may elect a person to act as a chairman. If for any reason the shareholders cannot elect a chairman, the shareholder attending the meeting (including the proxies) who holds the most shares with voting rights shall act as a chairman of the meeting.

If the Board of Directors is unable or fails to perform the duty to convene a general shareholders' meeting, the Supervisory Board shall promptly convene and preside over such meeting; if the Supervisory Board fails to convene and preside over such meeting, shareholder(s) individually or collectively holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and preside over such meeting by themselves.

If a general shareholders' meeting is convened by the Supervisory Board, such meeting is presided over by the chairman of the Supervisory Board; when the chairman of the Supervisory Board is unable or fails to perform the duty, such meeting is presided over by a supervisor jointly elected by more than half of the supervisors.

If a general shareholders' meeting is convened by the shareholders themselves, the convener elects a representative to preside over such meeting.

When the general shareholder's meeting is convened and the chairman of the general shareholder's meeting causes the meeting impossible to continue to proceed by violating the rules of procedures, then with the consent of more than half of the shareholders with voting rights who attend the general shareholders' meeting, the general shareholders' meeting may elect a person to act as the presider of the meeting and proceeds with the meeting.

**Article 35** Convening of an extraordinary general meeting or a class shareholders' meeting at the request of the shareholders shall be proceeded in accordance with the procedures set out below:

- (i) two or more shareholders holding a total of more than 10% (inclusive of 10%) of the shares with voting rights in the meeting to be held may sign one or more written requisitions of identical form and content proposing to the Board of Directors to convene an extraordinary general meeting or a class shareholders' meeting and stating discussion subject of the meeting. After receipt of the said written requisitions, the Board of Directors shall convene an extraordinary shareholders' meeting or a class shareholders' meeting as soon as possible. The shareholding referred as aforesaid is calculated based on the day of which the written requisitions are made by the shareholders.
- (ii) if the Board of Directors fails to issue a notice of convening a meeting within 30 days after the receipt of the aforesaid written requisitions, the shareholders making such requests may themselves convene the meeting within 4 months after the Board of Directors received the said requisitions. The procedures for convening such meeting shall, as far as possible, be the same as those for convening a general shareholders' meeting by the Board of Directors.

When the shareholders themselves convene and hold a meeting due to the failure of the Board of Directors to hold such meeting pursuant to the aforesaid requisitions, the reasonable expenses incurred shall be borne by the Company and be deducted from the sums owed by the Company to the directors who are derelict of their duties.

**Article 36** Unless the following persons demand a poll before or after voting by a show of hands, voting is casted at the general shareholders' meeting by a show of hands:

- (i) the chairman of the meeting;
- (ii) at least two shareholders or proxies who have the right to vote;
- (iii) one or more shareholders (including the proxies) individually or collectively holding more than 10% (inclusive of 10%) of the shares with voting rights at such meeting.

Unless a poll is demanded, an announcement of the proposal approval situation by the chairman of the meeting and the record of the same in the minutes of the meeting in accordance with the voting result on a show of hands acts as the final base, there is no need to prove the number of votes or its proportion in favour of or against the approved resolution in such meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**Article 37** If a poll is demanded on matters of election of the chairman or termination of the meeting, then the poll shall be taken forthwith. A poll demanded on other matters is taken at such time as the chairman decides and the meeting may proceed to discuss other matters, whilst the poll results are still regarded as resolutions passed at such meeting.



**Article 38** On a poll taken, a shareholder with two or more votes (including the proxies) needs not cast all his votes in the same way.

**Article 39** When there is a tie of votes, whether on a show of hands or on a poll, the chairman of the meeting has the right to cast one more vote.

**Article 40** The chairman of the meeting decides whether or not a resolution of the general shareholders' meeting is passed based on the voting results. The decision of the chairman is final and the voting results shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 41** If the chairman of the meeting has any doubts about the resolution result that is put to vote, he may count the number of the casted votes; if the chairman of the meeting has not counted the votes, the shareholders or the proxies attending the meeting who object to the results announced by the chairman of the meeting, have the right to request the counting of votes immediately after such announcement is made and the chairman of the meeting shall count the votes immediately.

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

**Article 42** Shareholders may examine photocopies of the minutes of the meetings during office hours of the Company free of charge. If any shareholder asks for photocopies of the minutes of the relevant meetings, the Company shall dispatch the same within 7 days after it receives payment of reasonable charges.

**Article 43** In the annual general meeting, the Board of Directors and the Supervisory Board shall submit report to the general shareholders' meeting in respect of their work done in the past year and each independent director shall also make a work report.

**Article 44** Directors, supervisors and senior management officers shall explain questions of the shareholders at a general shareholders' meeting.

**Article 45** The presider of the meeting shall announce the number of shareholders and the proxies attending the meeting and the number of shares with voting rights held by them before the voting takes place. Such number of shareholders and the proxies attending the meeting and the total number of shares with voting rights held by them are subject to those registered for the meeting.

**Article 46** When a shareholder has connection with the matters to be discussed at a general shareholders' meeting, such shareholder shall abstain from the voting and the number of shares with voting rights held by him is not counted towards the total number of shares with voting rights that are present at the general shareholders' meeting.

Shares of the Company held by itself do not have voting rights and are not counted towards the total number of shares with voting rights that are present at the general shareholders' meeting.



**Article 47** When voting takes place for the election of directors, supervisors at a general shareholders' meeting, a cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions adopted at the general shareholders' meeting.

The cumulative voting system mentioned in the preceding paragraph means that when electing directors or supervisors at a general shareholders' meeting, each share has the same number of voting shares as the number of directors or supervisors to be elected and the voting shares held by the shareholders may be assembled for use.

