

# ARTICLES OF ASSOCIATION OF GF SECURITIES CO., LTD.

June 2023

(Considered and approved at the 2022 annual general meeting of the Company)



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

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## Chapter 1 General

**Article 1** In order to establish the legal status of GF SECURITIES CO., LTD. (hereinafter referred to as the “Company”), regulate the organization and acts of the Company, safeguard the legal rights and interests of the Company, its shareholders and creditors thereof, and establish a good self-developing and self-disciplinary operating system, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Share Offering and Listing by Joint-stock Limited Liability Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (hereinafter referred to as the “Special Regulations”), the Approval of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Overseas Listed Companies (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆), the Mandatory Provisions of Articles of Association of Companies Listing Overseas (到境外上市公司章程必備條款), the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (關於到香港上市公司對公司章程作補充修改意見的函), the Rules for Governance of Securities Companies (證券公司治理準則), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), the Provisions on the Administration of Equities of Securities Companies (證券公司股權管理規定), and other relevant provisions.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law, the Securities Law and other relevant provisions.

Yan Bian Road Construction Co., Ltd., the predecessor of the Company, was established by way of private placement on January 21, 1994 in accordance with “Approval Regarding the Establishment of Yan Bian Road Construction Co., Ltd.” (《關於成立延邊公路建設股份有限公司的批覆》) (Ji Gai Gu Pi Zi [1993] No. 52 (吉改股批字[1993]52 號)) issued by the Economic System Reform Committee of Jilin Province (吉林省經濟體制改革委員會), and was registered at the Administration for Industry and Commerce of the Yan Bian Korean Nation Autonomous Area in Jilin Province (吉林省延邊朝鮮族自治州工商行政管理局), with the business licence (business license number 2224001002142) granted. With the recommendation of “Reply in Relation to Yan Bian Road Construction Co., Ltd. Recommended by the State Ethnic Affairs Commission as a Listed Company” (《關於將延邊公路建設股份有限公司作為國家人委推薦上市公司的覆函》) (Min Wei (Jing) Han Zi [1997] No. 55 (民委(經)函字[1997]55 號)) issued by the State Ethnic Affairs Commission of the People’s Republic of China (國家民族事務委員會) and the approval of the China Securities Regulatory Commission on April 29, 1997, the Company initially issued 30,000,000 ordinary shares denominated in Renminbi (domestic shares) to the public and listed on the Shenzhen Stock Exchange on June 11, 1997.

As approved by the Approval Document Zheng Jian Xu Ke [2010] No.164 (證監許可[2010]164 號文) promulgated by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), Yan Bian Road Construction Co., Ltd. repurchased the non-tradable shares held by Jilin Aodong Pharmaceutical Group Co., Ltd. by way of directional repurchase, and completed the absorption and merger of the original GF Securities Co., Ltd. by way of issuing new shares. Subsequent to the repurchase and merger, Yan Bian Road Construction Co., Ltd. changed its name to GF Securities Co., Ltd. and was granted the Enterprise Legal Person Business License (business license number 222400000001337). On February 12, 2010, the Company resumed trading of its shares on the Shenzhen Stock Exchange.

As approved by the Approval Document Zheng Jian Xu Ke [2015] No. 347 promulgated by the China Securities Regulatory Commission in March 2015, the Company issued 1,479,822,800 overseas listed foreign shares (H Shares) and listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on April 10, 2015.

Pursuant to a resolution passed at the second extraordinary general meeting of the Company for 2014 and the approval of the CSRC, on April 13, 2015, the Joint Global Coordinators exercised the over-allotment option in full and the Company issued additional 221,973,400 overseas listed foreign shares (H Shares) which became listed on the Hong Kong Stock Exchange and on April 20, 2015.

**Article 3** The registered name of the Company : 廣發證券股份有限公司;

The English name of the Company : GF SECURITIES CO., LTD.;

**Article 4** The address of the Company: Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong;

Postal code: 510555;

Telephone number: +8620-87550265, +8620-87550565;

Fax number: +8620-87554163.

**Article 5** The registered capital of the Company is RMB7,621,087,664.

**Article 6** The Company is a joint stock company with limited liability with no definite term of existence.

**Article 7** The chairman of the board of directors (“Board”) of the Company shall be the legal representative of the Company. The legal representative shall exercise the following functions and powers:

(1) to sign share certificates, bond certificates and other marketable securities of the Company;

(2) to sign contractual documents with external parties and to issue other various material documents on behalf of the Company, and to authorize other staff member of the Company to sign relevant contractual documents and to issue other relevant documents;

(3) to exercise other powers and functions as the legal representative as required by laws and administrative regulations.

**Article 8** All of the assets of the Company shall be divided into shares of equal values. Each shareholder shall be liable to the extent of the shares subscribed by him. The Company is liable for its debts to the extent of all of its available assets.

**Article 9** The Articles of Association will take effect from the date when a relevant resolution at the general meeting of the Company passed. As of the effective date of these Articles of Association, the previous Articles of Association of the Company shall become void automatically.

As of the effective date of these Articles of Association, these Articles of Association shall be a legally binding document which regulates the Company’s organization and acts, governs the rights and obligations between the Company and the shareholders, and amongst the shareholders themselves, and shall constitute a legally binding document governing on the Company, its shareholders, directors, supervisors, senior management members, with such personnel being

entitled to claim for right on matters relating to the Company in accordance with these Articles of Association. Pursuant to these Articles of Association, a shareholder may take action against the other shareholders, and the shareholders may take action against the Company's directors, supervisors, general manager and other senior management members. The shareholders may take action against the Company. The Company may take action against its shareholders, directors, supervisors and other senior management members.

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

**Article 10** Other senior management members referred to in this Articles of Association include the deputy general manager, the chief financial officer, the secretary to the Board, the chief compliance officer, the chief risk officer, the chief information officer, the chief audit officer and such other personnel expressly resolved and confirmed by the Board to hold important positions.

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

**Article 11** The objectives of business of the Company are: to insist on the principles of socialist marketing economy, to implement national economic and financial guidelines and policies, to promote the development of securities market, to conduct business in compliance with regulations, to comprehensively put in practice the development values of innovation, coordination, green, openness and sharing, to provide quality and effective services for customers, to create good economic benefits and social benefits, to proactively fulfill social responsibilities, to establish a sound, effective and transparent governance mechanism, to strengthen internal and external supervision and check and balance, to protect the legitimate rights of shareholders and to ensure that they are to receive fair treatment, to respect the basic rights and interests of stakeholders, to effectively enhance the overall value of the enterprises, and to maximise the investment return for all the shareholders of the Company.

The Company puts into practice the securities industry culture of "compliance, integrity, professionalism and stability" and continues to develop corporate culture.

By establishing an integrity management system, the Company will achieve the following management objectives:

(I) Establishing the concept of integrity in practice for all staff and building a culture of integrity in practice;

(II) To achieve effective management of integrity risks and to establish a long-term mechanism for internal discipline.

Integrity in practice as referred to in the Articles of Association means that the Company and its staff, in carrying out securities business and related activities, strictly abide by the laws, regulations and rules and the Company's policies, follow social ethics, business ethics, professional ethics and codes of conduct, compete fairly, operate in compliance, be faithful and diligent, be honest and trustworthy, and not directly or indirectly transfer improper benefits to others or seek improper benefits.

**Article 12** As registered in accordance with the laws, the scope of business of the Company covers: securities brokerage, securities investment consultation, financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, proxy sale of securities investment fund, provision of futures intermediary services for futures companies, margin financing and securities lending, proxy sale of financial products, securities investment fund custodian and stock options market making.

**Article 13** To the extent permitted by laws and regulations, the Company may invest in

other bodies including companies with limited liability and joint stock companies, with the liability of the Company limited to the extent of the capital contribution thus made.

## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 14** The stock of the Company shall take the form of shares.

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

**Article 15** The Company shall issue shares in an open, fair and just manner, and each share of the same category shall have the same right.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 16** All the shares issued by the Company shall have a par value, with each share having a par value of RMB1.

**Article 17** Upon the approval by the securities regulatory authorities under the State Council or other relevant regulatory authorities, the Company may issue its shares to the domestic and foreign investors.

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

**Article 18** With the approval of the authorized reviewing and approving authority, the Company was approved to issue a total of 50,000,000 ordinary shares upon its establishment. The Company issued 35,600,000 ordinary shares to its promoters upon its establishment, representing 71.20% of the then total issued ordinary shares of the Company.

The promoters of Yan Bian Road Construction Co., Ltd., the predecessor of the Company, are Jilin Province Transportation Investment and Development Company (吉林省交通投資開發公司), Yanbian Transportation Bureau (延邊州交通局), Huichun City Transportation Bureau (琿春市交通局), Highway Survey and Design Institute of Jilin Province (吉林省公路勘測設計院), Jilin Province Road Construction Machinery Factory (吉林省公路機械廠), Jilin Province Transportation Cement Factory (吉林省交通水泥廠), Yanbian Highway Construction Office (延邊州公路工程處), Gongzhuling City Passenger Transport Company (公主嶺市客運公司). Save that Jilin Province Transportation Investment and Development Company made the capital contribution of RMB2 million in the form of fixed assets and RMB8 million in cash, Yanbian Transportation Bureau made the capital contribution of RMB11 million in the form of fixed assets and Huichun City Transportation Bureau made the capital contribution of RMB10 million in the form of fixed assets, all the shares of the other promoters were paid-in in cash. All the capital contributions were paid up on March 18, 1993.

**Article 19** The total number of shares of the Company is 7,621,087,664 shares, all of which are ordinary shares, among which 5,919,291,464 shares held by holders of domestic shares and 1,701,796,200 shares held by holders of overseas listed foreign shares.

**Article 20** The shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as “foreign shares”. The foreign shares that are listed overseas shall be referred to as “overseas listed foreign shares”.

The foreign shares issued by the Company that are listed on the Hong Kong Stock Exchange shall be referred to as “H Shares”.

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

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

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

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

**Article 23** The Company or its subsidiaries (including its affiliates) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.

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

**Article 24** Subject to approval of the shareholders at general meeting, the Company may, based on its requirements for operation and development and in accordance with the applicable laws and regulations, increase its capital by way of:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Rights issue of shares to existing shareholders;
- (4) Offer of bonus shares to existing shareholders;
- (5) Capitalization of surplus reserve into share capital;
- (6) By other means stipulated by laws, administrative regulations or approved by the regulatory authorities.

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



laws and administrative regulations.

**Article 25** The Company may reduce its registered capital. The reduction of registered capital shall be made in accordance with the Company Law and other relevant regulations as well as procedures stipulated in these Articles of Association.

**Article 26** The Company shall prepare a balance sheet and a list of property inventory when decreasing its registered capital.

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

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

**Article 27** The Company may, in the following circumstances, buy back its shares pursuant to laws, administrative regulations, departmental rules and these Articles of Association:

- (1) Decreasing the registered capital of the Company;
- (2) Merging with other companies holding shares of the Company;
- (3) Using the shares in employee stock ownership plans or equity incentives;
- (4) As required by Shareholders objecting to approval of the general meeting concerning merger or division of the Company to buy their shares.
- (5) Using the shares for converting company-issued corporate bonds convertible into stocks;
- (6) The company is necessary to maintain the company's value and shareholders' rights.

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

**Article 28** The Company may buy back its shares in any of the following ways:

- (1) Offering to buy back shares from all shareholders on a pro rata basis;
- (2) Buying back through open transaction in the stock exchange;
- (3) Buying back through agreement outside the stock exchange;
- (4) In other forms approved by laws, regulations, rules, normative documents and relevant competent authorities.

The company's acquisition of its own shares shall be bounded by its information disclosure obligations in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association. If a company acquires shares of the company due to the reasons stated in provisions (3), (5) and (6) of Article 27 of the Articles of Association, it shall be conducted by way of open centralized transaction.

**Article 29** Where a company buys back its shares due to reasons as stated in provision

(1) and (2) of Article 27 of the Articles of Association, it shall be subject to the approval of the general meeting of shareholders. If the company acquires the shares of the company in the circumstances as stipulated in Article 27 (3), (5) and (6) of the Articles of Association, it shall be resolved by the board meeting attended by more than two-thirds of the Directors. After the Company buys back the shares pursuant to the provisions of Articles 27, such shares shall be cancelled within 10 days from the date of buyback under the circumstance as described in (1); such shares shall be either transferred or cancelled within six months if it is under the circumstance as described in (2) and (4).

In accordance with Article 27 (3), (5) and (6), the total number of shares of the company held by the company shall not exceed 10% of the total issued shares of the company and shall be transferred or cancelled within 3 years.

**Article 30** In buying back shares through agreement outside the stock exchange, the Company shall obtain prior approval at a general meeting in accordance with these Articles of Association. Upon obtaining prior approval of the shareholders at the general meeting in the same manner, the Company may terminate or amend contracts concluded in the manner set forth above or waive any of its rights thereof under such contracts.

The contracts for the buyback of shares referred to in the above paragraph include (but not limited to) contracts whereby buyback obligations are undertaken and buyback rights are acquired.

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

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

**Article 31** After buying back its shares according to the laws, the Company shall cancel the said shares before the deadline specified by laws and administrative regulations, and register the change of the registered capital with the original company registration authority.

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

**Article 32** Except where the Company is in course of liquidation, it must comply with the following provisions in buying back its issued and outstanding shares:

(1) Where the Company buys back shares at their par value, the amount of total par value shall be deducted from the book balance of distributable profits or out of the proceeds of a new issue of shares made to buy back the old shares;

(2) Where the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:

1. Where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profits of the Company;

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 profits of the Company or from the proceeds of a new issue of shares made to buy back the old shares; provided that the

amount deducted from the proceeds of the new issue of shares shall not exceed the total premium obtained at the time of issuance of the old shares so brought back nor exceed the amount in the Company's capital common reserve account (including the premium from the new issue of shares) at the time of buyback;

(3) payments by the Company in consideration for the following purposes shall be made out of the Company's distributable profits:

1. Acquisition of the right to buy back its own shares;
2. Amendments to any contract for the buyback of its own shares;
3. Release from any of its obligations under any buyback contract.

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

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

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

**Article 33** Save as otherwise specified by laws, regulations, rules, normative documents and relevant provisions of the securities regulatory authority at the location where the Company's shares are listed, shares of the Company may be transferred freely and without any liens. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company.

**Article 34** All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with these Articles of Association. However, the Board may refuse to recognise any instrument of transfer without stating any reasons unless the following conditions are satisfied:

(1) instrument of transfer and any other documents related to the ownership of any Shares or likely to affect the ownership of any Shares shall be registered, and made payment to the Company for such registration according to the standard expenses stipulated by the Hong Kong Listing Rules;

(2) the instrument of transfer only involves the overseas listed foreign shares listed on the Hong Kong Stock Exchange;

(3) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;

(4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;

(5) if the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;

(6) the relevant shares are free from all liens of the Company.

**Article 35** All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by Hong Kong Stock Exchange from time to time); The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognised clearing house ("Recognised Clearing House") as defined by relevant regulations in Hong Kong laws from time to time, or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 36** The Company shall not accept its own shares as the pledge object.

**Article 37** The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 38** If the Company's directors, supervisors, senior management, and shareholders holding 5% or above shares of the Company sell shares or other equity securities within six months after buying the same or buy shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall forfeit the said earnings. However, a securities company holding 5% or above of the Company's shares as a result of its underwriting of the untaken shares and other circumstances as specified by the CSRC shall be excluded.

The shares or other equity securities held by the directors, supervisors, senior management and individual shareholders referred to in the preceding paragraph include the shares or other equity securities held by their spouses, parents and children, and the shares held through others' accounts.

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

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

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

**Article 39** The chairman of the Board of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the chairman of the Board and is the immediate responsible person for the Company's equity administration affairs.

**Article 40** The office of the Board of the Company is the office that handles equity

administration affairs of the Company, which organizes and implements the work related to equity administration affairs.

**Article 41** When the Company changes its registered capital or equity, it shall formulate a work plan and selection criteria for shareholders. The Company and equity transferors shall in advance inform the intended participants of the conditions to become a shareholder of the Company, the procedures required to be performed, the Company's operation status and potential risks, etc.

The Company and equity transferors shall conduct due diligence on the intended participants, and reach agreements on the subsequent measures for intended participants who are found to be unqualified. No agreements shall be entered into with the intended participants if they are found to be unqualified. If the relevant matters need to be approved by the CSRC, it shall be agreed that the agreement shall come into force after obtaining the relevant approval.

**Article 42** In the process of changing its registered capital or equity, the Company shall reach prior agreements with relevant parties on the treatment measures regarding the possible breach of requirements or commitments, specifying the accountability mechanism for persons held liable, and cooperate with regulatory authorities in investigation and handling.

**Article 43** The Company shall make arrangements for risk prevention during the period in which its registered capital or equity is changed, to ensure the normal operation of the Company and protect customers' interests from damages.

For matters subject to the approval of the CSRC in accordance with the law, the shareholders of the Company shall continue to exercise their voting rights independently according to the respective proportion of shares held by them prior to such approval, and equity transferors shall not recommend any person associated to equity transferees to act as a director, supervisor or senior management of the Company, and transfer their voting rights in any disguised form.

**Article 44** Shareholders of the Company shall have full knowledge of shareholders' rights and obligations, fully understand the operation and management condition, potential risks and other information of the Company, have reasonable investment expectation and genuine willingness to make capital contributions, and perform the necessary internal decision-making procedures.

**Article 45** Shareholders shall hold shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC.

The de facto controllers of shareholders shall be subject to the same lock-up period as the shareholders of the Company with respect to the equity interests under their control, except for the circumstances as recognized by the CSRC according to the law.

