

# **ZHONGTAI FUTURES COMPANY LIMITED**

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

## **Articles of Association**

**Approved at the Company's First Extraordinary General Meeting of 2026  
held on 11 February 2026 and became effective on 11 February 2026**

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# ZHONGTAI FUTURES COMPANY LIMITED

## Articles of Association

### CHAPTER 1: GENERAL PROVISIONS

**Article 1** In order to safeguard the legitimate rights and interests of ZHONGTAI FUTURES Company Limited (the “**Company**”) and its shareholders, employees and creditors, and to regulate the organization and acts of the Company, fully implement the important requirement of “Two Unswervingly”, uphold and strengthen the Party’s comprehensive leadership, improve the corporate governance structure, and establish a modern enterprise system with Chinese characteristics, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Futures and Derivatives Law of the People’s Republic of China (the “**Futures and Derivatives Law**”), Securities Law of the People’s Republic of China (the “**Securities Law**”), Guidelines on Articles of Association of Listed Companies (the “**Guidelines**”), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “**Hong Kong Listing Rules**”), the Regulations Governing Futures Trading, the Measures Governing the Supervision of Futures Companies as well as other relevant regulations.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Securities Law, the Futures and Derivatives Law as well as other regulations of the People’s Republic of China (the “**PRC**”), is subject to the supervision and management by the China Securities Regulatory Commission (the “**CSRC**”) and other regulatory bodies, and conducts business activities within the approved business scope.

The Company is established with the approval of the State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province, as per the “Reply on Approving the Overall Reorganization of LUZHENG FUTURES Company Limited into a Joint Stock Limited Company (Lu Guo Zi Shou Yi Han No. [2012])”, through the overall reorganization of LUZHENG FUTURES Company Limited, and was registered with and obtained a business license from the Administration for Industry and Commerce of Shandong Province on December 10, 2012 and the Company’s unified social credit code is 91370000614140809E.

**Article 3** On 18 May 2015, as approved by the CSRC, the Company issued 275,000,000 overseas listed foreign shares (the “**H shares**”), which were listed on The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”) on 7 July 2015.

According to mandate given by the resolutions passed at the fourth extraordinary general meeting of the Company in 2015 and upon the approval from the CSRC, the international underwriters partially exercised the over-allotment option, pursuant to which, the Company further issued 1,900,000 H Shares, while holders of the state-owned shares of the Company transferred 190,000 state-owned shares to the National Council for Social Security Fund pursuant to relevant PRC regulations regarding the disposal of state-owned shares and sold the shares at the time of the issuance. On 7 August 2015, the above aggregate of 2,090,000 H Shares were listed on the Main Board of the HK Stock Exchange.

**Article 4** The Company’s registered name:

Chinese name: 中泰期貨股份有限公司

English name: ZHONGTAI FUTURES Company Limited

**Article 5** The registered address of the Company:

17-19/F and Rooms 1611 and 1612 of 16/F, Building No. 3, Area 5,  
Hanyu Financial Business Center, No. 7000 Jingshi Road,  
Shunhua Road Subdistrict, High-Tech Zone, Jinan, Shandong Province  
Postal code: 250101

**Article 6** The registered capital of the Company shall be RMB1,001,900,000.

**Article 7** The Company is a joint stock limited company of perpetual existence.

The Company is an independent legal entity with independent properties and rights therein, which shall enjoy civil rights and assume civil obligations in accordance with the law.

All the Company’s assets shall be divided into equal shares. Each shareholder of the Company shall be liable to the Company to the extent of the shares subscribed for. The Company shall be liable for its debts to the extent of its total assets.

**Article 8** The chairman of the board of directors shall be the Company's legal representative.

If the chairman of the board of directors resigns, he/she shall be deemed to have resigned as the legal representative at the same time.

If the legal representative resigns, the Company shall identify a new legal representative within thirty days from the date of the legal representative's resignation.

**Article 9** The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

Restrictions on the authority of the legal representative as stipulated in these Articles of Association or by the general meeting shall not be asserted against a bona fide counterpart.

If the legal representative causes harm to others in the course of performing their duties, the Company shall assume civil liability. After the Company has assumed civil liability, it may, in accordance with the laws or the provisions of these Articles of Association, seek recourse against the legal representative at fault.

**Article 10** The Company's honest practice management objective is to establish a comprehensive integrity risk management system and an effective honest practice management mechanism, integrate honest practice into the corporate culture and business management framework, establish preemptive prevention systems, in-process control mechanisms, and post-event accountability mechanisms to provide strong support for the Company's high-quality development.