**Article 48** Except for the cumulative voting system, a general shareholders' meeting shall vote on all the proposals on a case by case basis. If there are different proposals for the same matter, voting shall take place in accordance with the chronological order of the proposals being put forward. Except where a general shareholders' meeting is terminated or cannot adopt resolution due to force majeure and other special reasons, the general shareholders' meeting cannot put proposals on hold or refuse to vote on them.

**Article 49** When the general shareholders' meeting considers the proposals, it cannot make amendments to the proposals, otherwise, the relevant changes shall be regarded as a new proposal and voting cannot take place at such general shareholders' meeting.

**Article 50** The same voting share can only select one of the voting methods among on-site voting, internet voting or other means. The first voting result prevails if there are repeated votings with the same voting share.

**Article 51** Shareholders attending the general shareholders' meeting shall express one of the following opinions with regard to the proposals submitted for voting: consent, objection or abstention, except for the securities registration and clearing institution acting as the nominee shareholders under the Shanghai-Hong Kong Stock Connect Program and of some H shares which makes declaration according to the intention of the actual holders.

When there are ballots with words not filled in, with words wrongly filled, with ineligible words or not casted for voting, the voters are regarded as having given up their voting rights and the voting results of their shares shall be treated as abstention.

If the Hong Kong Listing Rules require any shareholder to give up his voting rights in respect of certain resolution matters or restrict any shareholder to only vote for (or against) certain resolution matters, the votes casted by such shareholder or his representative are not counted if there is any violation situations of the relevant requirements or restrictions.

**Article 52** Before a proposal is voted at a general shareholders' meeting, two shareholder representatives shall be elected to participate in the vote counting and monitoring. If a shareholder has connection with the matters to be considered, the relevant shareholder and proxy cannot participate in the vote counting and monitoring.

When a proposal is voted at a general shareholders' meeting, lawyers, the shareholder representatives and the supervisor representatives shall be jointly responsible for the vote counting and monitoring.

Shareholders of the Company or their proxies who vote through the internet or other means have the right to examine through the corresponding voting systems.

**Article 53** The finishing time of the on-site general shareholders' meeting cannot be earlier than that of the internet or other means. The presider of the meeting shall announce the voting situation and results with respect to each proposal at the on-site meeting and announce whether or not such proposal is adopted on the basis of the voting results.

Before the official results are announced, all the relevant parties involved in the voting at the on-site general shareholders' meeting, through internet and other means such as the Company, persons counting and monitoring the vote, the major shareholders, the internet service providers and others have confidential obligations regarding the voting situation.

**Article 54** Resolutions of a general shareholders' meeting shall be promptly announced. The announcement shall specify the number of shareholders and the proxies attending the meeting, the total number of shares with voting rights held by them and its proportion of the Company's total number of shares with voting rights, the voting method, the voting result of each proposal and the detailed contents of various approved resolutions.

**Article 55** If a resolution is not approved, or if the general shareholders' meeting changes the resolutions of the previous general shareholders' meeting, a special notification shall be made in the announcement of the resolution of such general shareholders' meeting.

**Article 56** The Board Secretary shall be responsible for the meeting minutes of a general shareholders' meeting. The meeting minutes shall record the following:

- (i) the time, venue, agenda and the name of the convener;
- (ii) the name of the presider of the meeting; the names of the directors, the supervisors, the Board Secretary, the president and other senior management officers attending the meeting either as voting-attendees or non-voting attendees;
- (iii) the number of shareholders and the proxies attending the meeting and the total number of shares with voting rights held by them and its proportion of the Company's total number of shares;
- (iv) the consideration process, the key points of the presentations and the voting result of each proposal;
- (v) the questioning opinion or suggestion of the shareholders and the corresponding reply or clarification;
- (vi) the names of the lawyers and the persons counting and monitoring the votes;
- (vii) other contents that should be recorded in the meeting minutes as required by the Articles of Association.

The directors, the supervisors, the Board Secretary, the convener or its representative, the presider of the meeting who attend the meeting shall sign the meeting minutes and guarantee the contents of the meeting minutes are authentic, accurate and complete. The meeting minutes shall be kept together with the signature register of the shareholders who attend the meeting, the proxy form and the valid information regarding the voting situation through the internet or other means for not less than 15 years.

**Article 57** The convener shall guarantee that a general shareholders' meeting proceeds continuously until a final resolution is made. If a general shareholders' meeting is terminated or no resolution is made due to force majeure and other special reasons, necessary measures shall be taken as soon as possible to resume convening of the general shareholders' meeting or terminate such meeting directly and make an announcement promptly. At the same time, the convener shall report to the dispatched office of the China Securities Regulatory Commission at the place where the Company is located and the Shanghai Stock Exchange.

**Article 58** If a proposal is adopted with respect to the election of directors, supervisors at a general shareholders' meeting, the newly elected directors, supervisors assume their posts in accordance with the requirements of the Articles of Association.

**Article 59** If a proposal is adopted with respect to the distribution of cash dividend, bonus shares or the conversion of capital reserves into share capital at a general shareholders' meeting, the Company shall implement specific plans within 2 months after the conclusion of such general shareholders' meeting.

**Article 60** General shareholders' meeting resolutions of the Company with contents contravening the laws, the administrative regulations are invalid. If the convening procedure or voting method of a general shareholders' meeting contravenes the laws, the administrative regulations or the Articles of Association or if the resolution contents contravene the Articles of Association, shareholders may themselves request the People's Court to nullify such resolution within 60 days as from the resolution adoption date.

## **Chapter 5 Class Shareholders**

**Article 61** Shareholders who hold different classes of shares are class shareholders. Class shareholders have rights and assume obligations according to the laws, the administrative regulations and the Articles of Association. Without regard to other class shareholders, the shareholders of domestic shares and overseas listed foreign shares are regarded as shareholders of different classes.