**Article 46** Shareholders of the Company shall not pledge the equity interests of the Company held by them in the Company during the lock-up period. Upon expiration of the lock-up period, the equity interests pledged by shareholders of the Company shall not exceed 50% of the equity interests held by them in the Company.

The shareholders' pledge of their equity interests in the Company shall not prejudice the interests of other shareholders and the Company, maliciously evade the requirements regarding the lockup period, agree to exercise the shareholders' rights such as voting rights by the pledgee or other third parties, or transfer the control over the Company's equity interests in disguise.

**Article 47** The Company shall strengthen the examination on the qualifications of shareholders, conduct verification on the information of the shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate equity

holders and grasp the changes therein. The Company shall make judgements based on the impact of shareholders on the Company's operation and management, timely, accurately and completely report or disclose relevant information in accordance with the law, and perform the approval procedures when necessary.

**Article 48** The Company shall strengthen the management of related party transactions, accurately identify related parties, strictly implement the approval regulations and the information disclosure regulations with regard to the related party transactions, to avoid any harm to the legitimate rights and interests of the Company and its customers, and to promptly report the related party transactions to the CSRC and its local branches.

The Company shall, in accordance with the principle of looking-through, manage the shareholders and its controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate equity holders as they were related parties of the Company.

**Article 49** The shareholders of the Company and their controlling shareholders and de facto controllers shall not:

(1) make false or untrue capital contributions, withdrawing or withdrawing in disguise capital contributions;

(2) interfere the operation and management of the Company in violation of laws, administrative regulations or requirements stipulated by the Articles of Association;

(3) abuse their rights or influence to occupy the assets of the Company or customers for the purpose of tunneling interest, which causes harm to the legitimate rights and interests of the Company, other shareholders or customers;

(4) request, in violation of requirements, the Company to provide financing or guarantee to them or their related parties, or forcing, instructing, assisting or accepting the financing or guarantee provided by the Company with the assets of its securities brokerage customers or securities asset management customers;

(5) conduct improper related party transactions with the Company, and obtaining improper benefits by taking advantage of their influence on the Company's operation and management;

(6) entrust others or accepting entrustment from others to hold or manage the Company's equities, and accepting or transferring the control over the Company's equities in a disguised manner without obtaining approval;

(7) engage in any other acts as prohibited by the CSRC.

The Company, its directors, supervisors, senior management and other relevant parties shall not cooperate with the shareholders of the Company and their de facto controllers to conduct prohibited activities as mentioned above.

In the event of the Company notices that the shareholders and their de facto controllers have been involved in the above circumstances, it shall take timely measures to prevent such violation from aggravating and report it to the branches of the CSRC at the places where the Company is domiciled within two working days.

**Article 50** In case of any illegal or improper behaviors related to equity management affairs in violation of laws, administrative regulations and regulatory requirements, the Company shall conduct prompt investigation and report the matter to the Board, and the Board shall discuss and determine the rectification measures, accountability plans and opinions on disciplinary actions etc., within its scope of authority.

## Section 5 Financial Assistance for Purchase of Company Shares

**Article 51** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares for the purpose of purchase or intending to purchase our Shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.

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

The provisions of this Article shall not apply to the circumstances described in Article 53 of these Articles of Association.

**Article 52** The term "financial assistance" mentioned in these Articles of Association shall include (but not limited to) the financial assistance in the forms set out below:

(1) Gift;

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

(3) Provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;

(4) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

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

**Article 53** The acts listed below shall not be regarded as the acts prohibited under Article 51 of these Articles of Association:

(1) The Company provides the relevant financial assistance in the interests of the Company in good faith, and the main purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is a part of a master plan of the Company;

(2) The Company distributes its assets as dividends in accordance with the law;

(3) The Company distributes dividends in the form of shares;

(4) The Company decreases its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;

(5) The Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, except for in the event of a decrease, such financial assistance is provided out of the

distributable profit of the Company);

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

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

**Article 54** The share certificates of the Company shall be in registered form. The following shall be specified in the share certificates of the Company:

- (1) the name of the Company;
- (2) the date on which the Company was established;
- (3) the class and par value of the shares and the number of shares represented;
- (4) the serial numbers of the shares certificate;
- (5) any other matters needed to be specified as required by the Company Law, the Special Regulations and the securities regulatory authorities in the place where the Company's Shares are listed;
- (6) Where the share capital of the Company includes shares which do not carry voting rights, the words "non-voting shares" must appear in the designation of such shares;
- (7) Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

The Company may take the form of overseas depository receipt or other derivative form of share certificate to issue overseas listed foreign shares in accordance with laws and securities registration and depository practice of the listing venue.

**Article 55** The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior management of the Company are required by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of seal shall be authorized by the Board. The signature of the chairman of the Board or of such other senior management on the share certificates may also be in printed form.

In the circumstance of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities or the stock exchange(s) in the place where the Company's shares are listed shall apply.

**Article 56** The Company shall maintain a shareholders' register recording the following matters:

- (1) Names (titles), addresses (premises), occupations or nature of each shareholder;
- (2) Type and number of shares held by the shareholders;
- (3) Amount paid or payable for the shares held by the shareholders;



- (4) Serial numbers of the shares certificate held by each shareholder;
- (5) Date on which each shareholder is registered as a shareholder;
- (6) Date on which each shareholder ceases to be a shareholder.

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

**Article 57** The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority under the State Council and the overseas securities regulatory authority. The original of the register of holders of overseas listed foreign shares listed in the Hong Kong Stock Exchange shall be kept in Hong Kong.

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

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

**Article 58** The Company shall keep a complete shareholders' register.

The shareholders' register shall include the following parts:

- (1) A register kept at the Company's premises other than those specified in items (2) and (3) of this Article;
- (2) The register(s) of holders of overseas listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (3) Registers of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

**Article 59** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

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

**Article 60** If there are provisions provided by laws, regulations and the securities regulatory authorities in the place(s) in which the shares of the Company are listed on the period of closure of the register of shareholders before convening of a general meeting or prior to the benchmark date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 61** If any person objects to the register of shareholders and asks to have his name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 62** If any shareholder in the register of shareholders or any person requesting to have his name (title) recorded in the register of shareholders has his shares stolen, lost or destroyed (i.e. "the Original Shares"), the said shareholder or person may apply to the Company to reissue new share certificates for the said shares (i.e. "the Relevant Shares").

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

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

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

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

(2) Before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.

(3) The Company shall, if it decides to issue a replacement new share certificate, publish an announcement in respect of the issue of a replacement new share certificate in such newspapers as may be prescribed by the Board; the period of announcement shall be 90 days and the announcement shall be reissued at least once every thirty days.

(4) The Company shall have, prior to the publication of the announcement of its proposed issue of a replacement new share certificate, submit to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchange that the announcement has been exhibited in the premises of the said stock exchange. Such announcement shall be exhibited in the premises of the said stock exchange for a period of 90 days.

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

(5) If, upon expiry of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company have not received from any person notice of any objection to such application in respect of the issue of replacement share certificate, the Company may issue a replacement new share certificate to the applicant accordingly.

(6) Where the Company issues a replacement new share certificate under this Article, it shall forthwith cancel the original share certificate and record the cancellation and replacement issue in the register of shareholders accordingly.

(7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant.

**Article 63** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder

of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 64** The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

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

### **Section 1 Shareholders**

**Article 65** The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders enjoy rights and assume obligations as per the shares they hold; the same class of shares represents the same rights and the same obligations.

Approval from the CSRC shall be obtained for change of any major shareholders or the de facto controller, without the approval of the CSRC, such act shall be rectified in due course and the relevant shares will not carry voting rights before such rectification.

Where two or above persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (1) The Company shall not register more than four persons as joint holders of any shares;
- (2) The joint holders of any shares shall assume joint and several liabilities for all amounts payable for relevant shares;
- (3) If any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate as it deems appropriate;
- (4) For joint shareholders of any share, the person whose name stands first in the register shall be entitled to receive share certificate of the relevant shares, receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders. Any of the joint shareholders may sign a proxy form; provided, however, where the number of the joint shareholders presenting in person or by proxy at a meeting is more than one, the vote cast, in person or by proxy, by the shareholder whose name appears in prior sequence shall be regarded as the sole and exclusive vote on behalf of all the rest joint shareholders. For the purpose of such voting, the shareholder's priority shall be determined in accordance with the sequence of the joint shareholders holding Relevant Shares as prescribed in the Company's register of shareholders.

**Article 66** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the other convener of the Board or general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date are entitled to the relevant rights.

**Article 67** The ordinary shareholders of the Company shall be entitled to the following rights:

- (I) To receive dividends and other distributions in proportion to the shares they hold;

(II) To lawfully request, convene, preside over, and attend general meetings either in person or by proxy and exercise the corresponding voting right;

(III) To supervise, raise suggestions on or make inquiries about the operations of the Company;

(IV) To transfer, gift or pledge their shares in accordance with laws, regulations, rules, normative documents, relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed and these Articles of Association; and

(V) To gain relevant information in accordance with these Articles of Association, including:

1. Receiving a copy of these Articles of Association after payment of cost;

2. Being entitled to consult and copy, after payment of reasonable charges, of:

(1) All the parts of shareholders' register;

(2) Personal data of directors, supervisors, general manager and other senior management of the Company;

(3) Share capital of the Company;

(4) Report of the total par value, quantity, the highest and lowest price of each class of shares bought back by the Company from the last financial year, and the total amount paid by the Company for this purpose;

(5) Minutes of general meetings (for review by shareholders only);

(6) The latest audited financial statements, and reports from the Board, auditor and the Supervisory Committee;

(7) The special resolutions;

(8) The copy of the latest annual report submitted to the State Administration for Industry & Commerce or other competent authorities for filing;

(9) Counterfoils of corporate bonds, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and financial and accounting reports. Documents of Item (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the Hong Kong Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect free of charge;

(VI) To participate in the distribution of the remaining properties of the Company as per their shares in the event of the termination or liquidation of the Company;

(VII) To require the Company to buy their shares in the event of objection to resolutions of the general meeting concerning merger or division of the Company; and

(VIII) To enjoy other rights stipulated by laws, regulations, rules, normative documents, the Hong Kong Listing Rules and these Articles of Association.

Where any person directly or indirectly having rights and interests fail to disclose such rights and interests, the Company shall not exercise its rights to freeze or otherwise harm any right of such person attached to the shares solely for this reason.

**Article 68** When a shareholder requests to inspect the relevant information mentioned in the preceding Article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder identity.

**Article 69** If any resolution of the general meeting or the Board meeting is in violation of the laws and administrative regulations, the shareholders shall be entitled to request the people's court to invalidate the said resolution.

If the convening procedure and voting method of the general meeting or the Board meeting is in violation of the laws, administrative regulations or these Articles of Association, or if the content of any resolution is in violation of these Articles of Association, the shareholders shall be entitled to request the people's court for revocation within 60 days after the resolution being passed.

**Article 70** If any director or senior management violates laws, administrative regulations or these Articles of Association in fulfilling their duties, thereby incurring any loss of the Company, the shareholder(s) severally or jointly holding 1% or above shares of the Company for 180 consecutive days or above shall be entitled to request the Supervisory Committee in writing to institute legal proceedings to the people's court; if the Supervisory Committee violates laws, administrative regulations or these Articles of Association in fulfilling its duties, thereby incurring any loss of the Company, the shareholders shall be entitled to request the Board in writing to institute legal proceedings to the people's court.

If the Supervisory Committee or the Board refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names for the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby incurring any loss of the Company, the shareholder(s) as mentioned in the first paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs.

**Article 71** If any director or senior management violates laws, administrative regulations or these Articles of Association, thereby incurring any loss of the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 72** The ordinary shareholders of the Company shall have the following obligations:

- (1) To abide by laws, administrative regulations and these Articles of Association;
- (2) To pay capital contribution as per the shares subscribed for and the method of subscription;
- (3) Not to exit shares unless in the circumstances stipulated by laws and regulations;
- (4) to perform capital contribution obligations in strict compliance with laws and regulations and requirements of the CSRC, and to use its own funds which is legally obtained to make contribution into the Company, for which no non-proprietary funds such as entrusted funds shall be used, unless otherwise permitted by laws and regulations;
- (5) to give a true, accurate and complete statement of the shareholding structure up to

the de facto controllers and the ultimate equity holders, as well as associations with other shareholders or persons acting in concert, and not conceal or misrepresent with the intention to circumvent shareholder qualification review or regulation;

(6) major shareholders and controlling shareholders shall replenish capital to the Company when necessary;

(7) shareholders who have not obtained the approval from or have not duly filed with the regulatory authorities, or shareholders who have not completed mandatory rectification process, shall not exercise such rights of requesting to convene a general meeting, voting, nomination, making a proposal, and disposing of their shareholding;

(8) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to damage the interests of the creditors of the Company.

Shareholders of the Company who abuse their shareholder's rights and thereby causing loss on the Company or other shareholders shall be liable for loss compensation according to the law.

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

Shareholders who make false statements, abuse their shareholder's rights or infringe on the interests of the Company, shall not exercise such rights of requesting to convene a general meeting, voting, nomination, making a proposal, and disposing of their shareholding;

(9) 99,980,000 shares in the former GF Securities Co., Ltd. (prior to its merger with Yanbian Road Construction Co., Ltd. (延邊公路建設股份有限公司)) held by Guangdong Finance Trust Co., Ltd. (廣東粵財信託有限公司) on trust for the then shareholders of the former GF Securities Co., Ltd. (including Liaoning Cheng Da Co., Ltd., Jilin Aodong Pharmaceutical Group Co., Ltd., Zhongshan Public Utilities Group Co., Ltd., Heungkong Group Limited, Guangzhou High Technology Industrial Group Co., Ltd., Jiuquan Iron and Steel (Group) Co., Ltd., Puning Xinhong Industrial Investment Co., Ltd. (普寧市信宏實業投資有限公司), Hengtong Group Co., Ltd. (亨通集團有限公司), Anhui Huamao Textile Company Limited, Shenzhen Huitianze Investment Co., Ltd. (深圳市匯天澤投資有限公司), Yihua Enterprise (Group) Co., Ltd., Hubei Buffalo Industrial Development Co., Ltd. (湖北水牛實業發展有限公司), Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司), China Scholars Group Company Limited (神州學人集團股份有限公司) and Star Lake Bioscience Co., Inc. Zhaoqing Guangdong (廣東肇慶星湖生物科技股份有限公司) (the equivalent number of corresponding shares is 120,457,831 after completion of the share swap merger) and the increased corresponding shares resulting from the Company's issuance of bonus shares and increase in share capital shall constitute the underlying assets of the Company's relevant long-term employee scheme. To the extent permitted by relevant laws, regulations and rules, the relevant long-term employee scheme may be implemented according to relevant agreements or covenants signed by the afore-said shareholders or relevant legal entities including the labour union of the Company; and

(10) To fulfill other obligations as stipulated by laws, administrative regulations and these Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than

the conditions agreed to as a subscriber of the relevant shares on subscription.

**Article 73** Shareholders holding or controlling 5% or above voting shares of the Company shall notify the Company within three working days after occurrence of any of the following circumstances:

- (1) Equity of the Company they hold or control is under property preservation measures or mandatory enforcement measures;
- (2) Shares of the Company they hold is pledged;
- (3) The shareholding represented by the Shares they hold as a percentage of the Company's shares in issue increase or decrease by every 5%;
- (4) Change of the de facto controller;
- (5) Their names are changed;
- (6) A merger or division is effected;
- (7) They are subject to regulatory measures including suspension of operation for rectification, designated custody, takeover or revocation or other regulatory measures, or proceeding with dissolution, bankruptcy or liquidation procedures;
- (8) They receive administrative penalty or are investigated for criminal responsibility due to serious violations of laws and regulations; and
- (9) They are involved in other circumstances that may lead to transfer of the shares of the Company they hold or control or affect operation of the Company.

Where a shareholder holding 5% or above of voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

The Board of the Company shall report to relevant regulatory authorities, such as the local office of CSRC of its place of domicile, within five working days after acknowledging the occurrence of the events as stated above.

**Article 74** A controlling shareholder or de facto controller of the Company shall promptly inform the Company after occurrence of the following circumstances and cooperate with the Company in fulfilling its information disclosure obligations:

- (1) There is a material change in their shareholding or control of the Company, or a significant change in the situation concerning the fact that the de facto controller and other enterprises controlled by it engage in the same or similar business as the Company;
- (2) The court has ruled that the controlling shareholder is prohibited from transferring the shares he/she holds, or that more than 5% of the Company's shares held by any shareholder should be pledged, frozen, subject to judicial auction, kept in custody or in trust or restricted from voting in accordance with the law, or there is a risk of compulsory transfer;
- (3) There is a proposed restructuring of material assets, debts or business of the Company;
- (4) Proceeding with bankruptcy or liquidation procedures due to deteriorating operating conditions;

(5) There are rumors related to the controlling shareholder or de facto controller, which may have a material impact on the trading price of the Company's securities and their derivatives;

(6) Other circumstances that may have a material impact on the trading price of the Company's securities and their derivatives.

In the event of material progress or changes in the matters set out in the preceding paragraph, the controlling shareholder or de facto controller shall inform the Company in writing of the relevant circumstances coming to his knowledge and cooperate with the Company in fulfilling its obligation to disclose the information. Where the controlling shareholder or de facto controller receives an enquiry from the Company, he/she shall promptly learn about the situation and reply to it, ensuring that the reply is true, accurate and complete.

**Article 75** The controlling shareholders and the de facto controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.

The controlling shareholders and the de facto controllers of the Company have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders and de facto controllers of the Company shall strictly exercise his rights as a capital contributor. The controlling shareholders and de facto controllers of the Company cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or loan guarantee to damage the lawful interests of the Company and public shareholders. He shall not make use of his controlling position to damage the lawful interests of the Company and public shareholders.