The overall requirements for honest practice in the Company's operations are as follows: the Company and its employees, in conducting futures business and related activities, shall strictly comply with relevant laws, regulations, regulatory requirements and self-regulatory standards, uphold social morality, commercial ethics, professional ethics and behavioral norms, engage in fair competition, operate in compliance with regulations, demonstrate diligence and loyalty, and act with honesty and trustworthiness, and shall not, directly or indirectly, provide or seek improper benefits to or from others.

**Article 11** From the date of coming into effect, the Articles of Association shall become a legally binding document which regulates the Company's organization and acts as well as the rights and obligations between the Company and the shareholders, and among the shareholders, are legally binding on the Company, its shareholders, directors and senior management officers. In accordance with the Articles of Association, a Shareholder may take legal action against the Company; the Company may take legal action against any Shareholder, director and senior management officer; a Shareholder may take legal action against Shareholders; a Shareholder may take legal action against the Directors and senior management officers of the Company.

**Article 12** “Senior management officers” referred to in the Articles of Association mean the general manager, deputy general managers, chief risk officer, the person in charge of financial matters, general legal counsel, chief information officer, secretary to the board of directors and other employees confirmed as senior management officers by resolutions of the board of directors. In particular, the meaning of “general manager” and “deputy general managers” is the same as that of “president” and vice-president” referred to in the Hong Kong Listing Rules.

**Article 13** Upon the approval of relevant government departments, the Company may set up subsidiaries or branch institutions such as branches, representative offices and offices in a foreign country or in Hong Kong, Macau Special Administrative Regions and Taiwan area, in line with its needs for business development.

**Article 14** The Company may invest in other enterprises provided that it shall not become an investor that shall bear joint and several liabilities for the debts of the enterprises in which it invests, unless otherwise provided by law.

**Article 15** In accordance with the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China and carry out Party activities. The Company shall provide the necessary support for the activities of the Party organization.

**Article 16** The Company shall, in accordance with the Trade Union Law of the People's Republic of China, support the trade union in carrying out its activities and safeguard employees' rights of democratic management in accordance with the laws.

## CHAPTER 2: THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS

**Article 17** The Company's objectives shall be to comply with national laws and regulations, industry self-discipline rules as well as various financial policies, promote financial culture with Chinese characteristics, practice the cultural principles of the futures industry of "compliance, integrity, professionalism, steadiness and responsibility", build a first-class futures company characterized by loyalty, compliance, innovation, and mutual benefit and sharing, lead the futures industry in Shandong, create value for shareholders, customers, employees and the society, protect the legitimate rights and interests of investors, actively perform social responsibilities, and support high-quality development of the real economy.

**Article 18** As legally registered, the Company's scope of business includes: commodity futures brokerage, financial futures brokerage, futures investment consultancy and asset management. (For items subject to approval in accordance with the laws, business activities can only be carried out after approval by the relevant authorities) The Company shall not operate any other business beyond the approved and authorized scope of business.

If the Company changes its scope of business and is required by law to perform approval procedures, it shall perform the corresponding approval procedures, amend these Articles of Association in accordance with the statutory procedures, and register the changes with the company registration authority.

## CHAPTER 3: SHARES

### Section 1 Issuance of Shares

**Article 19** There must, at all times, be ordinary shares of the Company. Subject to the approval of the company's approving authority authorized by the State Council, the Company may, in line with its needs, create different classes of shares.

**Article 20** The equities of the Company shall be represented by shares.

**Article 21** An open, fair and just principle shall be adopted in the issuance of shares of the Company. Each share of the same class shall have equal rights. For the same class of shares under the same issuance, the conditions of issuance and issuing price each share shall be the same. Subscribers shall pay the same price per share for the shares subscribed.

**Article 22** The shares with par value issued by the Company shall be denominated in Renminbi and each shall have a par value of Renminbi one yuan.

**Article 23** The Company may issue shares to domestic investors and foreign investors, subject to performance of necessary procedures with the CSRC and other relevant regulatory authorities in accordance with the laws.

“Foreign investors” referred to in the preceding paragraph mean those investors who subscribe for the Company’s shares and who are located in foreign countries and in the special administrative regions of Hong Kong and Macau and the Taiwan area. “Domestic investors” mean those investors who subscribe for the Company’s shares and who are located within the territory of the PRC excluding the regions mentioned above.