**Article 62** If the Company intends to vary or abrogate the rights of the class shareholders, such variation or abrogation shall be effected only after a special resolution has been adopted at a general shareholders' meeting and approved at a shareholders' meeting separately convened by the affected class shareholders pursuant to Articles 81 to 85.

**Article 63** The following circumstances shall be regarded as variation or abrogation of the rights of certain class of shareholders:

- (i) to increase or reduce the number of shares of such class, or increase or reduce the number of shares of another class with voting rights, distribution rights or other privileges equivalent to or more than those of such class of shares;
- (ii) to convert all or part of the shares of such class into another class of shares, or convert all or part of the shares of another class into such class of shares or to grant such conversion right;
- (iii) to cancel or reduce the rights of such class of shares to obtain the accrued or cumulative dividends;

- (iv) to reduce or cancel the preferential rights of such class of shares to obtain dividends or the preferential rights to obtain property distribution in liquidation of the Company;
- (v) to increase, cancel or reduce the share conversion rights, the option rights, the voting rights, the transfer rights, the priority placing rights, the rights to obtain the securities of the Company of such class of shares;
- (vi) to cancel or reduce the rights of such class of shares to receive payment payable by the Company in particular currencies;
- (vii) to create a new class having voting rights, distribution rights or other privileges equivalent to or more than those of such class of shares;
- (viii) to restrict or increase such restrictions in respect of the transfer rights or all of the rights of such class of shares;
- (ix) to issue share subscription right or conversion right of such class or another class;
- (x) to increase the rights and privileges of another class of shares;
- (xi) the restructuring proposal of the Company will result in different classes of shareholders bearing responsibilities disproportionately in the restructuring;
- (xii) to amend or abrogate the provisions stipulated in this chapter.

**Article 64** The affected class shareholders, whether or not originally have voting rights at the general shareholders' meeting, nevertheless have voting rights at the class shareholders' meeting in respect of the matters involving paragraphs (ii) to (viii), (xi) to (xii) of Article 80, except that interested shareholder(s) do not have voting rights at the class shareholders' meeting.

The meaning of "interested shareholder(s)" referred to in the preceding paragraph is in the following:

- (i) when the Company issues a buy-back offer based on the same proportion to all of the shareholders or buys back its own shares through public dealing on a stock exchange according to the provisions stipulated in Article 25 of the Articles of Association, "interested shareholder(s)" refers to the controlling shareholder(s) as defined in Article 48 of the Articles of Association;
- (ii) when the Company buys back its own shares by way of an agreement outside a stock exchange according to the provisions stipulated in Article 25 of the Articles of Association, "interested shareholder(s)" refers to shareholder(s) related to such agreement;
- (iii) in the restructuring proposal of the Company, "interested shareholder(s)" refers to shareholder(s) bearing proportionately less responsibilities than other shareholders of this class or shareholder(s) having an interest different from that of other shareholders of such class.

**Article 65** Resolution of a class shareholders' meeting shall only be made after it has been approved by more than two-thirds of equity with voting rights who attend such class shareholders' meeting according to Article 81.

**Article 66** If the Company convenes a class shareholders' meeting, it shall issue a written notice according to Article 15 of Rules of Procedures for the General Shareholders' Meeting, notifying all shareholders of such class of shares on the share register regarding the matters to be considered in the meeting as well as the date and place of such meeting.

Where the laws, regulations, the securities regulators of the place where the shares of the Company are listed and the stock exchange(s) provide otherwise in respect of the written notice and the written reply of the shareholders attending the general shareholders' meeting, such provisions shall prevail.

**Article 67** The notice of a class shareholders' meeting only needs to be served on the shareholders who have voting rights at such meeting.

The procedures of the class shareholders' meetings shall as far as possible be identical to the procedures of the general shareholders' meetings. The provisions of the Articles of Association concerning the holding procedures of the general shareholders' meeting are applicable to those of the class shareholders' meeting.

**Article 68** The special procedures for voting by the class shareholders are not applicable in the following circumstances: (i) upon the approval by a special resolution at the general shareholders' meeting, the Company issues domestic shares or overseas listed foreign shares either separately or concurrently once every 12 months and the number of domestic shares or overseas listed foreign shares proposed to be issued does not exceed 20% of the issued shares of the respective class; (ii) the Company's plans to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the approval date of the securities regulatory agency of the State Council; (iii) upon the approval of the securities regulatory agency of the State Council, the shareholders of the domestic shares of the Company transfer their shares to overseas investors and such transferred shares are listed and traded on overseas stock exchanges.

## Chapter 6 Supervisory Measures

**Articles 69** If the Company fails to convene a general shareholders' meeting without proper reasons within the time limit stipulated in these Rules, the Shanghai Stock Exchange has rights to suspend trading of the listed shares and the derivative products of the Company, and require the Board of Directors to give explanations and make an announcement.

**Articles 70** If the convening and holding of a general shareholders' meeting and the disclosure of the relevant information do not meet the requirements of the laws, the administrative regulations, these Rules and the Articles of Association, the China Securities Regulatory Commission and its dispatched offices have rights to order the Company or the relevant responsible persons to make corrections within the time limit, and the Shanghai Stock Exchange will make public denouncement.

**Article 71** If a director, a supervisor, or the Board Secretary violates the requirements of the laws, the administrative regulations, these Rules and the Articles of Association, and fails to practically perform duties, the China Securities Regulatory Commission and its dispatched offices have rights to order them to make corrections, and the Shanghai Stock Exchange will make public denouncement; if the circumstances are serious or are not corrected, the China Securities Regulatory Commission may take measures to prohibit the relevant persons from entering the securities market.