The controlling shareholders and the de facto controllers of the Company shall not exploit their special position to obtain additional benefits or execute any approval procedure with respect resolutions on election of personnel at general meetings and any resolutions on the appointment of any personnel by the Board or appoint or remove any senior management members of the Company without the approval at the general meeting and the Board or intervene directly or indirectly any decisions on production and operation of the Company or misappropriate or control any assets or other interests of the Company or intervene the finance and accounting related activities of the Company or impose any operation plans or give any orders to the Company or carry out any business activities which are the same or similar to those of the Company or influence the independence of the Company's operation and management or damage the legal interests of the Company by any other means.

The undertakings of the controlling shareholder, the actual controller and the relevant parties of the listed company shall be clear, specific and executable, and shall not undertake to judge matters that are obviously impossible as per the circumstances at the time. The undertaking party shall make, in his/her undertaking, a statement of fulfillment of its commitments, and clarify his/her responsibility in the event breach of commitments, and will endeavor his/her best to fulfill the commitments.

Save for the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange where the shares of the Company are listed, the controlling shareholders of the Company shall not make decision to exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all shareholders or some of the shareholders of the Company:

(1) Relieving a director or supervisor of his duty to act honestly in the best interests of the Company;

(2) Approving the expropriation by a director or supervisor for his own benefit or for the benefit of another person, in any guise, of the Company's assets, including but not limited to



opportunities beneficial to the Company;

(3) The expropriation by a director or supervisor for his own benefit or for the benefit of another person of the individual rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a restructuring submitted to general meeting for approval in accordance with these Articles of Association.

## **Section 2 General Provisions for General Meetings**

**Article 76** The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:

- (1) To decide the business operation guideline and investment plan for the Company;
- (2) To elect and change directors and supervisors who are not employees' representatives, and resolve on the remunerations of directors and supervisors;
- (3) To examine and approve reports of the Board;
- (4) To examine and approve reports of the Supervisory Committee;
- (5) To examine and approve the annual financial budgets and final accounting plans of the Company;
- (6) To examine and approve the Company's profit distribution plan and loss recovery plan;
- (7) To resolve on increase or decrease of the registered capital of the Company;
- (8) To resolve on issuance of bonds of the Company;
- (9) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;
- (10) To amend these Articles of Association;
- (11) To resolve on the appointment or dismissal of the accounting firms by the Company;
- (12) To examine and approve the external guarantees specified in Article 77;
- (13) To consider the Company's purchase or disposal of major assets within one year with the aggregate transaction amount exceeding 30% of the latest audited total assets of the Company (after deducting clients' margins);
- (14) To examine and approve matters relating to the changes in the use of proceeds;
- (15) To consider equity incentive scheme and employee stock ownership plan;
- (16) To consider and approve proposals submitted by shareholders individually or jointly holding 3% or above of the voting shares of the Company; and
- (17) To decide on buying back its stocks as per reasons stated in Article 27 (1), (2);
- (18) To consider other matters which are required by laws, administrative

regulations, departmental rules or these Articles of Association to be approved at a general meeting.

The functions and powers of the general meeting mentioned above shall not be delegated to the Board or any other body or individual.

**Article 77** The following external guarantees to be given by the Company shall be examined and approved by the general meeting:

(I) Where the external guarantees are under any of the following circumstances:

1. Provision of any external guarantee by the Company and its subsidiaries, the total amount of which exceeds 50% of the latest audited net assets of the Company;

2. Provision of any external guarantee by the Company and its subsidiaries, the total amount of which exceeds 30% of the latest audited total assets of the Company (after deducting clients' margins);

3. The cumulative amount of the external guarantee in the last twelve months exceeds 30% of the Company's latest audited total assets (net of customers' margin).

4. Provision of guarantee to anyone whose liability-asset ratio exceeds 70% based on the data in the latest financial statements;

5. Provision of a single guarantee whose amount exceeds 10% of the latest audited net assets of the Company.

(II) Where the financial assistance is under any of the following circumstances:

1. Provision of a single financial assistance whose amount exceeds 10% of the latest audited net assets of the Company;

2. Provision of financial assistance to anyone whose liability-asset ratio exceeds 70% based on the data in the latest financial statements;

3. The cumulative amount of the financial assistance in the last twelve months exceeds 10% of the Company's latest audited total assets.

If the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company, and none of other shareholders of the controlling subsidiary is a controlling shareholder or de facto controller of the Company or their associates, such financial assistance shall be exempted from the first two provisions mentioned in paragraph (II).

In case of violation of the approval authority or consideration procedures for external guarantees and financial assistance by the shareholders' meeting and the Board of Directors as stipulated in the Articles of Association, the Company shall investigate the corresponding legal and financial responsibilities of the responsible persons depending on the circumstances.

**Article 78** General meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous financial year.

**Article 79** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:

(1) The number of Directors falls short of the quorum stipulated in the Company Law or is less than two thirds of the number specified in these Articles of Association;

(2) The unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;

(3) If shareholder(s) severally or jointly holding 10% or above of the Company's shares request(s) in writing the convening of an extraordinary general meeting, the number of shares held by shareholder(s) shall be calculated as at the date on which the relevant shareholders submit the written requisition;

(4) The Board considers it necessary;

(5) The Supervisory Committee proposes to convene such meeting; and

(6) Other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

**Article 80** The venue to hold a general meeting of the Company shall be the domicile of the Company or other location specified in the notice of the general meeting.

A general meeting shall usually be in the form of physical meeting to be held on-site combined with online vote cast. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

**Article 81** The Company shall engage lawyers to attend the general meetings and advise on the following issues with announcements made thereon:

(1) Whether the convening of the general meeting and its procedures are in compliance with laws, administrative regulations and the Articles of Association;

(2) Whether the attendees are eligible and whether the eligibility of the convener is lawful and valid;

(3) Whether the procedures of voting and the voting outcome of the meeting are lawful and valid; and

(4) Legal opinions on other related matters at the request of the Company.

### Section 3 Convening of General Meetings

**Article 82** Independent Directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal of the independent Directors to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, administrative regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement.

**Article 83** The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Supervisory Committee shall be obtained.

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

**Article 84** Shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

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

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

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

In the case of failure to issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result of its failure to do so for more than 90 consecutive days, the shareholder(s) severally or jointly holding 10% or above shares of the Company for 90 consecutive days or above may convene and preside over such meeting by itself/themselves.

**Article 85** Where the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the stock exchange.

The shareholding of shareholders who convene the general meeting shall be no less than 10% before a resolution passed at the general meeting is announced. The convening shareholder shall, not later than the date of the notice of the general meeting, undertake not to reduce his/her shareholding in the Company from the date of proposing to convene the general meeting to the date of the general meeting.

The convening shareholders shall, when the notice of general meeting is issued and a resolution made at the general meeting is announced, submit relevant evidential documents to the local office of the CSRC in the place where the Company is domiciled and Shenzhen Stock Exchange.

**Article 86** For the general meeting convened by the supervisory committee or shareholders on its/their own, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders on the record date of the equity interests.

**Article 87** The procedure for convening of the general meeting convened by the supervisory committee or shareholders on its/their own shall be identical with that of the Board. Expenses incurred by the meeting shall be borne by the Company, and deducted from the amount payable by the Company to the defaulting Directors.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 88** A motion proposed at the general meetings shall satisfy the following criteria:

(1) The substance of the motion proposed shall not conflict with laws, administrative regulations, departmental rules and the requirements set forth in these Articles of Association, and shall fall within the scope of business of the Company and the functions of the general meeting;

(2) There is a clear subject of discussion and a specific resolution; and

(3) The motion shall be submitted or delivered to the Board in writing.

**Article 89** Where the Company convenes a general meeting or meetings of the Board and the Supervisory Committee, shareholder(s) severally or jointly holding 3% or above shares of the Company may make proposals to the Company.

Shareholder(s) severally or jointly holding 3% or above shares of the Company may nominate candidates for directors and supervisors to a the general meeting. If the number of directors nominated by any single shareholder exceeds 1/2 or above of the number of directors, the number of supervisors nominated by such shareholder shall not exceed 1/3 of the number of supervisors.

Shareholder(s) severally or jointly holding 3% or above shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within 2 days after receipt of a proposal, and announce the contents of the proposal on the agenda.

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

Proposals which are not specified in the notice of the general meeting or which do not comply with Article 88 of these Articles of Association shall not be voted and resolved at the general meeting and become resolutions.

**Article 90** Where the Company convenes an annual general meeting, a written notice of the meeting shall be given 20 days before the date of the meeting, and where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting.

In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

**Article 91** A notice of general meeting shall be made in writing and include the following contents:

- (1) specify the time and date, place and duration of the meeting;
- (2) state the businesses and motions to be considered at the meeting;
- (3) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;
- (4) contain a disclosure of the nature and extent of the material interests, if any, of any director, supervisor, general manager and other senior management in the matters to be discussed, and difference in the effect which the matters to be discussed will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (5) contain the full text of any special resolution to be proposed at the meeting;
- (6) specify the date and place for the delivery of proxy form for use at the meeting;
- (7) contain a conspicuous statement that all shareholders are entitled to attend the general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that a proxy need not be a shareholder of the Company;
- (8) specify the record date for determining the shareholders who are entitled to attend the general meeting;
- (9) state the names and telephone numbers of the standing contact persons for the meeting;
- (10) if a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.

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

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

**Article 92** Unless the Articles of Association otherwise requires, the notice of a general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic shares, such notice of the general meeting may also be given by way of announcement.

In respect of the holders of domestic shares, the announcement referred to in the preceding paragraph shall be published on the websites of the relevant stock exchange and in the media that meet the requirements stipulated by the CSRC and other regulatory authorities. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.

The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners:

(1) such notification or announcement should be delivered to every shareholder of overseas-listed foreign shares by person or by mail in accordance with the addresses of every shareholders. The notification for shareholders of H Shares should be sent at Hong Kong;

(2) announced at the website of the Company or websites designated by the local stock exchange where shares of the Company are listed in accordance with relevant laws, regulations and listing rules;

(3) other manners required by the local stock exchange where shares of the Company are listed and listing rules.

**Article 93** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

**Article 94** Where the election of directors and supervisors are scheduled to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the director and supervisor candidate(s), including at least the following contents:

(1) personal information including education background, working experience and part-time job;

(2) whether he is connected with the Company or its controlling shareholders and actual controller;

(3) his shareholding in the Company;

(4) whether he has received any punishment from the CSRC and other relevant authorities and any penalty and warning from the stock exchange;

(5) disclosable information in relation to the new appointment or re-designation of directors or supervisors as required by the Hong Kong Listing Rules.

Except the election of directors and supervisors by means of cumulative voting, election of every director and supervisor candidate shall be conducted by separate resolution.

**Article 95** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the motions set out in such notice shall not be cancelled without valid reasons. Where a general meeting has to be postponed or cancelled, the convener shall

publish a public announcement at least 2 working days before the original date of the general meeting and state the relevant reasons.

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

**Article 96** The Board and other convener shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authority for investigation and punishment.

**Article 97** Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

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

**Article 98** The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his attorney duly authorized in writing; where the appointing shareholder is a legal person or any other institution, such instrument shall be under its seal or under the hand of its legal representative duly authorized or attorney duly authorized.

Individual shareholders attending a general meeting in person shall produce their identity cards or other valid proof or evidence of their identities as well as stock account cards and, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the proxy forms from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend a general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of authorization duly issued by such legal representatives.

If the shareholder is an authorized clearing house of the place(s) where the shares of the Company are listed or its agent, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or shareholders class meeting. If two or more persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxy forms shall be signed by the respective proxies appointed by the authorized clearing house. The proxies so appointed may represent the authorized clearing house (or its agent) in exercising its rights at any meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) as if that proxy is an individual shareholder of the Company.

**Article 99** The proxy form shall be deposited at the registered address of the Company or such other place as the notice of meeting may specify not less than 24 hours prior to convening of the meeting at which the relevant matters will be voted on, or 24 hours before the time appointed for voting. If the form of proxy is signed by the attorney on behalf of the shareholder, the power of attorney or other authority must be notarized. The notarized power attorney or other authority must be delivered to the registered address of the Company or such



other place specified in the notice of the meeting together with the proxy form.

**Article 100** Any instrument issued to a shareholder by the Directors for use in appointing a proxy to attend and vote at meetings of the Company shall be in such format as to enable the shareholder to instruct the proxy to vote in favor of or against or abstain the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

**Article 101** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company at its premises before the commencement of the meeting at which the proxy is used.

**Article 102** The proxy form to appoint a proxy to attend any general meeting by a shareholder shall contain the following:

- (1) Name of the proxy;
- (2) Indication of whether voting power is granted;
- (3) Instruction of voting “for”, “against” or “abstain” for each resolution proposed at any general meeting;
- (4) Date of signing the proxy form and the effective period for such appointment;
- (5) Signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

**Article 103** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

**Article 104** The convener and the legal counsel appointed by the Company shall examine legality of the shareholders’ qualifications according to the register of members and other effective documents provided by the securities registrations and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of the shares held with voting rights.

**Article 105** All directors, supervisors and secretary of the Board shall attend general meetings of the Company, and the general manager and other senior management shall be present at the meetings.

**Article 106** The chairman of the Board shall preside over and act as chairman of the general meeting convened by the Board. If the chairman of the Board is unable or fails to perform his/her duties, the vice chairman of the Board (where the Company has two or more vice chairmen, the vice-chairman jointly elected by more than half of the directors shall preside) shall preside over and act as chairman of the meeting. Where the vice chairman of the Board is unable or fails to perform his/her duties, a Director selected by half or above of all Directors shall preside over and act as chairman of the meeting. If the Board is unable or fails to perform the duties of convening a

general meeting, the Supervisory Committee shall timely convene and preside over the meeting. If the Supervisory Committee fails to convene and preside over a general meeting, shareholders severally or jointly holding 10% or above of the Company's shares for 90 consecutive days or above shall have the right to convene and preside over the meeting. Where the shareholders fail to elect a chairman of the general meeting for any reasons, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of voting shares shall be the chairman of the general meeting.

The chairman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman of the Supervisory Committee cannot or does not fulfill his/her duties, a Supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the Shareholders.

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

**Article 107** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles of authorization to the Board by the general meeting. The rules of procedures for general meetings shall be stipulated by the Board and approved by the general meeting.

**Article 108** The Board and the Supervisory Committee shall report their work for the past year at the annual general meeting. Each independent director shall also submit his/her work report.

**Article 109** The directors, supervisors and senior management of the Company shall answer and explain inquiries and proposals made by shareholders at the general meeting except that the business secrets of the Company are involved and cannot be disclosed at the general meeting.

**Article 110** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

**Article 111** Minutes of a general meeting shall be kept by the secretary of the Board. The minutes shall state the following contents:

- (1) Time, venue and agenda of the meeting and names of the convener;
- (2) The name of the meeting chairman and the names of the directors, supervisors and senior management attending or present at the meeting;
- (3) The numbers of shareholders and proxies attending the meeting, number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) The process of review and discussion, summary of any speech and voting results of each proposal;

(5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;

(6) Names of lawyers, vote counters and scrutinizers of the voting;

(7) Other contents to be included as specified in these Articles of Association.

**Article 112** The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary of the Board, the convener or representative thereof, and the chairman of the general meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept together with the attendance record of the attending shareholders, the power of attorney of the proxies and the valid information of online voting and other means of voting for a term of not less than 15 years.

**Article 113** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly and an announcement shall be published timely. Meanwhile, the convener shall report the same to the local office of the CSRC and the stock exchange in the place where the Company is located according to relevant requirements.

#### **Section 6 Voting and Resolutions at General Meetings**

**Article 114** Resolutions of the general meeting include ordinary resolutions or special resolutions.

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

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

**Article 115** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

(1) Work reports of the Board and the supervisory committee;

(2) Profit distribution plan and loss make-up plan formulated by the Board;

(3) Appointment or dismissal of the members of the Board and supervisory committee, remuneration and payment methods thereof;

(4) Annual preliminary and final budgets, balance sheet, income statement and other financial statements of the Company;

(5) The Company's annual report;

(6) Matters other than those requiring approval by special resolutions in accordance with the laws, administrative regulations or the Articles of Association.

**Article 116** The following matters shall be resolved by way of special resolutions at a general meeting:

(1) Increase or reduction of the registered capital of the Company;

- (2) Issue of shares of any class, stock warrants or other similar securities;
- (3) Any variation or abrogation of the rights of any class of shareholders proposed by the Company;
- (4) Demerger, spinoff, merger, dissolution, liquidation or change in the form of the Company;
- (5) Amendments to the Articles of Association;
- (6) Any purchase or disposal of substantial assets made or guarantee provided by the Company within one year, the amount of which exceeds 30% of the total assets (after deducting customer's deposit) as presented in the latest audited consolidated financial statements of the Company;
- (7) Share Option Incentive Scheme and Employee Stock Ownership Plan;
- (8) Issuance of corporate bonds;
- (9) Any other matters as required by the laws, administrative regulations or the Articles of Association of the Company and matters which, if resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

**Article 117** Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

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

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

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

The Board, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the requirements of the CSRC may act as collectors to publicly request by themselves or entrust securities companies and securities service institutions to publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting of shareholders and exercise the proposal rights, voting rights and other shareholders' rights on their behalf.

Where shareholders' rights are collected in accordance with the provisions of the preceding paragraph, the collector shall disclose the collection documents and the Company shall cooperate. Consideration or de facto consideration for collecting the shareholders' rights publicly is prohibited. Except for statutory conditions, the Company shall not propose a minimum shareholding limit for the solicitation of voting rights. Where the public collection of shareholders' rights violates laws, administrative regulations or the relevant requirements of the CSRC, causing losses to the Company or its shareholders, the collector shall be liable for damages.