**Article 24** Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas listed foreign shares.

“Foreign currencies” referred to in the preceding paragraph mean the legal currencies of countries or regions, other than Renminbi, which are recognized by the foreign exchange authorities of the PRC and which can be used to pay the share price to the Company.

Domestic shareholders of the Company may convert their domestic unlisted shares into overseas listed shares for listing and trading on overseas exchanges, provided that they shall comply with the relevant requirements of the CSRC and the HK Stock Exchange, and entrust the Company to file with the CSRC. The listing and trading of the converted shares on the HK Stock Exchange shall be subject to the regulatory procedures, regulations and requirements of the HK Stock Exchange. The conversion of domestic shares into foreign shares for listing and trading on the HK Stock Exchange is not subject to voting at general meetings or class meetings. Upon conversion of domestic shares into overseas listed foreign shares, they shall be deemed as the same class of shares as other overseas listed foreign shares.

The Company’s overseas listed foreign shares listed in Hong Kong, as well as overseas listed foreign shares converted from domestic shares, are referred to as H shares. H shares refer to shares listed on the HK Stock Exchange after approval, with nominal value of shares denominated in Renminbi and subscribed for and traded in Hong Kong dollars.

**Article 25** The domestic shares issued by the Company shall be centrally deposited with China Securities Depository and Clearing Corporation Limited.

The H shares issued by the Company are mainly deposited with Hong Kong Securities Clearing Company Limited, and may also be held by shareholders in their own names.

**Article 26** The sponsors of the Company all contributed their capital in 2012 and subscribed for RMB ordinary shares. The names of the sponsors of the Company, the number of shares held, the method of capital contribution and the shareholding percentages are set out below:

No.	Name of sponsor	Number of shares held (share)	Method of capital contribution	Shareholding percentages (%)
1	Zhongtai Securities Co., Ltd.	656,079,000	Cash	87.4772
2	Yongfeng Group Co., Ltd.	35,156,250	Cash	4.6875
3	Shandong State-owned Assets Investment Holdings Co., Ltd.	23,437,500	Cash	3.125
4	Jinan Energy Investment Co., Ltd.	11,889,750	Cash	1.5853
5	Linglong Group Co., Ltd.	11,718,750	Cash	1.5625
6	Sanya Shengli Investment Co., Ltd.	11,718,750	Cash	1.5625
Total		<u>750,000,000</u>		<u>100.0000</u>

**Article 27** The Company has a total of 1,001,900,000 shares, all of which are RMB ordinary shares.

**Article 28** The Company's board of directors may implement, through separate offerings, the proposal for the issuance of overseas listed foreign shares and domestic shares upon approval by the CSRC.

The Company may implement its proposal to issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the CSRC.

**Article 29** Where the total number of shares stated in the proposal for the issuance of shares includes overseas listed foreign shares and domestic shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their respective offerings due to special circumstances, the shares may, subject to the approval of the CSRC, be issued in separate tranches.

**Article 30** The Company or the Company's subsidiaries shall not provide financial assistance in the form of gifts, advances, guarantees, loans, etc., for others to acquire shares of the Company or its parent company, except for the Company's implementation of the employee stock ownership plan in accordance with relevant regulations.

For the benefit of the Company, the Company may, by resolution of the board of directors, provide financial assistance to others for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total amount of issued share capital. The resolution of the board of directors shall be passed by more than two-thirds of all directors. Except where otherwise provided for in the laws and regulations and these Articles of Association in respect of financial assistance.

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

**Article 31** In accordance with relevant laws and regulations, and as resolved at the general meeting, the Company may, based on its operating and development needs, increase its capital through the following means:

- (1) issuing shares to non-specially designated targets;
- (2) issuing shares to specially-designated targets;
- (3) allotting bonus shares to its existing shareholders;
- (4) converting capital reserve into share capital;
- (5) any other means prescribed by laws and administrative regulations and the requirements of the CSRC.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof shall be carried out in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.

**Article 32** The Company may reduce its registered capital. The reduction of the registered capital shall be in compliance with the Company Law, the Measures Governing Futures Companies and other relevant regulations and the procedures provided in the Articles of Association.

**Article 33** The Company shall not repurchase its shares except under the following circumstances:

- (1) reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;
- (3) using shares for employee stock ownership plan;
- (4) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company and request the Company to acquire their shares;
- (5) using shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (6) other circumstances as necessary for the Company to safeguard the value of the Company and its shareholders' rights and interests.