**Article 72** The "announcement" or "notice" as mentioned in these Rules refers to the disclosure contents of the relevant information published in the newspapers and periodicals designated by the China Securities Regulatory Commission. As for the announcement or notice with longer length, the Company may choose to disclose summary of the relevant contents in newspapers and periodicals designated by the China Securities Regulatory Commission, but the full text shall be announced on the websites designated by the China Securities Regulatory Commission simultaneously.

The supplementary notice of the general shareholders' meeting mentioned in these Rules shall be announced in the same designated newspapers and periodicals where the notice of the meeting was published.

**Article 73** References to the terms "more than", "within" in these Rules are inclusive of the relevant numbers themselves whereas "exceeding", "less than" and "more than" are exclusive.

**Article 74** If there are matters not included in these Rules, they are executed in accordance with the requirements of the Company Law, the relevant laws, the regulations, the regulatory rules and the Articles of Association. Where there is conflict or inconsistency between these Rules and the laws, the regulations and the regulatory rules promulgated by the state in the future or the Articles of Association as amended through legal procedures, the execution is made according to the requirements of the relevant state laws, the regulations and the regulatory rules and the Articles of Association, and these Rules shall be amended promptly as well as considered and approved by the general shareholders' meeting.

**Article 75** These Rules are subject to the interpretation of the Board of Directors.

**Article 76** These Rules shall take effect after the approval at the general shareholders' meeting of the Company, and from the date the Company's issued and overseas listed foreign shares (H Shares) are listed for trading on the Hong Kong Stock Exchange. The original Rules of Procedures for General Shareholders' Meeting of the Company shall become null and void automatically on the date when these Rules take effect.



## APPENDIX 2

# Everbright Securities Company Limited

## Rules of Procedures for the Board of Directors

### Article 1 Objectives

To further regulate the rules of procedure and decision-making of the Board of Directors of Everbright Securities Company Limited (the “Company”), procure the directors and the Board to effectively perform their duties, and to improve the standardized operation and scientific decision-making of the Board, these rules are hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Articles of Association of Everbright Securities Company Limited (hereinafter referred to as the “Articles of Association”).

### Article 2 Board Office

An office is established under the Board to handle the daily affairs of the Board and keep the seals of the Board and the Board Office.

### Article 3 Regular meetings

Meetings of the Board include regular meetings and extraordinary meetings.

Regular meetings shall be held by the Board at least twice in the first half and in the second half of the year, respectively.

### Article 4 Proposal for regular meetings

Prior to sending the notice of regular meeting of the Board, the Board Office shall fully consult all directors to form the initial proposal and then submit it to the chairman of the Board for finalization.

The chairman of the Board, if necessary, shall consult the president and other senior management before finalizing the proposal.

### Article 5 Extraordinary meetings

In any of the following circumstances, the Board shall convene an extraordinary meeting:

- (i) as proposed by shareholders representing one-tenth or more of the voting rights;
- (ii) as proposed jointly by one-third or more of the members of the Board;



- (iii) as proposed by the Supervisory Committee;
- (iv) when deemed necessary by the chairman of the Board;
- (v) as proposed by one-half or more independent directors;
- (vi) as proposed by the president and proposed to the chairman of the Board for approval;
- (vii) as required by the securities authorities;
- (viii) other circumstances as stipulated by the Articles of Association of the Company.

### **Article 6 Procedure for proposing extraordinary meetings**

Where an extraordinary meeting is proposed as the preceding article stipulates, a written proposal signed by or bearing the seal of the proposer shall be presented to the chairman of the Board by the proposer directly or through the Board Office. The written proposal shall contain the following items:

- (i) name(s) of the proposer(s);
- (ii) reason(s) for the proposal or objective reason(s) on which the proposal is based;
- (iii) time or time limit, venue and convening method of the proposed meeting;
- (iv) clear and specific proposal;
- (v) contact information of the proposer(s) and the date of the proposal, etc.

The contents of the proposal shall be relevant to the matters within the functions and powers of the Board as stipulated by the Articles of Association of the Company. The materials relevant to the proposal shall be submitted together with the proposal.

Upon receiving the above written proposal and relevant materials, the Board Office shall present them to the chairman of the Board on the same day. If the chairman of the Board is of the view that the proposal is not clear or specific, or the related materials are inadequate, the proposer may be requested to make modification or supplementation to the proposal.

The chairman of the Board shall convene and preside over the meeting within ten days after receiving the proposal or the request of the securities authorities.

## **Article 7 Convening and presiding over the meetings**

The Board meeting shall be convened and presided over by the chairman of the Board, where the chairman of the Board cannot or does not perform the duties thereof, the vice chairman shall perform the duties thereof (where there are two or more vice chairmen of the Company, the deputy chairman of the Board jointly elected by the majority of the directors shall perform such duties); or be convened and presided over by a director jointly elected by the majority of the directors where the deputy chairman cannot or does not perform the duties thereof.

## **Article 8 Meeting notice**

For a regular meeting or an extraordinary meeting, The Board Office shall send a written notice of meeting bearing the seal of the Board Office to all directors, supervisors, the president, Secretary to the Board of Directors and the Chief Compliance Officer by hand delivery, postal mail, email, fax, or other means 14 days and 5 days before a regular meeting of the Board and an extraordinary meeting of the Board, respectively. Where the notice is not served by direct delivery, telephone acknowledgement and corresponding records shall be made.

Where an extraordinary meeting of the Board needs to be convened in emergency, the meeting notice shall be given by telephone or in other verbal forms at any time, provided that the convener makes necessary explanations at the meeting.