**Article 118** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the voting of non-connected shareholders.

When a connected transaction is considered at a general meeting, the notice of convening the general meeting shall indicate that the connected shareholders shall avoid voting on the connected transaction in accordance with the Articles of Association, shall not vote on the relevant connected transaction, shall not be counted in the total number of voting shares represented by shareholders.

The Company established The Management Systems of Connected Transaction in accordance with the requirements of institutes, including CSRC and stock exchanges. The Company will disclose and consider the connected transaction in accordance with The Management Systems of Connected Transaction.

Any shareholder is abstained to vote or is restricted to vote only “For” or only “Against” on any resolution, the vote will not be counted if this shareholder or its proxy violates the referred requirements or restriction.

**Article 119** Unless vote is cast on poll particularly as required by the relevant requirements of the securities regulatory authorities of the jurisdictions where the shares of the Company are listed, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a general meeting shall be conducted by a show of hands:

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

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been conducted. There is no need to provide evidence of the number or proportion of the votes recorded in favor or against such resolution at the meeting. The demand for a poll may be withdrawn by the person who makes such demand.

**Article 120** A poll demanded on such matters as the election of chairman of the meeting or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

**Article 121** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or above votes need not cast all his votes for, against or abstention in the same way.

**Article 122** Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a general meeting, the Company shall not enter into any contracts with any person other than the directors, supervisors, general management and other senior management personnel pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

**Article 123** The list of candidates for directors and supervisors shall be submitted to the general meeting for voting by way of proposal.

When a voting is made on election of directors or supervisors at a general meeting, the cumulative voting system may be adopted in accordance with the requirement of the these Articles of Association or the resolutions of the general meeting.

The Directors or Supervisors shall implement the cumulative voting system when the largest shareholder and persons acting in concert interest hold 30% or above of the total shares of the Company or the connected persons together holds 50% or above.

The "cumulative voting system" as referred to in the preceding paragraph means that when a General Meeting elects directors or supervisors, each share shall carry the same number of voting right as the number of directors or supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board shall announce the resumes and basic information of the director or supervisors candidates to shareholders.

If a director and supervisor is removed by the general meetings before their terms of office expire, relevant explanation shall be provided. The director and supervisor being removed shall be entitled to state his/her opinion to the general meeting, CSRC or its delegated institutes.

**Article 124** In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 125** When considering a proposed resolution at a general meeting, no amendments shall be made thereto. Otherwise, any change made thereto shall be considered as a new proposed resolution, of which the voting shall not proceed in that meeting.

**Article 126** The same vote may only be cast once at the location of a general meeting, or by online voting or other means. In the event of multiple casting of the same vote, only the outcome of the first casting of such vote shall be counted.

**Article 127** At any general meeting, voting shall be conducted by open ballot.

**Article 128** Before the relevant proposed resolution is voted on at the general meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

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

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

**Article 129** The ending time of a general meeting shall not be earlier than that of online or other access to the meeting. The Chairman of the meeting shall announce the status and results of voting in respect of each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

Prior to the formal announcement of voting results, the relevant parties from the listed company, the persons responsible for counting votes and scrutinizing the conduct of the relevant

poll, the major shareholders, the person in charge of the relevant internet service provider involved in relation to voting at the general meeting, online or by other means, shall be obliged to keep the status of voting confidential.

**Article 130** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

**Article 131** In the event that the Chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the Chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the Chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the Chairman of the meeting shall have the votes counted immediately.

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company.

**Article 132** Resolutions of the general meeting shall be announced in due time according to relevant laws, regulations, departmental rules, regulated documents, the requirements of the securities regulatory authorities of the jurisdictions where the shares of the Company are listed or the Articles of Association. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting results for every motion and the details of each of the resolutions passed.

**Article 133** A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes within seven days of receipt of the reasonable payment therefor.

**Article 134** Where a motion has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 135** Where a resolution on the election of directors or supervisors is passed at the general meeting, the term of office of the newly-elected director or supervisor shall commence at the passing of the relevant resolution is passed at the general meeting.

**Article 136** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.

## **Section 7 Special Procedures for Voting by Classes of Shareholders**

**Article 137** Shareholders holding different classes of shares shall be shareholders of different classes.

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

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

**Article 138** The Company shall not proceed to change or abrogate the shareholders' rights of a class of shares unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the shareholders of the class of shares so affected in accordance with Articles 141 to 145.

**Article 139** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:

(1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;

(3) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;

(4) To reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;

(5) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;

(6) To cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;

(7) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

(8) To restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;

(9) To issue rights to subscribe for, or to convert into, shares of the said class or another class;

(10) To increase the rights and privileges of the shares of another class;

(11) To restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;

(12) To amend or cancel provisions in the section.

**Article 140** Shareholders of the affected class, whether or not having the rights to vote at general meetings originally, shall have the right to vote at shareholders class meetings in respect of matters referred to in subparagraphs (2) to (8) and (11) to (12) in Article 140 hereof, except that interested shareholders shall not vote at such shareholders class meetings.



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

(1) in case of a buyback of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 28 hereof, the controlling shareholders as defined in Article 312 of these Articles of Association shall be the “interested shareholders”;

(2) in case of a buyback of shares by the Company by an over the counter agreement in accordance with Article 28 hereof, holders of shares in relation to such agreement shall be the “interested shareholders”;

(3) in case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other shareholders of that class shall be the “interested shareholders”.

**Article 141** Resolution of a shareholders class meeting shall be passed only by two-thirds or above of the total voting rights being held by the shareholders of that class, who are entitled to do so, present and vote at the shareholders class meeting in accordance with Article 141.

**Article 142** When the Company is to convene a shareholders’ class meeting, it shall issue a written notice in accordance with the requirement of Article 90 of the Articles of Association informing all the shareholders who are registered as holders of that class of shares in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.

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

**Article 143** Notice of the shareholders class meeting shall be served only on the shareholders entitled to vote thereat.

The shareholders class meeting shall be held according to the procedure, to the extent possible, as that applicable to a general meeting, unless otherwise specified in these Articles of Association, the provisions of the Articles of Association of the Company relevant to the procedure for the holding of a general meeting shall be applicable to a shareholders class meeting.

**Article 144** The special procedure for voting by class shareholders shall not apply under the following circumstances:

(1) With the approval by a special resolution at a general meeting, the Company issues domestic shares and overseas listed foreign shares in a period of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of its respective numbers of each of the issued and outstanding domestic shares and overseas listed foreign shares;

(2) The Company completes the issue of domestic shares and overseas listed foreign shares within fifteen months from the date of approval pursuant to the plan approved upon its

establishment by the securities regulatory authority under the State Council;

(3) With approval of the securities regulatory authority under the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors and list and trade the said shares on overseas stock exchanges.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 145** Directors are natural persons and need not hold shares of the Company. Directors shall be honest, with good character, be familiar with securities laws and administrative regulations, and with the operating and management capabilities as required for discharging the duties.

Directors include executive directors and non-executive directors. Executive directors mean the directors entering into employee contracts with the Company or the controlled subsidiaries of the Company, receiving fixed remuneration monthly and receiving performance remuneration after annual evaluation. Directors other than executive directors are non-executive directors, which include independent directors.

**Article 146** The directors shall be elected or replaced at the general meeting and their term of office shall be three years. Upon the expiry of the term, a director shall be eligible for reelection and re-appointment. The appointment and dismissal of any director by the Company shall be filed with the securities regulatory authorities under the State Council.

The shortest period before the notice of the proposal to elect a person as the director sent to the Company and the notice on the person's intent to accept the election sent to the Company shall be at least seven days.

The period of submitting the aforesaid notices shall compute after the Company distributes the notices of the election, and such period shall not end seven days (or less) before the date of the meeting.

The term of a director shall be calculated from the date upon which the director assumes office to the expiry of the current Board. If the term of office of a director expires but reelection is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and Articles of Association until a new director is elected.

While observing relevant laws and administrative regulations, Shareholders may remove any director whose term does not expire from his position by passing a ordinary resolution (nevertheless, any claim due under any contract shall not be affected by such removal) in the general meeting.

A director may serve concurrently as the general manager or other senior management, but the total number of directors serving concurrently as the general manager or other senior management shall not be more than half of the directors.

**Article 147** Directors shall observe laws, administrative regulations and the Articles of Association, honestly perform their duties, and protect the interests of the Company. In the event of any conflicts between their own interests and the interests of the Company and its shareholders, directors shall act in the best interest of the Company and its shareholders. Directors shall undertake the following fiduciary duties to the Company:

(1) Not to abuse their official powers to accept bribes or other unlawful income, and not

to expropriate the Company's property;

(2) Not to misappropriate monies of the Company or customers;

(3) Not to open any bank account in their own names or in others' names for the purpose of depositing any of the Company's assets or monies;

(4) Not to lend monies of the Company to other persons or provide guarantee for other persons with the property of the Company counter to the Articles of Association or without the consent of the general meeting or the Board;

(5) Not to conclude any contract or conduct any transaction with the Company counter to the Articles of Association or without the consent of the general meeting;

(6) Not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company without the consent of the general meeting;

(7) Not to take as their own any commission for any transaction with the Company;

(8) Not to disclose any secret of the Company;

(9) Not to seek gains for themselves or others by taking advantage of inside information;

(10) Not to use their connected relations to damage the interests of the Company;

(11) To fulfill other fiduciary duties stipulated by laws, administrative regulations, departmental rules and Articles of Association.

The proceeds from the violation of such provisions by the directors shall be attributed to the Company, and he/she shall be liable to compensate the Company for the losses thereof.

**Article 148** Directors shall fulfill the following obligations of diligence in accordance with the laws, administrative regulations and the Articles of Association:

(1) To exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;

(2) To treat all shareholders impartially;

(3) To carefully read the relevant business and financial reports of the Company and keep informed of the operation and management conditions of the Company;

(4) To initial and approve documents for the issuance of securities and periodic reports of the Company and to ensure timeliness and fairness of the information disclosed by the Company and truthfulness, accuracy and completeness of the information disclosed; In the event that the directors cannot ensure or object to the truthfulness, accuracy and completeness of contents in documents for the issuance of securities and periodic reports of the Company, they shall express their opinions and state the reason in the written opinions for confirmation, which the Company shall disclose. In the event that the Company fails to disclose it, the directors shall directly apply for disclosure;

(5) To honestly provide the Supervisory Committee with relevant information, not to

prevent the Supervisory Committee or supervisors from exercising their functions and powers, and to accept the lawful supervision and rational suggestions of the Supervisory Committee on their performance of duties;

(6) To fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and Articles of Association.

**Article 149** If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his duties, and the Board shall suggest that the general meeting remove the said director.

**Article 150** A director may resign before his term of office expires. When a director resigns, he shall submit a written resignation notice to the Board. The Board will disclose the relevant information within 2 days.

If the number of directors of the Board falls below the quorum as a result of any resignation, or the number of independent directors is less than one-third of the members of the Board or there is no professional accountant among independent directors due to the resignation of any independent director, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and Articles of Association until a new director is elected.

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

**Article 151** A director shall complete all of the handover procedures with the Board once his/her resignation becomes effective or his/her term of office expires. The fiduciary duties to the Company and the shareholders are not necessarily released upon expiry of his/her term of office, but shall remain effective in a term of twelve months.

The duty of confidentiality in respect of trade secrets of the Company survives the termination of his term of office until such trade secrets become publicly known.

Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances and conditions under which the relationship between the director and the Company was terminated.

**Article 152** In the absence of specification in these Articles of Association or legitimate authorization by the Board, no director shall act in his personal capacity on behalf of the Company or the Board. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the Board, that director shall declare his stance and capacity in advance.

**Article 153** If a director breaches the laws, administrative regulations, departmental rules or these Articles of Association when carrying out his duties and causes loss to the Company, he shall be responsible for damages.

## **Section 2 Independent Directors**

**Article 154** The Company shall establish an independent director system.

Independent Directors are Directors who do not hold any positions in the Company other than as Director and do not maintain with the Company and its substantial Shareholders a connection which may possibly hamper their independent and objective judgments. Independent Directors should not hold any position other than special committees under the board of Directors.

Independent Directors shall have independence in accordance with the requirements of Rule 3.13 of Hong Kong Listing Rules.

**Article 155** The Board of directors, Supervisory Committee or shareholders individually or jointly holding 1% or above of issued shares of the Company are entitled to nominate candidates for independent directors to be elected at a general meeting.

**Article 156** The independent directors have integrity and diligence duties towards the Company and all shareholders of the Company. The independent directors shall perform their duties diligently so as to protect the Company's interests, in particular, to ensure that the legal rights of the public shareholders will not be affected.

The independent directors shall perform their duties diligently, and shall not be influenced by the Company's substantial shareholders, beneficial controllers or other entities or parties that have interests in the Company and its substantial shareholders and beneficial controllers.

**Article 157** One third or above of the members of the Board shall be independent directors, which contain one finance and accountant professional person at least, and meet the requirements of the rule 3.10(2) of Hong Kong Listing Rules.

The number of independent directors of the Company to fall below the condition required by the Articles of Association, the Company shall timely take up the number of independent directors in accordance with these requirements.

**Article 158** An independent director shall meet the following basic conditions:

(1) Having the qualifications as a director of a listed company in accordance with the laws and administrative regulations of the listing venue, rules of the stock exchange on which shares are listed and other relevant provisions;

(2) Being independent as required by the CSRC;

(3) Knowing the basic knowledge about operations of companies, and being proficient in relevant laws, administrative regulations, regulations and rules;

(4) Having five or above years' experience in securities, financial, legal and economic work or other work required for fulfilling duties as independent director;

(5) Having sufficient time and energy required for fulfilling independent duties;

(6) Other conditions required by the Articles of Association.

Independent directors and persons proposed to serve as independent directors shall attend trainings organized by the CSRC and its authorized institutions as required.

**Article 159** Independent directors shall have the independence, the following persons shall not act as independent directors:

(1) Persons employed by the Company or its affiliated companies and their immediate family members and major social connections (immediate family members shall include spouse, parents and issues and major social connections shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse) and core connected persons as defined in the Hong Kong Listing Rules;

(2) Natural person shareholders who directly or indirectly hold 1% or above of the issued shares of a listed company or natural persons who are the top 10 shareholders of a listed company

and their immediate family members;

(3) Persons employed by the corporate shareholders which directly or indirectly hold 5% or above of the Company's issued shares or employed by the top five corporate shareholders of a listed company and their immediate family members;

(4) Persons providing financial, legal or consulting services to the Company or its affiliated companies;

(5) Persons who fell within the four aforesaid categories within the preceding year;

(6) Persons holding positions other than independent directors in other securities companies;

(7) Other persons unfit to serve as independent directors upon confirmation by laws, administrative regulations, department rules and the CSRC, the securities regulatory authority at the location where the Company's shares are listed and other relevant regulatory authorities.

**Article 160** Independent directors shall perform his duties diligently, and discharge his duties with sufficient time.

Independent directors shall attend Board meetings in person. Where the independent director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another independent director to attend the meeting on his behalf.

The proxy form shall set out the name of the proxy, the matter and authority of the proxy, the effective period and such form shall be signed and sealed by the authorizing party.

The independent director appointed as the representative of another independent director to attend the meeting shall exercise the rights of the independent director within the scope of authority conferred by the appointing director. Where a director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 161** Independent directors shall have the same term of office as other directors. The term of office of an independent director is renewable upon re-election when it expires, but no independent director shall serve more than six years. The Company may dismiss any independent director through statutory procedures prior to expiry of the term of his office. In case of such early dismissal, the Company shall make disclosure of such occurrence as a special item of disclosure.

**Article 162** Independent directors may resign before the expiry of their tenure. They shall submit a written resignation to the Board. The written resignation shall contain explanation on the situation related to his resignation or any other matters which in his opinion, shall be brought to the notice of the shareholders and creditors of the Company. Where the independent director resigns, disengaged or dismissed during his tenure, he himself and the Company shall submit a written explanation respectively to the delegated institutes of CSRC and the general meeting.

If the resignation of independent director(s) result(s) in the number of independent directors of the Board to fall below the required proportion required by the Articles of Association or there being no professional accountant among independent directors, the out-going independent director shall continue to perform his duties in accordance with the provisions of laws, administrative regulations, department rules and the Articles of Association until the new director is re-elected to take up his office.

**Article 163** An independent director may also express independent opinion to the Board or general meeting on the following matters, except performing the aforesaid duties:

- (1) The nomination and removal of directors;
- (2) The appointment or dismissal of senior officers;
- (3) The remuneration of directors and senior officers;
- (4) Flow of funds from the existing or new transitions between shareholders of the Company, beneficial controllers, related companies and the Company in a total amount exceeding RMB3 million or 5% of the Company's latest audited net assets, and whether effective steps shall be taken by the Company to recover the arrears;
- (5) Engagement and removal of the accounting firm;
- (6) Changes in accounting policies or accounting estimates, or corrections of major accounting errors, due to reasons other than changes in accounting standards;
- (7) The issuance of a non-standard unqualified audit opinion by the accounting firm on the financial accounting report and internal control of the Company;
- (8) The internal control evaluation report;
- (9) The proposal of relevant parties to change their commitments;
- (10) The impact of the issuance of preferred shares on the rights and interests of each class of shareholders of the Company;
- (11) The formulation of, adjustment to, decision-making procedures of, implementation of and information disclosure of the Company's cash dividend policy, and whether the profit distribution policy harms the legitimate rights and interests of small and medium investors;
- (12) Material matters such as connected transactions required to be disclosed, external guarantee (excludes guarantee provided by subsidiaries in combined statement), entrusted financial management, provision of external financial assistance and matters related to use of raised fund;
- (13) Material asset restructuring proposals, management buyouts, equity incentive schemes, employee stock ownership schemes, share repurchase proposals, and plans for debt repayment by related parties of the Company;
- (14) Where the Company has intended to decide that its shares shall no longer be traded on the Shenzhen Stock Exchange or the Hong Kong Stock Exchange;
- (15) Provision of independent advice on matters involving strategy, policy, the Company's performance, accountability, resources, key appointments and code of conduct;
- (16) Taking the lead where potential conflicts of interests arise;
- (17) Serving as a member of the audit committee, the remuneration and appraisal committee, the nomination committee and other special committees under the Board, if invited;
- (18) Scrutinizing the Company's performance in achieving defined corporate goals and objectives, and monitoring the reporting of such performance;
- (19) Matters that the independent directors consider would impair the legitimate rights and interests of minority shareholders;

(20) Other matters stipulated by laws, administrative regulations, departmental rules, regulated documents, operational rules of stock exchange and the Articles of Association.