**Article 34** The Company's repurchase of the Company's shares may be carried out through public centralized trading, or other methods recognized by laws, administrative regulations, the CSRC and the stock exchange where the Company's shares are listed.

The Company's repurchase of the Company's shares under circumstances specified in subparagraphs (3), (5) or (6) of Article 33 of the Articles of Association should be carried out through public centralized trading.

**Article 35** The Company shall obtain prior approval of the shareholders at a shareholders' general meeting in accordance with the provisions of the Articles of Association before it repurchases its shares by means of an off-market agreement. The Company may, by obtaining prior approval of the shareholders at a shareholders' general meeting in the same manner, discharge or vary a contract which has been entered into in the aforesaid manner, or waive its rights thereunder.

A contract for repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement to consent to assuming the obligation to repurchase shares or an agreement to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchase of its shares or any right stipulated therein.

So far as the Company's right to repurchase redeemable shares is concerned, if the redeemable shares are not repurchased through the market or by tender, the prices shall not exceed a maximum price; and if the repurchase is made by tender, such tender shall be made available to all shareholders alike.

**Article 36** The repurchase of shares by the Company under circumstances specified in subparagraphs (1) and (2) of Article 33 of the Articles of Association shall be subject to approval at a shareholders' general meeting. The repurchase of the Company's shares under circumstances specified in subparagraphs (3), (5) and (6) of Article 33 of the Articles of Association shall be approved by a board meeting attended by more than two-thirds of the directors.

Shares of the Company acquired by the Company under Article 33 of the Articles of Association shall be cancelled within ten days from the date of acquisition for circumstances under subparagraph (1); for circumstances under subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months. For circumstances under subparagraphs (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 assigned or cancelled within three years after disclosure of repurchase results and announcement of change of shares.

If the Company cancels the shares as a result of acquisition of those shares, it shall apply to the original company registration authorities for registration of the change in the registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 37** Unless the Company is in the course of liquidation, it shall comply with the following provisions in the repurchase of its issued shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares;
- (2) where the Company repurchases shares at a premium to its par value, payment up to the par value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares, provided that the amount paid out of the proceeds from the new issue shall not exceed the aggregate amount of premiums received on the issue of the shares repurchased, nor shall it exceed the amount of the Company's premium account (or capital reserve account) (including the premiums from the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its own shares;
  - (ii) payment for variation of any contract for the repurchase of its shares;
  - (iii) payment for the release of its obligations under any contract for the repurchase of shares.
- (4) After the aggregate par value of the cancelled shares has been deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account (or capital reserve account).

### Section 3 Transfer of Shares

**Article 38** Shares of the Company shall be transferred in accordance with laws. The shareholders' transfer of the Company's shares held by them shall be conducted in accordance with the relevant requirements of the laws and regulations, the CSRC and the stock exchanges where the Company's shares are listed.

**Article 39** The Company does not accept its own shares as the subject matter of a pledge.

**Article 40** Shares of the Company that are already in issue prior to its public offering shall not be transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors and senior management officers of the Company shall report to the Company the number of shares of the Company held by them and the subsequent changes in their shareholdings, and the number of shares of the same class which may be transferred every year during their terms of office as determined at the time of their appointment shall not exceed 25% of the total number of the Company's shares held by them respectively; and shares of the Company held by them shall not be transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares held by them within six months after they have terminated their employment with the Company. If the restrictions on transfer of shares provided herein relates to H shares, compliance with the relevant requirements under the listing rules of the place where the shares are listed shall be required.

**Article 41** Directors and senior management officers of the Company shall not violate the relevant regulatory requirements when trading in shares.

Any gains from the sale of shares of the Company held by the Company's directors, senior management officers, or shareholders holding not less than 5% of the shares within six months after purchasing such shares or other securities of equity nature, or from the purchase of shares or other securities of equity nature of the Company within six months after selling such shares or other securities of equity nature, shall be vested in the Company, and such gains shall be forfeited by the board of directors of the Company. However, this shall not apply if a securities company purchases unsold shares underwritten, thereby holding not less than 5% of the shares, or in other cases as prescribed by the CSRC.

Shares or other securities of equity nature held by directors, senior management officers and natural person shareholders as referred to in the preceding paragraph include those held by their spouses, parents and children and those held using the accounts of others.