## **Article 9 Contents of the meeting notice**

The written meeting notice shall at least include the following items:

- (i) the time and venue of the meeting;
- (ii) the format of the meeting;
- (iii) the matters to be reviewed (proposals of the meeting);
- (iv) the convener and chairman of the meeting, and proposer of the extraordinary meeting and his/her written proposal;
- (v) the meeting materials necessary for voting by directors;
- (vi) the requirements for the directors to attend the meeting in person or by proxy;
- (vii) the contact person and means of contact.

A verbal meeting notice shall at least include (i) and (ii) above, and explanation for the extraordinary meeting of the Board in emergency.

## **Article 10 Change of the meeting notice**

After the written notice of a regular meeting of the Board is issued, if the meeting time, venue or any other item needs to be changed, or if the meeting proposal needs to be supplemented, modified or cancelled, a change notice shall be given in writing three days prior to the originally scheduled meeting date to specify the reasons and contents of the new proposal as well as the relevant materials. If the change notice is given within three days prior to the originally scheduled meeting date, the meeting shall be postponed accordingly or convened on new schedule upon the approval of all directors who will attend the meeting.

After the notice of the extraordinary meeting of the Board is issued, if the meeting time, venue or any other item needs to be changed, or the meeting proposal needs to be supplemented, modified or cancelled, a prior approval from all directors who will attend the meeting shall be obtained and the corresponding records shall be made.

## **Article 11 Convening of the meeting**

A meeting of the Board cannot be convened unless more than half of the directors are present. Where any relevant director refuses or fails to attend the meeting so that the number of attendees falls short of the quorum required for convening the meeting, the chairman of the Board and the Secretary to the Board of Directors shall responsively report such incident to the regulatory authorities.

The supervisors and the Chief Compliance Officer may attend the meeting of the Board; the president and the Secretary to the Board of Directors shall attend the meeting of the Board, provided that they do not concurrently hold the post of director. The chairman of meeting, if he/she considers it necessary, can inform other relevant personnel to attend the meeting of the Board.

## **Article 12 Attending in person or authorizing others to attend**

The directors, in principle, shall attend the meeting of the Board in person. Any director who cannot attend the meeting due to some reasons shall review the meeting materials and form his/her definite opinions in advance and authorize another director to attend with a letter of authorization.

The letter of authorization shall specify:

- (i) the names of the appointor and the alternate;
- (ii) brief comments of the appointor on each proposal;
- (iii) the appointor's scope of authority and voting intention on the proposal;
- (iv) the appointor's signature, date of signature, etc.

The director who authorizes another director to sign the written opinions for confirmation of the regular report shall make a special authorization in the power of attorney.

The alternate shall present the written letter of authorization to the chairman of the meeting and specify proxy attendance in the attendance book.

### **Article 13 Limitations on Authorizing Others to Attend**

When a director authorizes another director or is authorized to attend the meeting of the Board, the following principles shall be followed:

- (i) when the connected transactions are being reviewed in the meeting, the unconnected directors shall not authorize the connected directors to attend the meeting, while the connected directors shall not accept the authorization of the unconnected directors, either;
- (ii) the independent directors shall not authorize the non-independent directors to attend the meeting, while the non-independent directors shall not accept the authorization of the independent directors, either;
- (iii) the directors shall not fully authorize other directors to attend the meeting without specifying their personal opinions and voting intentions on the proposal, while the relevant directors shall not accept full authorization or grant unclearly defined authorization.
- (iv) one director shall not accept the authorizations from more than two directors or authorize a director who has been authorized by two other directors to attend the meeting.

### **Article 14 Convening Method of the Meeting**

In principle, meeting of the Board shall be convened physically. If necessary, the meeting, on condition that the directors can fully express their opinions, can be held through video, telephone, fax, email voting, etc. with the consent of the convener (chairman of the meeting) and the proposer. In addition, the physical meeting and other meeting methods can be simultaneously adopted for the meeting of the Board.

If the meeting is convened in a non-physical way, the number of the attending directors shall be counted based on the directors present in the live video, expressing opinions on the phone, as well as on the valid votes delivered via fax, email or other means within the prescribed period or the written confirmation letters submitted by the directors afterwards in confirmation of their attendance of the meeting.

### **Article 15 Procedure of the meeting deliberation**

The chairman of the meeting shall request the directors attending the meeting of the Board to provide definite opinions on respective proposals.

If a prior approval of the independent directors is necessary for any proposal according to the related regulations, the chairman of the meeting shall appoint an independent director to read out the written approval agreed by the independent directors before discussion of the relevant proposal commences.

When any director hinders the normal proceeding of the meeting or interferes with other directors while they are speaking, the chairman of the meeting shall promptly stop him/her.

Unless with the unanimous consent of all directors in attendance, the proposals not included in the meeting notice shall not be put to a vote at the meeting of the Board. The directors who are authorized by other directors to attend the meeting of the Board shall not vote on the proposals not included in the meeting notice on behalf of the appointors.

### **Article 16 Expressing opinions**

The directors shall independently and prudently express their opinions upon carefully reading the relevant meeting materials and fully understanding the circumstances.

The directors are allowed to learn the information necessary for the decision-making from the Board Office, the chairman of the meeting, the president and other senior management, various special committees, accounting firms and law firms and other relevant personnel and organizations before the meeting, or to suggest the chairman of the meeting to invite the above-mentioned persons and the representatives of the above-mentioned organizations to attend the meeting to explain the relevant circumstances when a meeting of the Board is in session.

### **Article 17 Voting and resolution of the meeting**

After each proposal is fully discussed, the chairman of the Board shall ask the directors in attendance to vote in a timely manner.

The resolution of the Board shall be voted on by a show of hands or by poll on a one-person-one-vote basis.

Where there are an equal number of votes against and for a particular resolution, the chairman of the Board shall be entitled to have one casting vote.