The independent directors shall present one of the following written opinions on the matters referred to above: consent; qualified opinion with reason given; objection with reason given; and inability to express an opinion with stated obstacle. Opinions of the independent directors shall be clearly stated in the resolutions of the Board.

The independent directors have the following special authorities:

(1) To approve related party transactions required to be disclosed before such transactions are submitted to the Board for discussion; before making a judgment, an independent director may engage an intermediary agency to issue a special report;

(2) To recommend to the Board on the engagement or removal of the accounting firm;

(3) Power of prior approval for major connected transactions;

(4) To request the Board to convene an extraordinary general meeting;

(5) To solicit the opinions from minority shareholders, propose a profit distribution plan, and submit such plan to the Board for consideration;

(6) To recommend the convening of board meetings;

(7) Power to recommend the convening of meetings solely for independent directors;

(8) Power to publicly collect voting rights from Shareholders prior to the convening of general meetings;

(9) To independently engage external audit institutions or consulting institutions to audit and advise on specific matters of the Company.

Matters listed in paragraphs (1) and (2) shall be approved by more than half of independent directors before being submitted to the Board for discussion.

**Article 164** Independent directors shall attend board meetings on a regular basis, understand the business and operation conditions of the Company, actively investigate and obtain the relevant information required for making a decision. Independent directors shall submit an annual report of all the independent directors at the annual general meeting of the Company and state the circumstances for the performance of their powers and duties.

**Article 165** The Company shall set up a working system for the independent directors and the Board Secretary should actively co-operate with the independent directors to enable smooth performance of their duties. The Company should ensure that the Independent directors shall enjoy the same right to information as other directors. The Company shall timely provide the independent directors with relevant materials and information, regularly notify them of the operation of the Company and organize on-site visit by the independent directors if necessary.

**Article 166** The fees of engaging intermediate companies by independent directors and



other fees incurred in the process of exercising their authorities shall be borne by the Company.

**Article 167** The Company shall grant appropriate allowances to the independent directors. The standards of such allowances shall be formulated by the Board and resolved after examination at the general meeting.

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

**Article 168** The Company shall set up a board of directors which shall be accountable to the general meeting.

**Article 169** The Board shall consist of 11 directors, including four independent directors (including at least one financial or accounting professional). The Board shall have one chairman and may have one to two vice chairmen.

**Article 170** The Board shall exercise the following functions and powers:

- (1) To convene general meetings and report to general meetings;
- (2) To execute resolutions of general meetings;
- (3) To resolve on the Company's business plans and investment plans;
- (4) To formulate the Company's long-term and mid-term development plan;
- (5) To prepare the annual financial budgets and final accounting plans of the Company;
- (6) To prepare the profit distribution plan and loss makeup plan of the Company;
- (7) To prepare plans for the increase or decrease of the registered capital of the Company, the issuance of bonds or other securities and the Listing;
- (8) To formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (9) To decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations, etc. of the Company within the authority granted by the general meeting;
- (10) To resolve on the establishment of internal management organizations of the Company;
- (11) To appoint or dismiss the Company's general manager, the secretary to the Board, the chief compliance officer, the chief risk officer, the chief information officer, the chief audit officer, etc. as nominated by the chairman of the Board; to appoint or dismiss the Company's deputy general manager, the chief financial officer and other senior management members as nominated by the general manager; and determine their remunerations and rewards and penalties;
- (12) To set up the basic management system of the Company;
- (13) To formulate the proposals for any amendment to these Articles of Association;
- (14) To manage the disclosure of information by the Company;
- (15) To propose to general meetings the appointment or change of the accounting firm

acting as the auditors of the Company;

(16) To listen to the work report of the general manager of the Company and examine the general manager's work;

(17) To monitor, review and evaluate the establishment and implementation of the Company's various internal control systems and to be responsible for the effectiveness of the internal control;

(18) To set a compliance management target for the Company, to assume responsibilities for the effectiveness of compliance management, to conduct evaluations of the effectiveness of compliance management, and to urge the Company to solve problems associated with compliance management, to ensure the independence of the chief compliance officer, guarantee the independent communication between the chief compliance officer and the Board and safeguard the smooth reporting between the chief compliance officer and the regulatory authority; to review and approve the annual compliance report and monitor the implementation of the compliance policies;

(19) To undertake the ultimate responsibility for the overall risk management, to ensure the independence of the chief risk officer and establish a mechanism to directly communicate with the chief risk officer, to fulfil the significant risk management policies including the validation of risk preference and the corresponding duties including the consideration and approval of the Company's periodic risk assessment reports;

(20) To be responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and the management should provide confirmation to the Board on the effectiveness of these systems. To this end:

(1) the Board should oversee the Company's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to Shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.

(2) the Board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

(3) the Board's annual review should, in particular, consider:

(a) the changes, since the last annual review, in the nature and extent of significant risks, and the ability of the Company to respond to changes in its business and the external environment;

(b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and (where applicable), the work of its internal audit function and other assurance providers;

(c) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)), which enables it to assess control of the Company and the effectiveness of risk management;

(d) significant control failings or weaknesses that have been identified during the period.

Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition of the Company; and

(e) the effectiveness of the processes of the Company for financial reporting and the compliance with the Hong Kong Listing Rules.

(21) Decision on the company buy back its shares as per the reasons stated in Article 27 (3), (5) and (6) of the Articles of Association;

(22) To be responsible for reviewing the company's information technology management objectives and assuming responsibility for the effectiveness of information technology management; to review the information technology strategy to ensure its consistency with the company's development strategy, risk management strategy and capital strength; to establish manpower and funding support plans for information technology; to evaluate the overall effectiveness and efficiency of the annual information technology management;

(23) To guide and promote the construction of the Company's corporate culture;

(24) To fulfil duties related to anti-money laundering and undertake the ultimate responsibility for effective implementation of the internal control system on anti-money laundering of the Company;

(25) To determine the objectives of business integrity management and be liable for ensuring the effectiveness of business integrity management;

(26) To determine the objectives of honest operation management, and be liable for ensuring the effectiveness of honest operation management;

(27) To take responsibility for urging the management to implement the work objectives of safeguarding the rights and interests of investors;

(28) To take responsibility for establishing and improving the Company's salary system, supervising the effective implementation of the system, and assuming the main responsibility of salary management;

(29) To exercise other functions and powers as conferred by laws, administrative regulations, departmental rules or these Articles of Association.

Major matters of the above company shall be decided by the board of Directors collectively, and the statutory functions and powers of the board of Directors shall not be exercised by the chairman of the board or general manager.

**Article 171** Where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets already disposed of within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet recently considered at the general meeting, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval at the general meeting.

The term "fixed assets disposal" referred to in this Article includes transferring certain interests in assets, but excludes provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

**Article 172** The Board shall make explanations to the general meeting in relation to the non-standard audit opinions expressed by the certified public accountants in the financial reports of the Company.

**Article 173** The Board shall formulate rules of procedure for the Board meetings in order to make sure that the Board shall implement the resolutions made by the general meeting, improve the work efficiency and guarantee scientific decision-making.

**Article 174** The Board shall establish strict examination and decision-making procedures by setting the scope of authority for external investment, acquisition and sale of assets, asset pledge, external guarantee, financial assistance, consigned financial management, connected transactions and donations, and organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the general meeting for approval.

The Board's scope of authority for external investment, financing, external guarantee, financial assistance, asset disposal and donation is as follows:

(1) Matters related to acquisition and sale of major assets by the Company within one year that represents 5% or above of the Company's latest audited net assets and less than 30% of total assets (after deducting clients' margins);

(2) Matters related to external investment by the Company within one year that represents 5% or above of the Company's latest audited net assets and less than 30% of total assets (after deducting clients' margins);

(3) Matters related to external donation by the Company within one financial year in an amount between RMB50 million and RMB100 million;

(4) Other guarantees and financial assistance in addition to those as stipulated by Article 77 in these Articles of Association, including other external investment, financing and external guarantee, financial assistance, asset disposal and donations as required by other laws, administrative regulations and the listing rules of the place where the Company's shares are listed.

Matters set forth in paragraphs (1) and (2) of this Article exclude transactions arising in the ordinary course of business such as securities proprietary trading, securities underwriting and sponsorship, securities asset management, margin financing and securities lending.

The matters related to external guarantees and financial assistance by the Board shall not only be considered and approved by more than half of all directors, but also be approved and resolved by 2/3 or above of directors who attend the meeting.

**Article 175** According to the relevant requirements of the laws and administrative regulations and the relevant regulatory requirements, the Company may set up wholly-owned private investment subsidiaries to engage in government and private investment fund business.

According to the relevant requirement of the laws and administrative regulations and the relevant regulatory requirements, the Company may set up wholly-owned alternative investment subsidiaries to engage in the business of alternative investment in financial products, equities, etc. other than those listed in the List of Securities Investment Products of Proprietary Trading of Securities Companies (《證券公司證券自營投資品種清單》).

According to laws, administrative regulations and relevant regulatory requirements, the Company may set up subsidiaries to engage in government and social capital cooperation related business.

According to laws, administrative regulations and relevant regulatory requirements, the Company may set up subsidiaries to engage in financial leasing business.

**Article 176** The chairman and the vice chairman of the Board shall be a director and shall be elected or dismissed by a majority of all the directors.

**Article 177** The chairman of the Board shall exercise the following functions and powers:

(1) To preside over general meetings, convene and preside over the Board meetings and direct the daily operation of the Board;

(2) To sign important documents of the Board (including reports, representations, announcements or notices sent or delivered to relevant governmental authorities, other enterprises or public institutions, lending banks, securities underwriters or the Company's shareholders and directors in the name of the Board);

(3) To sign the securities issued by the Company;

(4) To exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company in case of force emergent majeure events such as extraordinary natural disasters, and report to the Board and the general meeting of the Company afterwards;

(5) To monitor and examine the implementation of resolutions made by the Board and propose relevant advice and suggestions;

(6) To examine, sign and issue the Company's basic management systems;

(7) To nominate the general manager, the secretary to the Board, the chief compliance officer, the chief risk officer, the chief information officer, the chief audit officer, etc.;

(8) To examine and approve the costs and expenses which exceed or are not included in the Company's annual budget within the authority granted by the Board;

(9) To examine and approve the purchase and disposal of fixed assets within the authority granted by the Board;

(10) Assume primary responsibility in the information disclosure of the Company;

(11) To exercise other functions and powers conferred by laws, administrative regulations, departmental rules of competent authorities, the general meeting or the Board.

**Article 178** The vice chairman of the Board shall assist the chairman of the Board in work. When the chairman of the Board is unable to or does not carry out his duties, he shall designate a vice chairman of the Board to fulfil his duties (if the Company has two or more vice chairman, then the vice chairman nominated by more than one half of the directors shall fulfill his duties). Where the vice chairman of the Board is unable to or does not carry out his duties, one half or above of the directors shall nominate a director to carry out the duties, which shall be submitted to the relevant branches of China Securities Regulatory Commission for record in both cases.

**Article 179** Board Meetings shall be held at regular intervals and at least four times a year at approximately quarterly intervals. Meetings shall be convened by the chairman of the Board. Written notice shall be given to all directors and supervisors at least 14 days before the meeting is held. The aforesaid time limit may not apply if written consent is given by all directors present

at the meeting.

**Article 180** The chairman of the Board shall convene an extraordinary Board meeting within ten days in one of the following situations when it is:

- (1) Considered necessary by the chairman of the Board;
- (2) Jointly proposed by one-third or above of the directors;
- (3) Proposed by the Supervisory Committee;
- (4) Proposed by the general manager;
- (5) Proposed by the shareholders representing one-tenth or above of the voting rights;
- (6) Proposed by half or above of the independent directors;
- (7) Required by the securities regulatory authority.

**Article 181** The notice of an extraordinary meeting of the Board shall be served by: direct delivery, fax, e-mail or other means. The time limit of such notice is: 3 days prior to the date of meeting. The aforesaid time limit may not apply if written consent is given by all directors present at the meeting.

**Article 182** The notice of the Board meeting shall include the following:

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

If two or more independent Directors deem the information incomplete or if the rationales inadequate, they may jointly file a written request with the board of Directors to postpone the consideration of the matter in writing. The board of Directors shall accept the case and the company shall promptly disclose the relevant information.

**Article 183** A Board meeting shall be attended by more than one half of the directors. Save as otherwise specified in these Articles of Association, resolutions made by the Board must be passed by more than half of all directors.

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

**Article 184** If a director has connection with the enterprise involved in the resolution made at a Board meeting, he shall not vote on the said resolution for himself or on behalf of other directors. The Board meeting may be held when more than half of the non-connected directors attend the meetings. The resolution made at the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 185** The vote on board resolutions shall be taken by way of voting on a site poll or on a show of hands or through communication.

As long as directors can fully express their opinions, an extraordinary Board meeting

may be held by way of communication (such as video, telephone and network, the same blow), and resolutions passed shall be signed by participating directors.

The procedures of the Board to form a resolution through communication and conference shall be:

- (1) The resolution must be sent to every director by personal delivery, fax, email or letter three days in advance;
- (2) All directors shall sign their votes upon receipt of the relevant written proposal and reason and basis for objection shall be given in case of a dissenting vote;
- (3) A signed vote shall be delivered to the secretary of the Board by personal delivery, fax or letter;
- (4) A resolution of the Board shall be formed depending on voting.

**Article 186** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he may authorize in writing another director to act on his behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing director. The appointed director who attends the meeting shall exercise the director's duties within the scope of authorization. If a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he shall be deemed to have waived the voting rights at the meeting. A director shall not make or accept an appointment without voting intentions, discretionary appointment or appointment with indefinite scope of authorization. The responsibility of a director in connection with his/her voting on resolutions cannot be waived by attending the meeting by a proxy.

**Article 187** The Board shall file resolutions passed at the meeting as minutes, which shall be signed by the attending Directors and the recorder. The Directors shall be responsible for the resolutions passed at Board meetings. If any resolution made by the Board runs counter to the laws, administrative regulations or these Articles of Association or resolution of the general meeting, and causes any substantial losses to the Company, Directors who vote for the said resolution shall be liable for compensation to the Company. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

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

**Article 188** The minutes of the Board shall consist of the following:

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

**Article 189** A resolution of the general meeting or the Board meeting, if in violation

of the laws and administrative regulations, is void.

If the convening procedure and voting method of the general meeting or the Board meeting is in violation of the laws, administrative regulations or Articles of Association, or if the content of any resolution is in violation of the Articles of Association, the shareholders may be entitled to request the people's court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution.

**Article 190** The directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution made by the Board runs counter to the laws, administrative regulations or the Articles of Association and resolutions of general meetings and causes any substantial losses to the Company, directors who vote for the said resolution shall be liable for compensation to the Company. If any director raises an objection to the resolution and the said objection is recorded in the minutes, the said director may be exempt from any liability.

#### **Section 4 Special Committees under the Board**

**Article 191** The Board consists of five special committees, namely the Audit Committee, the Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee and the Strategic Committee. All members of the special committees shall be Directors. Half or above of the members of the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee shall be independent Directors, one of whom shall act as the chairman of the committee. All members of the Audit Committee shall be non-executive Directors, and there shall be at least one Independent Director who shall be an accounting professional with more than 5 years of working experience in accounting or related financial management. The chairmen of the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee shall be an Independent Director. Chairman of the Audit Committee shall be an accounting professional.

**Article 192** The members of the special committees under the Board shall be directors who possess professional knowledge and experience appropriate to responsibilities and duties of the special committees. Each special committee may engage a professional to advise on the relevant matters as and when necessary at the cost of the Company, provided that it shall ensure no disclosure of the Company's business secrets.

**Article 193** All special committees are a specialized working body under the Board which shall be accountable to the Board. Each special committee shall submit its annual work report to the Board within four months from the end of every financial year.

The Board shall seek advice of the special committees before making any decision on matters related to the duties of the special committees.