If the board of directors of the Company fails to comply with the provisions set forth in the second paragraph of this Article, a shareholder shall have the right to require the board of directors to effect the same within thirty days. If the board of directors fails to do so within the said time limit, a shareholder shall have the right to institute proceedings in a people's court directly in his own name for the benefit of the Company.

If the board of directors of the Company fails to comply with the provisions set forth in the second paragraph of this Article, any director(s) held responsible shall be jointly and severally liable therefor in accordance with the law.

## CHAPTER 4: PARTY ORGANIZATIONS

**Article 42** In accordance with the provisions of the Constitution of the Communist Party of China and upon approval by the Party committee at higher level, the Company shall establish Party Organizations and related administrative organs, and maintain staffing to handle Party affairs. As approved by the Party Committee of Zhongtai Securities Co., Ltd., the Company has established the Communist Party Committee of ZHONGTAI FUTURES Company Limited (中共中泰期貨股份有限公司委員會) (the “**Party Committee of the Company**”) and the Communist Party Commission for Discipline Inspection of ZHONGTAI FUTURES Company Limited (中共中泰期貨股份有限公司紀律檢查委員會) (the “**Party Commission for Discipline Inspection of the Company**”). The numbers of secretaries, deputy secretaries and members of the Party Committee of the Company and the Party Commission for Discipline Inspection of the Company shall be determined with the approval of higher Party Organizations, and shall be elected or appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China, the Regulations on the Election of Grass-root Organizations of the Communist Party of China and Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial)\* (《中國共產黨國有企業基層組織工作條例(試行)》), etc. The Party Organization of the Company is under the Communist Party Committee of Zhongtai Securities Co., Ltd.

**Article 43** The Party Committee of the Company shall establish the Party Work Department and maintain sufficient staffing to handle Party affairs. The Party Commission for Discipline Inspection of the Company shall establish a Work Department for Discipline Inspection and shall maintain staffing for discipline inspection work. The Company's Party working units and its staffing shall be included into the Company's management organization and establishment, while the budget for Party organization work shall be included into the Company's budget and charged to the Company's administrative expenses.

**Article 44** The Party Committee of the Company shall establish branch committees of the Party in accordance with the relevant provisions, and establish robust grass-root Party Organizations and carry out Party activities, as well as conducting regular general elections in accordance with the Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作條例》) and Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial)\* (《中國共產黨國有企業基層組織工作條例(試行)》).

**Article 45** The Party Committee of the Company shall play a leading role, lead the general direction, control the general situation and ensure successful implementation, and discuss and make decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

- (1) to enhance the building of politics of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to strengthen their consciousness to maintain political integrity, think in big-picture terms, uphold the leadership core, and keep in alignment, fortify our confidence in the socialist path, theories, system and culture with Chinese characteristics, and achieve the upholding of General Secretary Xi Jinping's core position on the CPC Central Committee and in the Party as a whole and the authority and centralized leadership of the Party Central Committee, bear national interests in mind, maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (2) to thoroughly study and implement Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organisation at a higher level in the Company; urge the Company to shoulder its duties and missions, focus on its main responsibilities and main business, support major national strategies and provincial development strategies, and fully fulfill its economic responsibilities, political responsibilities and social responsibilities;
- (3) to investigate and discuss the significant operation and management matters of the Company and support the shareholders' general meeting, the board of directors and the management to perform their powers and functions in accordance with the laws;

- (4) to implement the principles of Party management of cadres and Party management of talents, to strengthen the leadership and watchdog role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company, pay attention to the training and use of non-party cadres and talents;
- (5) strengthen and improve the construction of working style of the Party in the Company, strictly implement the spirit of the eight-point frugality code and relevant implementation rules issued by the Party Central Committee and resolutely combat formalism, bureaucracy, hedonism and extravagance, especially the formalism and bureaucracy, thereby creating an incorruptible and upright political atmosphere;
- (6) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection and supervision institutions to fulfil their supervisory and disciplining responsibilities and duties of supervising investigations and case handling as well as exercise strict administrative discipline and political rules, for the sole purpose of being afraid, uncapable and undesirous of corruption and promote Party self-governance exercised fully and with rigor into the grassroots level;
- (7) to strengthen the building of grass-root Party organisations and of its contingent of Party members, unit and lead employees to devote themselves into the reform and development of the Company;
- (8) to lead the ideological and political work, the spirit and civilization progress, the United Front work and lead mass organisations such as the Labour Union, Communist Youth League;
- (9) to set up a corporate culture construction leading group headed by the secretary of the Party Committee to lead the Company's cultural construction;
- (10) to discuss and decide on other important matters within the scope of the responsibilities of the Party Committee.