The voting intention of a director may be for, against or abstention. Every director in attendance shall choose one out of the aforesaid intentions. Where any director does not make any choice or makes two or more choices, the chairman of the meeting shall require the said director to make a choice again, otherwise the said director shall be deemed as having abstained from voting; any director who has left the meeting midway without returning and has not made any choice shall be deemed as having abstained from voting.

### **Article 18 Counting voting results**

After the Directors in attendance have completed the voting, the relevant personnel of the Board Office shall collect the directors' ballot papers immediately, and hand them over to the Secretary to the Board of Directors for counting purposes under the scrutiny of a supervisor or an independent director.

For meetings convened physically, the chairman of the meeting shall announce the voting results on-site; while in other cases, the chairman of the meeting shall ask the Secretary to the Board of Directors to notify the directors of the voting results within the next working day of the stipulated voting deadline.

For those directors who cast their votes after the chairman of the meeting has announced the voting results or after the stipulated voting deadline, their votes shall not be counted.

## **Article 19 Formation of the resolution**

Except for the situations specified in Article 20 of these rules of procedure, the consent of more than half of the directors of the Company is required for the Board to pass a proposal and form the relevant resolutions. Where any provision of the laws, administrative regulations or the Articles of Association stipulates that the consent of even more directors is necessary for the Board to form a resolutions, the relevant provision shall apply.

When the Board forms a resolution on guarantees within its functions and powers in accordance with the Articles of Association of the Company, the consents of more than half of all directors of the Company and two-third or more directors in attendance are necessary.

In case of any discrepancy on the contents or meanings between different resolutions, the resolution formed at a later time shall prevail.

## **Article 20 Recusal from voting**

Under any of the following circumstances, a director shall recuse himself/herself from voting on the relevant proposal:

- (i) where the director is required to recuse himself/herself from voting pursuant to the listing rules of the place(s) where the Company's securities are listed;
- (ii) where the directors deem it necessary to recuse himself/herself from voting;
- (iii) where the Articles of Association specifies that the directors should recuse themselves from voting due to their relationship with the enterprise involved in the meeting proposal.

Where it is necessary for the directors to recuse from voting, the relevant meeting of the Board can be convened provided that more than half of the unconnected directors can attend the meeting, in which case, a resolution can be formed with the consent of more than half of the unconnected directors. Where the number of the unconnected directors in attendance is less than three, the relevant proposal shall be submitted to the general meeting for deliberation instead of being put to a vote.

## **Article 21 Not exceeding the Board's legitimate authority**

The Board shall act in strict accordance with the authorization of the general meeting and the Articles of Association, and shall not form a resolution by means of exceeding its given authority.

## **Article 22 Special provisions on profit distribution**

Where a resolution on profit distribution is necessary to be made in the meeting of the Board, the distribution pre-proposal to be submitted to the Board for deliberation can be first brought to the attention of a certified public accountant, who shall issue an audit report draft accordingly as requested (as all financial data except those involving profit distribution have been determined.) The Board, after the profit distribution resolution is adopted, shall ask the certified public accountant to issue a formal audit report and then adopt resolutions on other relevant issues of the regular reports based on the formal audit report issued by the certified public accountant.

### **Article 23 Disposal of the proposals not adopted**

Where any proposal is not adopted, the proposals with the same contents shall not be deliberated in the meeting of the Board within a month provided that no significant change is found in the relevant conditions and factors.

### **Article 24 Suspension of voting**

When more than half of the directors in attendance or more than two independent directors are of the view that they cannot make a judgment on the relevant matters because the proposal is not clear or specific, or because of other reasons such as inadequate meeting materials, the chairman of the meeting shall ask for suspension of voting on the topic in the meeting.

The directors who propose to suspend voting shall specify the prerequisites for the proposal to be resubmitted for deliberation.

### **Article 25 Sound recording of the meetings**

If necessary, the whole process of the meetings of the Board convened physically or through video, telephone or any other means may be audio-recorded.

### **Article 26 Meeting minutes**

The Secretary to the Board of Directors shall arrange the Board Office staff to keep the minutes of the meeting of the Board. The meeting minutes shall include the following information:

- (i) the session, time, venue and form of convening the meeting;
- (ii) the delivery of meeting notice;
- (iii) the convener and chairman of the meeting;
- (iv) the personal and authorized attendance of the directors
- (v) the proposed resolutions of the meeting for consideration, each director's key points of speech and main opinions on each matter, as well as his/her vote on each proposed resolution;
- (vi) the voting method and results of each proposed resolution (the voting result shall set out the respective numbers of fors, againsts and abstentions);
- (vii) other matters that the directors in attendance think should be included in the meeting minutes.



## **Article 27 Meeting summary and resolution record**

In addition to the meeting minutes, the Secretary to the Board of Directors may also arrange the Board Office staff to prepare a clear and concise meeting summary as well as to make a separate resolution record based on the voting results of the adopted resolutions.

## **Article 28 Signatures of directors**

The directors in attendance shall sign the meeting minutes and resolution record for confirmation on behalf of themselves and the directors who authorize them to attend. Where the directors disagree over the meeting minutes or resolution record, they may attach written remarks when signing the same. Where necessary, they shall responsively report it to the regulatory authorities or make public statements.

Where any director neither signs as per the preceding paragraph nor provides his/her different opinions in writing, or reports to the regulatory authorities or makes public statement, the said director shall be deemed as agreeing entirely with the contents of the meeting minutes and the resolution record.

The directors shall take responsibility for the resolutions of the Board. In case any resolutions of the Board contravene any laws, administrative regulations or the Articles of Association, which caused serious losses to the Company, all the directors participating in making such resolutions shall be liable to compensate the Company for the losses. However, if there is evidence showing that a director expressed his objection to the resolution and such objection has been recorded in the meeting minutes, such director may be exempted from the liability.