I. The main duties and responsibilities of the Audit Committee include:

(1) Examining and reviewing the financial monitoring, internal control systems and risk management systems of the Company and the effectiveness of the implementation of these systems. Discussing the risk management and the internal control with the management to ensure the management has performed its duty in establishing effective systems and reporting to the Board. Considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(2) Guiding the work of the internal audit department of the Company, and supervising the internal audit system and its implementation;

(3) Monitoring the annual audits, examining the Company's financial statements, annual



reports and accounts, semi-annual reports and (if propose to publish) quarterly reports, reviewing the significant views on financial reporting set out in financial statements and reports as well as other information relating to the Company's operation and management and relevant disclosures. Making judgments on the truthfulness, accuracy and completeness of audited financial reports and information and submitting to the Board of Directors for consideration. In reviewing these statements and reports before submission to the Board, the Audit Committee should focus particularly on: any changes in accounting policies and practices; major judgmental areas; significant adjustments resulting from audit; the going concern assumptions and any qualifications; compliance with accounting standards; and compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting; Considering any significant or unusual items that are, or may need to be, reflected in financial statements and periodic reports and accounts, and giving due consideration to any matters that have been raised by the staff of the Company responsible for the accounting and financial reporting function, compliance officer or auditors of the Company;

(4) Acting as the major representative of both the Company and external auditors, and responsible for overseeing the relationship between them;

(5) Inspecting and ensuring the Board will provide a timely response to the external auditor's (or equivalent documents) to the senior management, and also inspecting any significant queries raised by external auditors on accounting records, financial accounts or monitoring system to the senior management and the responses from the senior management;

(6) Examining and supervising related party transactions and assessing the appropriateness of related party transactions;

(7) Making proposals to the Board on the appointment, reappointment or change of external auditors, approving the compensation and terms of appointment for external auditors, as well as handling any matters regarding the resignation or removal of external auditors;

(8) Monitoring and assessing the independence and objectivity of work done by external auditors of the Company and the effectiveness of the auditing procedures, the Audit Committee shall discuss the nature, scope of the audit and relevant reporting obligations with external auditors before the auditing work commences as well as formulating policies on non-auditing service provided by external auditors and implementing such policies;

(9) Reviewing the Company's financial and accounting policies and practices;

(10) Being responsible for the communication between internal auditors and external auditors, and making sure adequate resources of the Company are available for internal auditors for operation and the proper positions for internal auditors, and reviewing and monitoring internal auditors' effectiveness;

(11) Assessing the mechanism for the Company's staff and those who deal with the Company, such as customers and suppliers, to whistle-blow, carry out internal control or report on other misconducts, and the mechanism of the Company for making independent and fair investigations on reported matters and taking appropriate actions;

(12) Paying attention to, and dealing with the challenges and claims raised by the employees, clients, suppliers, investors and media against the truthfulness, accuracy and completeness of information contained in the audited financial statement;

(13) Submitting a report to the Board in relation to the compliance with Hong Kong Listing Rules, cooperate governance report.

II. The main duties and responsibilities of the Risk Management Committee include:

- (1) Formulating major risk management policies in relation to risk appetite;
- (2) Reviewing general goals and fundamental policies of the risk management and compliance management of the Company, and making recommendations on the same;
- (3) Reviewing the establishment and responsibilities of the compliance management and risk management, and making recommendations on the same;
- (4) Evaluating the risks of substantial decisions which shall be reviewed by the Board and making recommendations on the resolutions to the substantial risks;
- (5) Supervising the performance of the risk control committee under the operational management level of the Company and the management of the Company and ensuring the relevant risk management committee would report to the Board in due course any material information relating to the design, implementation and monitoring of the risk management, compliance control and internal control systems of the Company;
- (6) Reviewing and setting the scale and maximum risk limitation for each substantial business sector of the Company and the nature and extent of the risks the Company is willing to take, under the authorization of the Board;
- (7) Reviewing and deciding the resolutions of the substantial risks raising from operational management of the Company, under the authorization of the Board;
- (8) Reviewing the risk management report, compliance report and internal audit report of the Company and making recommendations on the same; regularly evaluating the risk situation of the Company and its subsidiaries and reviewing the effectiveness of its risk control and management ability (at least annually);
- (9) Evaluating and reviewing the effectiveness of the internal control system of the Company and its subsidiaries regularly (ensuring at least annually) based on the advice of external supervision authorities, internal and external audit reports, and supervising the operation management to adopt rectification measures; the review should cover all material controls, including financial, operational and compliance controls:
  - (a) the changes, since the last annual review, in the nature and extent of significant risks, and the ability of the Company to respond to changes in its business and the external environment;
  - (b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
  - (c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the Company and the effectiveness of risk management;
  - (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition of the Company; and
  - (e) the effectiveness of the processes of the Company for financial reporting and the Hong

Kong Listing Rules compliance.

(10) Making decision and commanding on material and sudden crises of the Company;

(11) Making recommendations on the drafting and amending policies in relation to corporate governance;

(12) Carrying on self-examination on corporate governance, supervising rectifications on the same, promoting creativeness of the corporate governance management based on the practical situation of the Company;

(13) Reviewing the effectiveness of the internal review function of the Company regularly, and making recommendations and remedial measures; and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions of the Company;

(14) Considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(15) Other duties as authorized by the Board.

III. The main duties and responsibilities of the Nomination Committee include:

(1) Reviewing and making suggestions or recommendations on the structure, size and composition of the Board of Directors (including the expertise, know-how and experience) at least annually to the Board based on the business activities, asset size and shareholding structure of the Company, and making recommendations on any changes proposed to make to the Board of Directors in line with the Company's policies;

(2) Reviewing the selection standard and procedures of the Directors, general manager and other senior management, and making recommendation to the Board;

(3) Identifying candidates with proper qualifications for the Directors of the Company, and selecting and nominating relevant candidates as Directors, the general manager and other senior management or make recommendations to the Board regarding this matter;

(4) Reviewing and making recommendations on the qualification, appointment, re-appointment or succession plan of the candidates for the directors, especially the chairman of the Board, and the general manger and other senior management;

(5) Assessing on the independence of independent directors;

(6) Making proposals of resignation and removal of directors and senior management for their violations and dereliction;

(7) Other duties under the authorization of the Board.

IV. The main duties and responsibilities of the Remuneration and Evaluation Committee include:

(1) Reviewing and making opinions on the assessment and structure of the remuneration of the Directors and senior management members and the remuneration management system and structure with reference to the corporate goals and objectives, etc. formulated by the Board of Directors, reviewing and approving and making recommendations to the Board on the

remuneration package of the Directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policies;

(2) Making recommendations to the Board on the remuneration of non-executive directors;

(3) Assessing and making recommendations on the performance of directors and senior management according to the Company's performance assessment scheme, and determining the rewards and incentives/ punishments of senior management accordingly;

(4) Formulating the remuneration policies of the Company by taking into account financial position, operation and future major expenditure, risk prevention and control, development regulating and other factors as well as legal equity of stakeholders and considering the salary level of comparable companies, time devoted, responsibilities and the conditions of other positions of the Company, and supervising and inspecting the implementation of such policies;

(5) Reviewing and approving the compensation payable to executive Directors and senior management members for any loss or termination of offices and making recommendations to the Board of Directors;

(6) Reviewing and approving the compensation arrangement relating to the dismissal or removal of Directors for their misconducts, and making recommendations to the Board of Directors;

(7) Ensuring that any directors or other associates (as defined in the Hong Kong Listing Rules) are not involved in their own evaluation of their performance and the decision-making process of their remuneration, a part from their self-assessment of performance;

(8) Reviewing and/or approving matters relating to share scheme under Chapter 17 of Hong Kong Listing Rules;

(9) Other duties under the authorization of the Board.

V. The main responsibilities of the Strategic Committee are:

(1) Being aware of and supervising the basic operational situation of the Company;

(2) Analyzing and supervising the latest development of the domestic and overseas industries, relevant national policies and its effect on the Company's operation;

(3) Analyzing and preparing the medium to long-term development strategies of the Company and providing recommendations;

(4) Reviewing the medium to long-term strategic goals and development plans of each business sector and management sector of the Company;

(5) Drafting the medium to long-term strategic goals and development plans of the Company;

(6) Providing consultation and advice on the medium to long-term development strategies and substantial decision on material changes of the Company;

(7) Reviewing the operational plans and medium to long-term investment plans of the Company;

(8) Reviewing the substantial strategic investments of the Company;

(9) Analyzing and providing consultation and advice on the ESG management of the Company, including visions, target and policies;

(10) Other duties under the authorization of the Board.

### **Section 5 Secretary to the Board**

**Article 194** The Board shall have a secretary, who is a member of senior management of the Company. The secretary to the Board shall be responsible to the Company and the Board.

The secretary to the Board shall have a right to attend relevant meetings, inspect relevant documents and learn about the Company's financial and business conditions in order to perform his duties. The Board and other senior management members shall support the work of the secretary to the Board. No organizations or individuals shall interfere in the secretary's normal performance of his duties.

**Article 195** The main duties of the secretary to the Board are:

(1) To prepare and submit any report or document which relevant authorities require the Company to issue;

(2) To arrange for Board meetings and general meetings and keep the meeting minutes and documents and records relating to the meetings;

(3) To maintain the information of the Company's shareholders;

(4) To organize and coordinate the information disclosure matters of the Company, handle the Company's information release and other related matters, and ensure the timely, accurate, lawful, true and complete information disclosure by the Company;

(5) To be responsible for investor relations;

(6) To ensure that the persons who have the right of access to the relevant records and documents of the Company obtain the same in a timely manner;

(7) To fulfill other duties required by the laws and regulations, CSRC, the Articles of Association and the listing rules of the place where the Company's shares are listed.

A director or another senior management of the Company may also act as the secretary of the Board. Certified public accountants of the accounting firm or lawyers of the law firm appointed by the Company shall not concurrently act as the secretary of the Board.

**Article 196** The secretary to the Board shall be nominated by the chairman of the Board and appointed or removed by the Board. Where the secretary to the Board is also a director and an action is required to be made by a director and the secretary to the Board separately, such person who is acting both as a director and the secretary to the Board shall not make such action in both capacities.

### **Chapter 6 General Manager and Other Senior Management**

**Article 197** The Company shall have one general manager, who shall be appointed or removed by the Board.

The Company shall have certain vice general managers, who shall be appointed or removed by the Board.

A director may serve concurrently as a senior management, but the number of directors concurrently serving as such shall not exceed half of the directors of the Company.

**Article 198** The obligations of a director as stated in Article 148 hereof regarding loyalty and honesty and in (4) to (6) of Article 149 hereof regarding diligence shall also be applicable to senior management.

**Article 199** Staff of the controlling shareholders and the actual controllers of the Company who serve positions other than directors and supervisors of the controlling shareholders shall not serve as senior management of the Company.

The senior management of the Company shall only receive remuneration from the Company, not from the controlling shareholders on behalf of the Company.

**Article 200** The general manager shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 201** The general manager shall be accountable to the Board and exercise the following functions and powers:

(1) To manage the daily business operations of the Company, organize and implement the Board's resolutions, and report to the Board;

(2) To organize and implement the Company's annual business plans and investment plans;

(3) To prepare the plan for the establishment of internal management of the Company;

(4) To prepare the plan of the basic management system of the Company;

(5) To formulate the Company's specific rules;

(6) To nominate the vice general manager, chief financial officer and other officers of the Company;

(7) To decide to appoint or remove executives other than those appointed or removed by the Board;

(8) To formulate plans for the wages, benefits, awards and punishments of the employees of the Company and determine the employment and dismissal of such employees;

(9) To sign and issue documents relating to our daily administrative and business activities and other matters; to sign all kinds of contracts and agreements on behalf of the Company under the authorization of the Board or the chairman;

(10) To organize the identification and assessment of various risks, establish a sound and effective internal control mechanism and internal control system and timely rectify the deficits and problems in our internal control;

(11) To propose the convening of an extraordinary meeting of the Board;

(12) To implement the work requirements of the Board on corporate culture construction, and carry out specific work on corporate culture construction;

(13) To perform the anti-money laundering work and implementing the risk management of money laundering;

(14) To implement the administration targets on business integrity and be accountable for integrity in operation;

(15) To implement the administration targets on business honesty and be accountable for honesty in operation;

(16) To implement the work target of investor interest protection and be responsible for the comprehensiveness and effectiveness of the conduction of investor interest protection;

(17) To exercise other functions and powers conferred in these Articles of Association and by the Board.

**Article 202** The general manager shall attend the Board meetings, but if he is not a director, he shall not have voting rights at the Board meetings.

**Article 203** The general manager shall, as required by the Board or the Supervisory Committee, report to the Board or the Supervisory Committee on matters concerning the signing and execution of material contracts, application of funds, profit and loss of the Company. The general manager must ascertain the authenticity of the report.

The general manager shall consult the labour union and the employees' representatives assembly, prior to formulating such matters relating to the employees' vital interests as wages, welfare, production safety, labour protection, labour insurance and dismissal of employees.

**Article 204** The general manager shall formulate his/her working rules, which shall come into effect upon approval by the Board.

**Article 205** The working rules of general manager shall contain the following:

(1) Conditions for the convening of and the procedure for the general manager's meeting, and the personnel to attend the meeting;

(2) Specific duties and division of work of the general manager and other senior management;

(3) The authority to utilize the Company's funds and assets and to enter into material contracts, and the reporting system to the Board and the Supervisory Committee;

(4) Other matters which the Board considers necessary.

**Article 206** The general manager, vice general managers and other senior management can tender his resignation before the expiry of his term of office, however with a notice to the Board in writing. The procedure and measures for such resignation shall be governed by the employment contract between the general manager, vice general managers or other senior management and the Company.

**Article 207** If a senior management violates any laws, administrative rules, departmental rules and regulations and the provisions stipulated in these Articles of Association in the course of performing his duties of the Company and subsequently causes losses to the Company, he shall be liable for compensation.

## Chapter 7 Supervisory Committee

### Section 1 Supervisors

**Article 208** Directors, general manager and other senior management shall not serve as

supervisors concurrently.

**Article 209** The supervisors shall abide by the laws, administrative rules and these Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

**Article 210** The term of office of a supervisor shall be three years. A supervisor may serve consecutive terms upon expiration of his term if re-appointed.

Shareholder supervisors shall be elected or replaced at the general meetings, employee supervisors shall be elected or replaced democratically by employees of the Company.

**Article 211** If any supervisor fails to attend meetings of the Supervisory Committee for two consecutive times, he/she shall be deemed as incapable of performing the duties, and shall be removed by the general meeting or the employee representatives' meeting.

**Article 212** If the term of office of a supervisor expires but re-election is not made responsibly or if any supervisor resigns during his term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue to perform the duties as a supervisor pursuant to laws, administrative regulations and these Articles of Association until a new supervisor is elected.

**Article 213** Supervisors shall ensure that the Company shall disclose information in a fair and timely manner and all information disclosed are true, accurate and complete. In the event that the supervisors cannot ensure or object to the truthfulness, accuracy and completeness of contents in documents for the issuance of securities and periodic reports of the Company, they shall express their opinions and state the reason in the written opinions for confirmation, which the Company shall disclose. In the event that the Company fails to disclose it, the supervisors shall directly apply for disclosure.

**Article 214** Supervisors may attend Board meetings and make enquiries or suggestions in respect of the resolutions of such Board meetings.

**Article 215** Supervisors shall not use the connected relations to damage the interests of the Company; otherwise, they shall be liable for compensation for any loss incurred to the Company.

**Article 216** Supervisors shall faithfully perform their supervisory duties in accordance with the laws, administrative regulations, departmental rules and these Articles of Association. If a supervisor contravenes the laws, administrative regulations, departmental rules or these Articles of Association while performing his duties and causing losses to the Company, he shall bear the liability of compensation.

## **Section 2 Supervisory Committee**

**Article 217** The Company shall have a supervisory committee. The Supervisory Committee comprises 5 supervisors, among which 3 supervisors shall be shareholder representatives, while 2 supervisors shall be employee representatives of the Company. The Supervisory Committee shall have one chairman, who shall be appointed or removed by the votes of two thirds or above of the members of the Supervisory Committee.

**Article 218** The chairman of the Supervisory Committee shall convene and preside over a meeting of the Supervisory Committee; If the chairman of the Supervisory Committee cannot or does not fulfill his/her duties, a Supervisor jointly elected by half or above of the supervisors shall convene and preside over the meeting of the Supervisory Committee.



The Supervisory Committee shall consist of shareholders representatives and an appropriate proportion of the company's employee representatives; and the percentage of the number of the company's employee representatives shall not be less than one-third. The employee representatives of the Supervisory Committee shall be elected at the employee representatives' meeting, employee meeting or otherwise democratically.

**Article 219** The Supervisory Committee shall exercise the following functions and powers:

(1) To review the documents for the issuance of securities and the periodic reports of the Company prepared by the Board and express its written opinion. The Supervisory Committee shall sign the written opinions for confirmation;

(2) To check the financial condition of the Company;

(3) To monitor and inquire about the performance of duties by directors and senior management and propose dismissal of directors and senior management who have violated laws, administrative regulations, these Articles of Association, the resolutions of general meetings, and who shall assume primary responsibility or leadership responsibility for material compliance risks;

(4) To require directors and senior management to make corrections if their conduct has damaged the interests of the Company;

(5) To propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;

(6) To propose motions to the general meeting;

(7) To initiate proceedings against directors and senior management pursuant to Article 151 of the Company Law;

(8) To organize departure auditing of the chairman and vice chairman of the Board and senior management;

(9) To review the financial reports, business reports and profit distribution schemes to be submitted by the Board to the general meetings; to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;

(10) To undertake the supervisory responsibility of the overall risk management, be responsible for supervising and examining the performance of duties of the Board and the management in the risk management aspect and supervising the rectification;

(11) To supervise the corporate culture construction of the Company;

(12) To supervise the anti-money laundering work and its compliance and effectiveness of Directors and senior management;

(13) To supervise the business integrity performance of Directors and senior management;

(14) To supervise the business honesty performance of Directors and senior management;

(15) To supervise the performance of investor interest protection of Directors and

operation management;

(16) To exercise other powers conferred by the laws, administrative regulations, departmental rules or general meetings.

The supervisory records of the Supervisory Committee and the results of the financial inspection shall serve as an important basis for the performance evaluation on the Directors and senior management.