**Article 46** The Company shall establish and improve relevant rules and regulations, adopt “List Management”, which shall explicitly separate the responsibilities of the Party Committee of the Company and the general meeting, board of directors and the management, and include the organizational mechanism, division of duties, staffing, tasks and budget of the Party Committee of the Company into the management structure, the management system and scope of duties, establishing an effectively balanced corporate governance mechanism with separating duties and responsibilities as well as coordinating operation.

**Article 47** The Company shall establish a decision-making mechanism of the Party Committee, which shall explicitly set out the scope and procedures for the decision-making and participation in decision-making on major issues by the Party Committee of the Company. Study and discussion by the Party Committee of the Company are the preceding procedures for decision-making on major issues by the board of directors. Major operational and administrative issues of the Company must first be studied and discussed by the Party Committee of the Company, and then be decided by the board of directors. The Party Committee of the Company shall rigorously review the authorization plans for decision-making by the board of directors to prevent wrongful authorization and excessive authorization.

The decision-making of the Party Committee of the Company shall adhere to collective leadership, a democratic centralism, individual deliberation and decision by meeting. Major issues shall be fully negotiated, and decisions shall be made scientifically, democratically and in accordance with laws.

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

### **Section 1 Share Certificates and Register of Shareholders**

**Article 48** Share certificates of the Company shall be in registered form.

In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) of the place(s) where the shares of the Company are listed as well as by other laws, regulations and regulatory documents.

During the listing of the H shares on the HK Stock Exchange, the Company shall ensure that the following statements are included in all title documents (including H shares certificates) relating to its listing on the HK Stock Exchange, and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the duly signed form relating to such shares to the share registrar, and the form shall contain the following statements:

- (1) The purchaser of the shares and the Company and each of the shareholders, and the Company and each of the shareholders, agree to observe and comply with the requirements of the Company Law, Hong Kong Listing Rules as well as other relevant laws, administrative regulations and the Articles of Association.

(2) The purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors and senior management officers, pursuant to which the directors and senior management officers undertake to observe and fulfill their responsibilities to the shareholders provided in the Articles of Association.

**Article 49** The share certificates in paper form shall be signed by the legal representative. Where the stock exchange of the place where the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates in paper form shall take effect after affixing, or affixing by way of printing, of the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the chairman or other relevant senior management officers of the Company on the share certificates may also be in printed form. Under the condition of implementing paperless issuance and trading of the Company's shares, separate provisions of the regulatory rules of the place of listing of the Company, if any, shall apply.

**Article 50** The Company shall maintain a register of shareholders for registering the following particulars:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which any shareholder registers as a shareholder;
- (6) the date on which any shareholder ceases to be a shareholder.

The Company shall establish a register of shareholders of domestic unlisted shares based on the certificates provided by the securities registration and clearing agencies. The register of shareholders shall be sufficient evidence substantiating the shareholders' shareholding in the Company, except where there is evidence to the contrary.

Any act or transfer of overseas listed shares shall be recorded on the register of holders of overseas listed shares maintained at the place of listing in accordance with the Articles of Association.

Where two or more persons are registered as joint holders of any shares, they shall be taken as joint owners of such shares, subject to the following restrictions:

- (1) the Company need not register more than four persons as joint holders of any shares;
- (2) all joint holders of any shares are jointly and severally liable for all amounts payable for the relevant shares;
- (3) if one of the joint holders dies, only the surviving joint holders shall be taken by the Company as persons having the right of ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the provision of a document evidencing the death of the relevant shareholder as it thinks fit;
- (4) in case of any joint holders of shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the share certificates of the relevant shares and the Company's notices, and to attend a shareholders' general meeting of the Company and exercise all voting rights of such shares thereat. Any notice served to that person shall be taken as having been served to all joint holders of the relevant shares.

**Article 51** The Company may, in accordance with the understanding and agreements made between the CSRC and overseas securities regulatory authorities, maintain its original register of holders of overseas listed shares outside the PRC and appoint overseas agent(s) to manage such register. The original copy of the register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its domicile. The appointed overseas agent(s) shall ensure the consistency between the original register and the duplicate register of holders of overseas listed shares at all times.