## **Article 29 Announcement of resolutions**

The announcement of the resolution of the Board shall be handled by the Secretary to the Board of Directors in accordance with the relevant provisions of the listing rules of the place(s) where the Company's securities are listed. Prior to the disclosure of the announcement of resolutions, the directors in attendance and other members attending the meeting, including the recording and service personnel, shall bear the duty of confidentiality on the contents of the resolutions.

## **Article 30 Implementation of resolutions**

The chairman of the Board shall urge relevant personnel to implement the resolutions of the Board, confirm the actual status of implementation of the resolutions and report at future meetings of the Board how the adopted resolutions are implemented.

## **Article 31 Archiving of meeting files**

The meeting files of the Board, including meeting notices and materials, meeting attendance book, the letter of authorization specifying a director attending meetings on another's behalf, audio recordings of the meeting, ballot papers, as well as the meeting minutes, meeting summary, resolution record, announcements of resolutions and other documents that have been signed by the directors in attendance, shall be kept by the Secretary to the Board of Directors.

Meeting files of the Board shall be kept for at least 15 years.

## **Article 32 Supplementary provisions**

In these rules, the phrase “more than” is inclusive.

These rules shall be subject to the interpretation of the Board.

These rules will come into effect from the date of approval at the general meeting. The original Rules of Procedures for the Board of Directors of the Company shall become null and void automatically on the date when these rules come into effect.

## APPENDIX 3

# Everbright Securities Company Limited

## Rules of Procedures for the Supervisory Committee

### Article 1 Objectives

To further regulate the rules of procedure and decision-making of the Supervisory Committee of Everbright Securities Company Limited (the “Company”), make procure the supervisors and the Supervisory Committee to effectively perform their supervisory duties, and to improve the governance structure of the Company, these rules are hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Securities Companies, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Everbright Securities Company Limited (hereinafter referred to as the “Articles of Association”).

The Supervisory Committee shall be accountable to the general meeting. It shall supervise the financial operations of the Company and the legality and compliance of discharging duties by the directors, president and other senior management of the Company to protect the legitimate rights and interests of the Company and the shareholders.

### Article 2 Daily affairs management department

The Board Office (Supervisory Committee Office) shall be responsible for handling the daily affairs of the Supervisory Committee, communicating information between the Supervisory Committee and each of the Company’s departments, and providing services for the supervisors in discharge of their duties and carrying out their work.

The Board Office (Supervisory Committee Office) shall be responsible for keeping work documents of the Supervisory Committee.

### Article 3 Regular and extraordinary meetings of the Supervisory Committee

Meetings of the Supervisory Committee include regular meetings and extraordinary meetings.

Regular meetings of the Supervisory Committee shall be held once every 6 months. Under any of the following circumstances, the Supervisory Committee shall convene an extraordinary meeting within ten days:

- (i) a supervisor proposes to convene an extraordinary meeting;
- (ii) a resolution has been adopted at the general meeting or the Board meeting in violation of any laws, regulations, rules, various provisions and requirements of the regulatory authorities, the Articles of Association, the resolution of the general meeting and other relevant regulations;
- (iii) the misconduct of directors and senior management may cause serious damage to the Company or have an adverse impact on the market;

- (iv) shareholders have brought a lawsuit against the Company, its directors, supervisors or senior management;
- (v) the Company, its directors, supervisors and senior management are subject to punishment by the securities authorities or public censure from the Shanghai Stock Exchange;
- (vi) the securities authorities request to convene an extraordinary meeting;
- (vii) other circumstances as stipulated in the Articles of Association of the Company.

#### **Article 4 Proposal for regular meetings**

Prior to sending the notice of regular meeting of the Supervisory Committee, the Board Office (Supervisory Committee Office) shall collect proposals from all the supervisors. When collecting proposals, the Board Office (Supervisory Committee Office) shall state that the Supervisory Committee focuses on supervising the operations of the Company and the official conduct of the directors and senior management, not on making decisions on the operation and management of the Company.

#### **Article 5 Procedure for proposing extraordinary meetings**

Any proposal of any supervisor for convening an extraordinary meeting of the Supervisory Committee shall be made in writing, affixed with the signature of the said supervisor and submitted to the Board Office (Supervisory Committee Office) or directly to the chairman of the Supervisory Committee. The written proposal shall contain the following items:

- (i) The name of the proposing supervisor;
- (ii) The reasons or objective causes on which the proposal is based;
- (iii) The time or time limit, venue and method as suggested for holding the meeting;
- (iv) The explicit and specific proposals;
- (v) The contact information of the proposing supervisor and the date of proposal, etc.

The Board Office (Supervisory Committee Office) shall issue the notice of extraordinary meeting of the Supervisory Committee within 3 days after the Board Office (Supervisory Committee Office) or chairman of the Supervisory Committee receives the written proposal of the supervisor.

Where the Board Office (Supervisory Committee Office) fails to issue the meeting notice, the proposing supervisor shall report such incident to the regulatory authority responsively.

## **Article 6 Convening and presiding over the meetings**

Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee; where the chairman of the Supervisory Committee cannot or does not perform the duties thereof, the supervisor jointly elected by the majority of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

## **Article 7 Meeting notice**

The Board Office (Supervisory Committee Office) shall send a written notice of meeting bearing the seal of the Supervisory Committee to all Supervisors and Chief Compliance Officers by personal delivery, letter, fax, email or other means 10 days and 5 days before a regular meeting of the Supervisory Committee and an extraordinary meeting of the Supervisory Committee respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Where an extraordinary meeting of the Supervisory Committee needs to be convened in emergency, the notice of meeting shall be given verbally or by telephone at any time, provided that the convener makes necessary explanations at the meeting.