**Article 220** Meetings of the Supervisory Committee shall be held at least once every six months. Notices of regular meetings of the Supervisory Committee shall be served to all the supervisors 10 days before the meetings are convened. Supervisors may propose the convening of provisional meetings of the Supervisory Committee. Notices of provisional meetings shall be served to all the supervisors 2 days before the meetings are convened. The aforesaid time limit may not apply if written consent is given by all the supervisors present at the meeting.

**Article 221** The Supervisory Committee shall formulate rules of procedure for the Supervisory Committee, specifying the methods of deliberation and voting procedures of the Supervisory Committee, in order to ensure working efficiency and scientific decision-makings.

Where the Supervisory Committee observes that the Directors or senior management violate laws and regulations or the Articles of Association of the Company, they shall perform their supervisory duties and notify the Board or report to the general meetings, or directly report to the CSRC and its delegated agencies, stock exchanges or other departments.

**Article 222** The deliberations of the Supervisory Committee shall be made at a meeting of the Supervisory Committee.

Supervisors present at a meeting of the Supervisory Committee shall pass resolutions by way of open ballot at the meeting, and one Supervisor shall have one vote. The voting intent of a Supervisor may be pro, con or abstention. Every attending Supervisor shall choose one out of the aforesaid intents.

Resolutions made by the Supervisory Committee shall be approved by two thirds or above of the members of the Supervisory Committee. Supervisors shall sign on and be liable to the resolutions of the Supervisory Committee.

Resolutions may be passed at meetings of the Supervisory Committee by means of communication methods provided that Supervisors can fully express their views at the meetings. The procedures for passing resolutions are as follows:

- (1) The motion must be served by hand, fax, letter or email to every Supervisor in advance;
- (2) All the Supervisors shall sign on ballots for vote (and if they sign on ballots for vote against such written motion, the reasons and basis for the dissention shall be attached) after receiving such written motion;
- (3) The ballots duly signed shall be served by hand, fax or letter to the Company;
- (4) If the numbers of Supervisors who signed on ballots for vote for the motion are two thirds or above of total numbers of the Supervisors, the motion shall become the resolution of the Supervisory Committee, which shall be passed based on the votes.

**Article 223** The Supervisory Committee shall file resolutions passed at the meeting as minutes, which shall be signed by the attending supervisors and the recorder.

Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the Supervisory Committee shall be kept as the Company's record for a term of at least 15 years.

**Article 224** A notice to a Supervisory Committee meeting shall include the following contents:

- (1) date, venue, and duration of the meeting;
- (2) reasons and issues of discussion;
- (3) date of issuance of the notice.

### **Chapter 8 Compliance Management and Internal Control**

**Article 225** The Company shall establish and improve its compliance system to monitor and check the compliance of the Company's operational and management activities according to laws, regulations and relevant provisions of the CSRC. The Company's compliance management shall cover all the business, divisions, branches, subsidiaries at all levels and staff, and involve all aspects such as decision, execution, supervision and feedback.

The general manager and other members of senior management shall perform their compliance management duties as determined by the Articles of Association and the Board, establish a comprehensive organizational structure for compliance management of the Company, comply with procedures of compliance management, designate adequate and suitable staff for compliance management, and provide adequate support and protection in terms of human resources, materials, finance and technology for the performance of their duties.

The Company shall establish the compliance system, clarify the duties of the compliance staff according to the relative regulations and its own conditions, promote the sense of occupational honour shared by compliance staff and enhance their professional and occupational standard.

**Article 226** The Company shall have one chief compliance officer, who shall be nominated by the chairman of the Board and be appointed or dismissed by the Board. The chief compliance officer appointed by the Company shall meet laws, regulations and the regulatory requirements, and the Company shall submit the resume and the relevant supporting materials of the officer to the local office of the CSRC within its jurisdiction such that the officer can only assume his position upon the CSRC's approval.

Before the expiry of the term of office of the chief compliance officer, the dismissal of the chief compliance officer by the Company shall be supported by justified reasons, and the Company shall submit the reasons for dismissal to the local office of the CSRC within its jurisdiction before the board meeting is convened.

If the chief compliance officer is unable to perform his duties or is absent, his duties shall be performed by the Chairman or the General Manger of the Company, and a written report shall be submitted to the local office of the CSRC within 3 working days. The period during which his duties are performed by another person shall not be more than six months. The Company shall appoint a qualified person as the chief compliance officer within six months.

The chief compliance officer may tender an application for resignation to the Board one month in advance and shall report to the local office of the CSRC. The chief compliance officer shall continue to perform the relevant duties until the resignation application is approved.

The justified reasons referred to in the preceding paragraph include situations such as the

application by the chief compliance officer on his own, or changes 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.

**Article 227** The chief compliance officer shall perform the following duties:

(1) To organize the formulation of the Company's basic compliance system and other compliance management systems and supervise their implementation; advise the Board or senior management of any changes to the laws, regulations and rules in time and urge the relevant departments to assess their effect on compliance management and to amend and optimize relevant management rules and business processes;

(2) To conduct compliance reviews on the Company's internal regulations and rules, significant decisions, important business activities such as proposed new products and new businesses, and provide compliance review advice in writing and, upon request by the securities regulatory authority and self-regulatory organization, conduct compliance reviews on the applications or reports submitted by the Company and sign off on the compliance review advice on the relevant applications or reports;

To submit the relevant matters to the Board for determination where the Company does not adopt the compliance review advice from the chief compliance officer;

(3) To monitor and check the compliance of the Company's operational and management activities and personnel's occupational behaviors;

(4) To assist the Board and senior management to establish and implement anti-money laundering, Chinese wall and interest conflict management systems;

(5) To provide compliance advice and organize compliance training;

(6) To guide and urge the relevant departments of the Company to deal with complaints and reports on the irregularities involving the Company and its staff;

(7) To report the compliance of the Company's operation and management and the implementation of the compliance management work to the Board and the general manager;

If the Company's conduct is against the relevant laws and regulations or there are potential compliance risks, the chief compliance officer shall report to the Board and the general manager in time in accordance with these Articles of Association and the relevant regulations, provide advice and urge for remedies, and procure the Company to report to regulatory authorities in time in accordance with the relevant regulations; if the Company fails to report in time, the chief compliance officer shall report directly to the regulatory authorities if any industry norms or rules of self-regulation are violated, the chief compliance officer shall also report to the relevant self-regulation organization;

(8) To address matters to be investigated as required by regulatory authorities and self-regulatory organizations in time, cooperate with regulatory authorities and self-regulatory organizations to conduct review and investigation on the Company, follow and assess the implementation of regulatory advice and regulatory requirements;

(9) To exercise other duties specified by laws, administrative regulations, department rules, normative documents, the Articles of Association of the Company.

**Article 228** The Company shall establish the compliance management department and employ sufficient compliance management staff with appropriate know-how and skills for

performing compliance management functions.

**Article 229** The Company shall establish and improve its risk control system to prevent and control the Company's operation and internal management risks according to laws, regulations and relevant provisions of the CSRC.

The Company shall set up the position of chief risk officer who undertakes the overall risk management work of the Company. The chief risk officer shall neither concurrently hold position nor be in charge of department that conflicts with his or her duties.

The Company shall establish the risk control system and specify the duties of the risk controllers according to the relevant regulations and its own situations.

**Article 230** The Company shall perform the internal audit system and employ internal auditors, to inspect, supervise and evaluate the financial revenue, expenditure and operational and management activities of the Company.

The Company shall establish the internal audit system and clarify the duties of the related auditors according to the relative regulations and its own conditions, which shall be implemented subject to the approval of the board of directors.

**Article 231** The persons in charge of the Company's compliance management, risk control and audit departments shall not hold positions in operating departments.

#### **Chapter 9 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management of the Company**

**Article 232** The following person shall not serve as Director, Supervisor, general manager or other senior management of the Company:

- (1) persons without capacity or with limited capacity of civil conduct;
- (2) persons who have committed offences relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, where less than five years has elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to a criminal offense, where less than five years has elapsed since the date of restoring their political rights; a person who was sentenced to criminal punishment for endangering national security, terrorism, crime of a gangland nature, or a person who was deprived of his political rights for the commission of a crime;
- (3) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked and was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;
- (5) persons who have a substantial amount of debts due and outstanding;
- (6) persons who are subject to the CSRC's punishment which prohibits them from entering into the securities market for a period of five years which has not yet expired;
- (7) persons in charge of stock exchange, securities registration and clearing institutions

or directors, supervisors or senior management of securities companies, whose were dismissed for any act against law or relevant discipline where less than five years has elapsed since the date of the removal;

(8) persons who has been convicted by the competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;

(9) persons who are lawyers, certified public accountants or professionals of investment consulting institutions, financial advising institutions, credit rating institutions, assets valuation institutions or certification institutions, whose qualification was revoked for any act against law or relevant discipline, where less than five years has elapsed since the date of the revocation;

(10) persons who were employees of stock dealing institutions, securities companies, securities registration and clearing institution, securities service institutions, and government officers or were dismissed for any act against law or relevant discipline;

(11) government officers and other persons who are prohibited by law and administrative regulations from concurrently holding position in a company;

(12) persons who were subject to administrative penalties by the financial regulatory department due to material illegal or improper behavior where less than five years has elapsed since the date of completion of the penalties;

(13) persons who are disqualified by the CSRC where less than five years has elapsed since the date of disqualification;

(14) a person who is a former legal representative and principal person in charge of the operation and management of an institution that has been taken over, cancelled, declared bankrupt or revoked its business license, where less than 5 years have elapsed since the date of the company was taken over, cancelled, declared bankrupt or revoked its business license, unless it is proved that such person is not personally liable for such issues;

(15) a person who is declared to be unfit by the CSRC or imposed on disciplinary sanction by an industry association of being unsuitable for engaging in the relevant business, and the relevant limitation period has not expired;

(16) persons other than a natural person;

(17) persons who are under the investigation of the legal authority in accordance with the criminal laws and the trials have not yet finished;

(18) a person who has been subject to an investigation by administrative authorities or an investigation by judicial authorities for suspected illegal crimes, and such case has not yet been closed to form a final opinion;

Any election, designation or appointment of Directors, Supervisors, the general manager or other senior management in violation of this provision shall be invalid. The Company shall dismiss the Director, Supervisor, the general manager or other senior management if they are involved in the said circumstances during their respective term of office. If such director or supervisor should be removed but has not been removed, and participates in any board meeting or meeting of the supervisory committee and votes thereat, his/her vote(s) shall be invalid.

**Article 233** The validity of an act of a Director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any

incompliance in the appointment, election or qualification thereof.

**Article 234** In addition to the obligations imposed by laws, administrative regulations or relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, each of the Company's Directors, Supervisors, general manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) Not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) To act honestly in the best interests of the Company;
- (3) Not to expropriate in any guise the Company's property, including (but not limited to) usurpation of opportunities advantageous to the Company;
- (4) Not to deprive of the individual rights and interests of the shareholders, including (but not limited to) the rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles of Association.

**Article 235** Each of the Company's Directors, Supervisors, general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 236** In fulfilling their duties, the Directors, Supervisors, the general manager and other senior management must observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but not limited to) the following obligations:

- (1) To sincerely act in the best interest of the Company;
- (2) To exercise their rights within their terms of reference;
- (3) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;
- (4) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (5) Not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as otherwise specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;
- (6) Not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a general meeting;
- (7) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favorable to the Company;
- (8) Not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a general meeting;

(9) To observe the Articles of Association, fulfill duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;

(10) Not to compete with the Company in any form without the informed consent of shareholders given at a general meeting;

(11) Not to appropriate the monies of the Company or lend the same to others, not to deposit the Company's assets in the accounts of their own or others, and not to use the Company's assets as security for the personal debts of the shareholders of the Company or others;

(12) Not to disclose any confidential information related to the Company acquired by them during the term of their office without the informed consent of the shareholders at a general meeting; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:

1. As required by law;
2. As required for the interests of the public;
3. As required for the interests of the said Directors, Supervisors, the general manager and other senior management.

**Article 237** Each Director, Supervisor, general manager and any other senior management members of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

(1) The spouse or minor child of that Director, Supervisor, general manager and other senior management member;

(2) A person acting in the capacity of trustee of that Director, Supervisor, general manager or other senior management member or any person referred to in clause (1) of this Article;

(3) A person acting in the capacity of partner of that Director, Supervisor, general manager or other senior management member or any person referred to in clauses (1) and (2) of this Article;

(4) A company in which that Director, Supervisor, general manager or other senior management member, alone or jointly with one or more persons referred to in clause (1), (2), (3) of this Article and other Directors, Supervisors, general manager and other senior management members have a de facto controlling interest;

(5) The Directors, Supervisors, general manager and other senior management members of the controlled company referred to in clauses (4) of this Article.

**Article 238** The fiduciary duties of Directors, Supervisors, the general manager and other senior management shall not end with the expiry of their terms of office, and their confidentiality obligation in respect of any commercial secrets of the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances and conditions under which the relationship between them and the Company was terminated.

**Article 239** Except as provided in the Article 75 hereof, a Director, Supervisor, general manager and any other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at shareholders' general meeting.



**Article 240** If the Directors, Supervisors, the general manager and other senior management of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or proposed contract, transaction and arrangement with the Company (exclusive of appointment contracts signed by the Company with Directors, Supervisors, the general manager and other senior management), they shall responsibly disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

Except as provided in Rule 13.44 of the Hong Kong Listing Rules or exceptions permitted by the Hong Kong Stock Exchange, a Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement in which he or any of his close associates as defined in the Hong Kong Listing Rules has any material interest or any other relevant proposals.

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

A Director, Supervisor, general manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

**Article 241** Where a Director, Supervisor, general manager and other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of their interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 242** The Company shall not by any means pay taxes for or on behalf of its Director, Supervisor, general manager and any other senior management member.

**Article 243** The Company shall not directly or indirectly make a loan to or provide any guarantee in connect with the making of a loan to a Director, Supervisor, general manager and other senior management member of the Company or of the Company's holding company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

(1) The provision by the Company of a loan or loan guarantee to a company which is a subsidiary of the Company;

(2) The provision by the Company of a loan or loan guarantee, or any other funds to any of its Directors, Supervisors, general manager and other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in shareholders' general meeting;

(3) The provision by the Company of a loan or loan guarantee to a relevant director, supervisor or senior management members of the Company or to an associate thereof based on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan guarantee.

**Article 244** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 245** Loan guarantee provided by the Company in breach of Clause (1) of Article 244 shall not be enforceable against the Company, unless:

(1) loan guarantee was provided to an associate of any of the Directors, Supervisors, general manager and other senior management member of the Company or of the Company's holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 246** For the purpose of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 247** If the Directors, Supervisors, the general manager or other senior management violate the obligations to the Company, the Company shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

(1) require the Directors, Supervisors, the general manager or other senior management to compensate the Company for the losses arising from their negligence;

(2) rescind the contracts or transactions concluded between the Company and the directors, supervisors, the general manager or other senior management of the Company, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management representing the Company have breached their obligations to the Company);

(3) require the relevant directors, supervisors, the general manager or other senior management to surrender gains arising from breach of obligations;

(4) recover monies, including (but not limited to) commissions, received by the relevant Directors, Supervisors, the general manager or other senior management but receivable by the Company;

(5) require the relevant Directors, Supervisors, the general manager or other senior management to surrender interests earned or likely to be earned from monies payable to the Company.

**Article 248** The Company shall conclude written contracts with directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid emoluments shall include:

(1) the emoluments in respect of his service as Director, Supervisor or senior management member of the Company;

(2) the emoluments in respect of his service as Director, Supervisor or senior

management member of any subsidiary of the Company;

(3) the emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

(4) the payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

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

**Article 249** The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event of a takeover of the Company, the Company's Directors and Supervisors shall, subject to the prior approval of the shareholders in shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to in this paragraph means any of the following:

(1) An offer made by any person to all the shareholders;

(2) An offer made by any person with a view to the offeror becoming a "controlling shareholder".

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

## **Chapter 10 Financial Accounting System, Distribution of Profits and Audit**

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

**Article 250** The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities.

**Article 251** The Company shall prepare its annual financial reports and submit to the CSRC and the stock exchange(s) within four months from the ending date of each financial year, and prepare the half year financial reports and submit to the local office of the CSRC and the stock exchange(s) within two months from the ending date of the first six months of each financial year, respectively.

**Article 252** The aforesaid financial report shall be prepared in accordance with the relevant laws, administrative regulations, and the requirements of the CSRC and the stock exchange in the place where the Company is located.

**Article 253** The Board shall, at each annual general meeting, submit to the shareholders a financial report which shall be prepared by the Company under the requirement of the regulatory documents promulgated by relevant laws, administrative regulations, local governments and competent authorities.

**Article 254** The financial reports of the Company shall be made available for shareholders' inspection at the Company premises twenty days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

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

**Article 255** The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be indicated in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant financial year as per the less of the after-tax profits in the aforesaid two financial statements.

**Article 256** The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed.

**Article 257** The Company shall publish two financial reports each financial year, i.e. interim financial report announced within 60 days after the end of the first six months of the financial year and the annual financial report announced within 120 days after the end of the financial year.

Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.

**Article 258** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 259** The Company shall distribute its after-tax profit for the current year in the order of:

- (1) Recovering losses of the preceding year;
- (2) Withdrawing 10% after-tax profit as statutory common reserve fund;
- (3) Withdrawing general risk reserves and trading risk reserves in accordance with relevant laws and regulations;
- (4) Withdrawing discretionary common reserve fund according to resolutions of the general meeting;
- (5) Distributing dividends to shareholders.

The Company may not withdraw statutory common reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital. The Company shall not distribute profits to its shareholders before it has recovered its losses or has withdrawn statutory common reserve fund, general risk reserves and trading risk reserves.