## **Article 8 Contents of the meeting notice**

A written meeting notice shall include at least the following details:

- (i) the time and venue of the meeting;
- (ii) the matters to be reviewed (proposals of the meeting);
- (iii) the convener and chairman of the meeting, and proposer of the extraordinary meeting and his/her written proposal;
- (iv) the meeting materials necessary for voting by supervisors;
- (v) the requirement for the supervisors to attend the meeting in person;
- (vi) the contact person and means of contact;

A verbal meeting notice shall at least include (i) and (ii) above, and explanation for the extraordinary meeting of the Supervisory Committee in emergency.

## **Article 9 Convening methods of the meetings**

Meetings of the Supervisory Committee shall be held physically or via teleconference.

## **Article 10 Convening of the meeting**

A meeting of the Supervisory Committee cannot be convened unless more than half of the supervisors are present. Where any relevant supervisor refuses or fails to attend the meeting so that the number of attendees falls short of the quorum required for convening the meeting, other supervisors shall responsively report such incident to the regulatory authorities.

Secretary to the Board of Directors and securities affairs representative shall attend the meeting of the Supervisory Committee without voting rights. The Chief Compliance Officer may attend the meeting of the Supervisory Committee without voting rights.

## **Article 11 Procedure of the meeting deliberation**

The chairman of the meeting shall ask the supervisors in attendance to provide definite opinions on respective proposals.

The chairman of the meeting shall, if suggested by the supervisors, require directors, senior management, and other staff of the Company or business personnel of relevant intermediary agencies to attend the meeting and answer questions.

## **Article 12 Resolutions of the Supervisory Committee**

The Supervisory Committee shall vote by a show of hands or by poll. Each supervisor shall have one vote.

The voting intention of a supervisor may be for, against or abstention. Every supervisor in attendance shall choose one out of the aforesaid intentions. Where any supervisor does not make any choice or makes two or more choices, the chairman of the meeting shall require the said supervisor to make a choice again, otherwise the said supervisor shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without returning and has not made any choice shall be deemed as having abstained from voting.

Resolutions of the Supervisory Committee shall be approved by more than 2/3 of the members of the Supervisory Committee.

## **Article 13 Sound recording of the meetings**

If necessary, the whole process of the Supervisory Committee meeting shall be audio-recorded.

## **Article 14 Meeting minutes**

The Board Office (Supervisory Committee Office) staff shall keep minutes of physical meetings. The meeting minutes shall include the following information:

- (i) the session, time, venue and form of convening the meeting;
- (ii) the delivery of meeting notice;

- (iii) the convener and chairman of the meeting;
- (iv) the attendance of the meeting;
- (v) the proposals for consideration at the meeting, key points of speech and main opinions of each supervisor on relevant matters and intentions of voting on proposals;
- (vi) the voting method and results of each proposal (the voting result shall set out the respective numbers of fors, againsts and abstentions);
- (vii) other matters that the supervisors in attendance think should be included in the meeting minutes.

For a meeting of the Supervisory Committee held by means of teleconference voting, the Board Office (Supervisory Committee Office) shall prepare the meeting minutes with reference to the rules above.

### **Article 15 Signatures of supervisors**

Supervisors in attendance shall sign on the meeting minutes for confirmation. Where the supervisors disagree over the meeting minutes, they may attach written remarks when signing the same. Where necessary, they shall responsively report it to the regulatory authority or make public statements.

Where any supervisor neither signs as per the preceding paragraph nor provides his/her different opinions in writing, or reports to the regulatory authority or makes public statement, the said supervisor shall be deemed as agreeing entirely with the contents of the meeting minutes.

### **Article 16 Announcement of resolutions**

The announcement of the resolution of the Supervisory Committee shall be handled by the Secretary to the Board of Directors in accordance with the relevant provisions of the listing rules of the place(s) where the Company's securities are listed.

### **Article 17 Implementation of resolutions**

The supervisors shall urge relevant personnel to implement the resolutions of the Supervisory Committee. The chairman of the Supervisory Committee shall report at future meetings of the Supervisory Committee how the resolutions are implemented.

If the resolution of the Supervisory Committee involves making a proposal to convene the extraordinary meeting of the Board of Directors or extraordinary general meeting, or submitting the proposal outside the agenda to the annual general meeting, it shall submit meeting topics and the complete proposal in writing within the specified time to the Board of Directors, and ensure that the proposal content complies with the applicable laws, regulations and the Articles of Association.



## **Article 18 Archiving of meeting files**

Meeting files of the Supervisory Committee, including meeting notices and materials, meeting attendance book, audio meeting recordings, ballot papers, meeting minutes signed by the supervisors in attendance , announcements of resolutions, etc., shall be kept by the Board Office (Supervisory Committee Office).

Meeting files of the Supervisory Committee shall be kept for at least 15 years.

## **Article 19 Supplementary provisions**

In these rules, the phrase “more than” is inclusive.

If there are any matters not covered by these rules, the Company Law and relevant state laws, regulations and regulatory rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the requirements of the Articles of Association and the Rules of Procedures for the Board of Directors shall prevail. If any conflict or inconsistency occurs between these rules and the laws, regulations and regulatory rules promulgated by the state in the future, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the Articles of Association as amended through legal procedures, relevant state laws, regulations and regulatory rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the requirements of the Articles of Association shall prevail, and these rules shall be amended promptly and subject to the consideration and approval at the general meeting.

These rules shall be subject to the interpretation of the Supervisory Committee.

These rules will come into effect from the date of approval at the general meeting of the Company. The original Rules of Procedures for the Supervisory Committee of the Company shall become null and void automatically on the date when these rules come into effect.