If the general meeting distributes profits to shareholders before the Company recovers losses and withdraws statutory common reserve fund, general risk reserves and trading risk reserves in violation of relevant provisions, shareholders must return to the Company the profits so distributed.

The Company shall distribute dividends to shareholders in proportion to their shareholdings, unless it is not permitted in these Articles of Association to distribute profits in proportion to their shareholdings.

Under the relevant rules of the securities regulatory authority of the State Council, the Company is not allowed to use the gains from fair value changes of financial assets that are included in distributable profits as cash distribution to shareholders.

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

**Article 260** The Company shall attach importance to the reasonable returns to investors in its profit distribution, and the Company adopts consistent and stable profit distribution policy. The Company may distribute dividends by way of cash, stock shares or a combination of both. When the conditions of distribution of cash dividends are met, the Company shall distribute dividend in the form of cash in priority. When the Company does not experience such matters as material investment plan or material cash expenditure, the profits distributed by the Company in cash on a cumulative basis in any consecutive three years shall not be less than 30% of the average annual distributable profits achieved in such three years.

Subject to the condition that there are sufficient amount of cash dividends for distribution and having regard to authentic and reasonable factors such as the Company's growth and dilution of net asset per share, the Company may make profit distributions in the form of share dividends. The Board may propose to the Company to make payment of an interim cash dividend according to the business conditions of the Company.

The Board of the Company shall take into comprehensive consideration of factors such as industry characteristics, the Company's phase of the development stage, its own business operation model, profitability level, as well as any potential substantial capital expenditure arrangement, and formulate differentiated cash dividend distribution policy applicable to the following situations in accordance with the mechanisms stipulated in the Articles of Association:

(1) Where the Company is in a maturity phase of the development stage with no substantial capital expenditure arrangement, the cash dividend distributed shall not be less than 80% of the total profits distributed when carrying out profits distribution;

(2) Where the Company is in a maturity phase of the development stage with substantial capital expenditure arrangement, the cash dividend distributed shall not be less than 40% of the total profits distributed when carrying out profits distribution;

(3) Where the Company is in a growth phase of the development stage with substantial capital expenditure arrangement, the cash dividend distributed shall not be less than 20% of the total profits distributed when carrying out profits distribution;

Where the phase of the development stage of the Company is difficult to define but Company has substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

When the Company formulates its cash dividend plan, the Board of Directors shall carefully study and discuss about the matters concerning the Company's cash dividend distribution, including the timing, conditions, the lowest payout ratio, conditions for adjustment and the decision-making procedures. Independent Directors shall express their specific opinions thereon.

The Independent Directors may collect opinions from minority shareholders and put forward a profit distribution proposal which will be directly submitted to the Board of Directors for consideration.

Before considering the cash dividend plan submitted by the Board of Directors at the general meeting, the Company shall communicate and exchange views with shareholders (especially minority shareholders) through public channels, sufficiently listen to the comments and requests from minority shareholders and promptly answer the questions which concern minority shareholders.

**Article 261** If the Company needs to make adjustment on one of the dividends policies due to material changes in the external operation environment or internal operation conditions, the Company shall actively and adequately listen to the opinions of independent directors, actively communicate with minority shareholders through many channels and collect proposals and appeals from minority shareholders and publish a general meeting notice within 3 days since the date of shareholding registration following a general meeting announcement. The adjusted profit distribution policy shall be passed through the special resolution in shareholders' general meeting.

**Article 262** Any amount paid up in advance of calls on any shares may bear interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

Subject to the relevant laws, regulations, rules and normative documents, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell by a method deemed fit by the Board the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (1) the Company has distributed dividends on such foreign shares for at least three times in 12 years, which dividends are not claimed by anybody during the period;
- (2) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notify the local securities regulatory authority, at the place where the stock of the Company is listed.

Where the Company is granted the power by the Board to seize any dividends not claimed by anybody, this power may not be exercised until at least six years following the date that the dividends are announced.

**Article 263** The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the overseas listed foreign shares.

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

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

**Article 264** Capital reserve includes the following:

- (1) Premium arising from issue above the par value of the stock;
- (2) Other revenues required by the financial authority under the State Council to be stated as capital reserve.

**Article 265** The common reserve fund of the Company shall be used to make up for the losses, expand the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to recover the losses of the Company.

Upon the conversion of statutory common reserve into capital, the balance of the statutory common reserve shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 266** After the profit distribution plan has been resolved at the shareholders' general meeting, the Company shall complete the dividend (or share) distribution within two months after the holding of the shareholders' general meeting.

### **Section 2 Internal Audit**

**Article 267** The Company maintains internal audit system, and the audit department performs the duties of internal audit.

**Article 268** The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board. The officer in charge of internal audit shall be accountable to the Board and report his work to the same.

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

**Article 269** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of PRC to audit the financial statements, verify the net assets and provide other related consulting services.

The accounting firm appointed by the Company shall hold office for one year from the conclusion of the annual general meeting at which it was appointed until the conclusion of the next annual general meeting. The accounting firm is eligible to be re-appointed.

**Article 270** The accounting firm appointed by the Company shall have the following rights:

- (1) a right to access the account books, records or vouchers at any time, and to ask Directors, general managers or other senior management of the Company to provide relevant documents and explanations;
- (2) a right to require the Company to take all reasonable actions to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) a right to be present at a general meeting and to receive notices of, and information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting for matters in relation to its capacity as the Company's accounting firm.

**Article 271** If there is a vacancy in the position of auditor of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting, but the appointment shall be confirmed by the shareholders in the next general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of existence of such vacancy.

**Article 272** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 273** Appointment, dismissal or non-retention of the accounting firm shall be subject to the decision of the general meeting and shall be filed with the securities regulatory authority under the State Council.

Where the Company dismisses or ceases to re-appointing an accounting firm, a thirty-day prior notice shall be given to the accounting firm, and the accounting firm shall have the right to state its opinions to the general meeting.

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm which is not an incumbent firm to fill a casual vacancy in the office of the accounting firm, the re-appointment of a retiring accounting firm which was appointed by the Board to fill a casual vacancy, or the dismissal of an accounting firm before the expiration of its term of office, the following provisions shall apply:

(1) A copy of the appointment or removal proposal shall be sent to the accounting firm which is proposed to be appointed or dismissed or which has left its post in the relevant accounting year before the notice of the general meeting is given to the shareholders.

The leaving of an accounting firm includes the removal, resignation or retirement of such firm.

(2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations have been received after the prescribed time) take the following measures:

1. state the fact that the retiring accounting firm has made such representations in any notice of the resolution given to shareholders;

2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner as stipulated in these Articles.

(3) If the Company fails to send out the representations of the accounting firm in the manner set out in clause (ii) above, such accounting firm may require that the representations be read out at the meeting and may make a further appeal.

(4) The retiring accounting firm shall be entitled to attend the following meetings:

1. the general meeting at which its term of office expires;

2. the general meeting at which it is proposed to fill the vacancy caused by its removal;

3. the general meeting which is convened as a result of its resignation.

The retiring accounting firm shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 274** The Company guarantees that the accounting evidence, accounting books, financial report and other accounting information provided to the accounting firm engaged are true and complete without any omission, concealment or false statement.



**Article 275** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined at the general meeting.

**Article 276** Where the accounting firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a resignation notice at the Company's legal address. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;

(2) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement as mentioned in clause (ii) of Article 274, a copy of such statement shall be placed at the Company for the inspection of shareholders. Unless otherwise stated in the Articles of Association, the Company shall also send a copy of such statement by prepaid mail to each shareholder who is entitled to receive the report regarding financial conditions of the Company at the address registered in the register of shareholders.

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

## **Chapter 11 Notice and Announcement**

### **Section 1 Notice**

**Article 277** Notices of the Company shall be served by one or a combination of the following methods:

(1) by hand;

(2) by mail;

(3) by facsimile or e-mail;

(4) by making announcement on the website designated by the Company and stock exchanges in accordance with laws, administrative regulations, departmental rules, normative documents, relevant requirements of the regulatory authorities, the Articles of Association and the listing rules at the location where the Company's shares are listed;

(5) by announcement;

(6) by other means agreed before between the Company and the recipient or accepted by the recipient after receiving notice;

(7) by other means approved by the relevant regulatory authorities at the location where the Company's shares are listed or specified in the Articles of Association.

Any notice for convening a meeting of the Board or the Supervisory Committee of the Company shall be given by hand, by fax, by mail or by email.

Pursuant to the Hong Kong Listing Rules, subject to the laws and regulations and listing rules of the place where the Company is listed as well as these Articles of Association, corporate communications may be provided or sent to holders of H shares by making announcement on the websites designated by the Company and/or the website of the Hong Kong Stock Exchange or by other electronic means.

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

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

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

With regard to joint shareholders, the Company is only required to deliver or send any notice, information or other documents to one of such joint shareholders.

**Article 278** Where a notice of the Company is served by an announcement, the aforesaid notice shall be deemed as received by relevant persons once it is published.

**Article 279** Any notice for convening a meeting of the board of directors of the Company shall be given by direct delivery, email, fax or other means.

**Article 280** Any notice for convening a meeting of the Supervisory Committee of the Company shall be given by direct delivery, email, fax or other means.

**Article 281** For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by mail, the date of delivery shall be the fifth working day upon the delivery to the post office. For any notice delivered by email, the date of delivery shall be the second calendar day from the date of sending the email. For any notice delivered by fax or published on website, the date of delivery shall be the date of sending or publishing. For any notice delivered by an announcement, the date of delivery shall be the date on which such announcement is initially published.

**Article 282** In the case where the listing rules of the place where the Company's shares are

listed require the Company to send, post, dispatch, issue, publish or otherwise provide the relevant documents of the Company in both the English version and the Chinese version, if the Company has made appropriate arrangements to confirm whether the shareholders wish to receive the English version only or the Chinese version only, the Company may, to the extent permitted under the applicable laws and regulations, only send the English version or the Chinese version of such documents to the relevant shareholder (in accordance with the intention expressed by the shareholder).

**Article 283** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

## **Section 2 Announcement**

**Article 284** The Company shall issue announcements and disclose information to holders of domestic shares through the websites of the stock exchanges and the media that meet the requirements stipulated by the CSRC and other regulatory authorities. If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules.

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

The Board may change the websites and other media for information disclosure, but shall ensure that the designated websites and other media for information disclosure comply with the qualifications and conditions stipulated by the CSRC, overseas regulatory authorities, securities exchanges in China and overseas and other regulatory authorities.

## **Chapter 12 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

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

**Article 285** Merger of the Company may take the form of absorption or establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or above companies merge into a new company, the original companies will be dissolved.

**Article 286** The merger or division of the Company shall be proposed by the Board and the proposal shall be submitted to the general meeting for approval in accordance with the procedures set out in these Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

The foregoing documents shall also be sent by mail to shareholders of overseas listed shares of companies which are listed in Hong Kong.

**Article 287** The merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the merger resolution and shall publish an announcement in newspapers or by other

means within 30 days of the date of the merger resolution. The creditors may, within 30 days after receipt of notice or, if the creditors do not receive such notice, within 45 days of the announcement, demand the Company to repay in full or to provide a guarantee.

**Article 288** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 289** Where there is a division of the Company, its assets shall be divided accordingly.

**Article 290** Where there is a division of the Company, a balance sheet and inventory of assets shall be prepared. The Company shall notify its creditors within 10 days of the date of the division resolution and shall publish an announcement in newspapers or by other means within 30 days of the date of the division resolution.

**Article 291** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by the surviving companies after division.

**Article 292** Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution for reduction of capital and shall publish an announcement in the newspapers or by other means within 30 days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

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

**Article 293** The Company shall, in accordance with the laws, apply for change in its registration with the company registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

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

## **Section 2 Dissolution and Liquidation**

**Article 294** The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) expiry of the term of business provided in the Articles or other reasons for dissolution as specified in these Articles of Association;
- (2) a resolution on dissolution is passed by shareholders at a general meeting;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the Company is declared bankrupt due to its failure to repay debts due;
- (5) the Company's business license is revoked or suspended or the Company is ordered

to close down in accordance with the laws;

(6) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss in shareholders' interests, and no solution can be found through any other channel, shareholders representing 10% or above of the total voting rights of the Company may request the people's court to dissolve the Company;

**Article 295** Upon the occurrence of the situation described in sub-paragraph (1) of Article 295 in these Articles of Association, the Company may continue to exist by amending these Articles of Association.

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

**Article 296** Where the Company is dissolved pursuant to sub-paragraphs (1), (2), (5) or (6) of Article 295, a liquidation committee shall be set up within 15 days after the liquidation is approved by the securities supervisory and administrative authority of the State Council. Members of the liquidation committee shall be determined by general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee to proceed with the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (3) of Article 295, the Company shall apply to the CSRC with reasons for dissolution and related documents. The Company shall be dissolved after obtaining the approval from the CSRC.

Where the Company is dissolved in accordance with sub-paragraph (4) of Article 295, the people's court shall, according to the applicable laws, order the formation of a liquidation committee comprising members from the securities supervisory and administrative authority of the State Council, shareholders, relevant authorities and professionals to process the liquidation in accordance with the applicable bankruptcy law.

**Article 297** Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon passing of the resolution at general meeting for the liquidation of the Company, all functions and powers of the Board shall immediately cease.

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

**Article 298** The liquidation committee shall perform the following duties:

- (1) to check the Company's assets and prepare a balance sheet and an inventory of assets;
- (2) to notify the creditors by notice or announcement;
- (3) to deal with and settle the outstanding affairs of the Company;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;

- (5) to settle all credits and debts;
- (6) to dispose of the remaining assets of the Company after the settlement of debts; and
- (7) to represent the Company in any civil proceedings.

**Article 299** The liquidation committee shall notify the creditors within 10 days from the date of its establishment and make public announcement on newspaper(s) or through other channels within 60 days of its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanation for the relevant particulars and evidence of the claims upon declaration of such claims. The liquidation team shall register the creditors' claims.

The liquidation committee shall not settle the debts to creditors until the expiry of the period for declaration of claims.

**Article 300** After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for confirmation by general meetings or the people's court.

The remaining properties of the Company, after payment of liquidation expenses, wages, social insurance contribution and statutory compensation of staff, and taxes and debts of the Company, shall be distributed in proportion to the shareholdings of shareholders.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Company shall not be distributed to shareholders before the settlement of debts in accordance with the preceding article.

**Article 301** If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to settle its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 302** Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the account books in respect of the liquidation period, and after verification by PRC certified public accountants, shall submit the same to the general meeting or relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days after the general meeting or after obtaining confirmations from the relevant competent authorities, submit the aforesaid documents to the company registration authority, apply for de-registration of the Company, and announce the termination of the Company.

**Article 303** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors

due to his intentional misconduct or gross negligence shall be liable for damages.

**Article 304** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

### **Chapter 13 Amendments to these Articles of Association**

**Article 305** The Company shall amend these Articles of Association in any of the following circumstances:

(1) after the amendments are made to the Company Law or other relevant laws and administrative regulations, these Articles of Association run counter to the said amendments;

(2) the Company's conditions have changed, and such change rendering these Articles of Association inconsistent; and

(3) the general meeting has resolved to amend these Articles of Association.

**Article 306** Where the amendments to these Articles of Association resolved and passed at the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

**Article 307** The Board shall amend these Articles of Association in accordance with the resolution to amend the Articles passed at the general meeting and examination and approval opinions from relevant authorities.

**Article 308** Where the matters on the amendments to these Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to the stipulations.

**Article 309** Any amendment to these Articles of Association involving the Mandatory Provisions for the Articles of Association of Companies Listed Overseas shall become effective upon approval by the approving authority authorized by the State Council and the securities supervisory and administrative authority of the State Council. If the amendments involves registration matters, the involved change shall be registered in accordance with the laws.

### **Chapter 14 Settlement of Disputes**

**Article 310** The Company shall follow the following rules for settlement of disputes:

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

The dispute or claim shall be referred to arbitration as a whole. All parties which have the same subject matter, or are required to participate for the settlement of the dispute or claim, such parties shall be subject to the arbitration if such parties are the Company or the shareholders, directors, supervisors, General Manager (President) or other senior management of the Company.

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

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

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

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with subparagraph (1) of this Article, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and administrative regulations.

(4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **Chapter 15 Miscellaneous**

### **Article 311 Definitions**

(1) Controlling shareholder means a person who holds shares representing 50% or more of the entire share capital of the Company, or a person having sufficient voting right in respect of the shares who holds to pose a significant influence on the resolutions of the shareholders' meetings and general meetings despite holding less than 50% of the entire share capital of the Company.

(2) Actual controller refers to the person who is not a shareholder of the Company, but could actually control the acts of the Company through investment, agreement or other arrangement.

(3) Affiliated relation refers to the relation between the Company and its affiliates within the meaning of the listing rules of the place on which its shares are listed.

**Article 312** The Board may formulate by-laws in accordance with the provisions of these Articles of Association, provided that such by-laws shall not be in violation of these Articles of Association.

**Article 313** These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association approved by and registered with the company registration authority shall prevail.

In case of any inconsistency between any matters not covered by the Articles of Association and provisions of the laws, administrative regulations, departmental rules, other relevant regulatory documents and the listing rules of the place where the shares of the Company are listed as stipulated from time to time, the provisions of the latter shall prevail.

**Article 314** The term "or above", "within", "following", as stated in these Articles of Association shall all include the given figure; the term "not exceeding", "except", "lower", "more" shall all exclude the given figure.

**Article 315** The Board shall be responsible for the interpretation of these Articles of Association. Appendixes to the Articles of Association include the rules of procedures for shareholders' general meetings, the rules of procedures for Board meetings and the rules of procedures for the Supervisory Committee.