In case of any inconsistency between the original register and the duplicate register of holders of overseas listed shares, the original register shall prevail.

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

The register of shareholders shall include the following parts:

- (1) the register of shareholders maintained at the Company's domicile (other than those registers of shareholders as provided in subparagraphs (2) and (3) of this Article);
- (2) the register of holders of overseas listed shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of the listing of the Company's shares.

**Article 53** Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alteration or correction of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

**Article 54** Unless otherwise provided by laws and regulations as well as the relevant rules and regulations of the securities regulatory authorities of the place where the Company's shares are listed, all fully paid-up H shares shall be freely transferable pursuant to the Articles of Association, free from any liens. The transfer of all fully paid-up H shares shall meet the following requirements or else the board of directors may refuse to recognize any instrument of transfer without having to give any reason:

- (1) the document of transfer and other documents relating to or affecting the ownership of any shares shall be registered, and a fee shall be paid to the Company for the registration, the schedule of which shall be determined by the board of directors, but such fee shall not exceed the maximum fee stipulated from time to time by the HK Stock Exchange in its Hong Kong Listing Rules;
- (2) the instrument of transfer involves only H shares;
- (3) the stamp duty payable on the instrument of transfer has been paid;

- (4) the relevant share certificates and any other evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) the relevant shares shall be free from any company's liens;
- (7) no transfer of share shall be made to a minor or to a person of unsound mind or a legally incapable person.

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee of the shares with a notification of refusal in relation to the registration of such transfer within 2 months from the date of filing a formal application for such transfer.

**Article 55** All transfers of overseas listed foreign shares shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the board of directors (including the standard transfer form or form of transfer as stipulated by the HK Stock Exchange from time to time). The instruments of transfer may be signed by hand, or (where the transferor or transferee is a company) affixed with the common seal of the company. Where the transferor or transferee of the shares of the Company is a recognized clearing house ("Recognized Clearing House") as defined by relevant ordinances of Hong Kong law in force from time to time or its nominee, the instruments of transfer may be signed by hand or in a machine-printed format.

All instruments of transfer shall be maintained at the legal address of the Company or such other addresses as the board of directors may specify from time to time.

**Article 56** Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

**Article 57** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the “**Original Certificates**”) are lost, apply to the Company for replacement share certificates in respect of such shares (the “**Relevant Shares**”).

If a holder of the domestic shares loses his share certificates and applies for their replacement, this shall be dealt with in accordance with relevant provisions of the Company Law.

If a holder of overseas listed foreign shares loses his share certificates and applies for their replacement, this may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

If a holder of H shares loses his share certificates and applies for their replacement, the issue of replacement share certificates to that holder shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in the prescribed standard form accompanied by a notarial certificate or a statutory declaration which contains the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement that no other person may request to be registered as the shareholder in respect of the Relevant Shares.
- (2) no statement has been received by the Company from a person other than the applicant requesting to have his name registered as a holder of the Relevant Shares before the Company decides to issue the replacement share certificates.
- (3) the Company shall, if it decides to issue replacement share certificates to the applicant, make an announcement of its intention to issue the replacement share certificates in such newspapers as designated by the board of directors. The announcement shall be published for a period of ninety days, during which it shall be re-published at least once every thirty days.
- (4) the Company shall, prior to the publication of an announcement of its intention to issue replacement certificates, deliver to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receipt of a reply from such stock exchange confirming that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

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

- (5) if, upon expiration of the ninety-day period for the exhibition of an announcement referred to in sub-paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of the replacement share certificates, the Company may issue the replacement share certificates to the applicant according to his application.
- (6) where the Company issues replacement certificates under this Article, it shall forthwith cancel the Original Certificates and enter the cancellation and the replacement items in the register of shareholders.
- (7) all expenses relating to the cancellation of Original Certificates and the issue of replacement share certificates by the Company shall be borne by the applicant. The Company shall have the right to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 58** Where the Company issues replacement certificates pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificates or a shareholder who thereafter registers as the owner of such shares (in case he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 59** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificates or the issuance of the replacement share certificates, unless the person concerned is able to prove that the Company has acted fraudulently.

## Section 2 General Provisions of Shareholders

**Article 60** The Company's shareholders and their de facto controllers shall meet the qualifications prescribed by laws, administrative regulations, the CSRC and the stock exchange of the place where the Company's shares are listed.

**Article 61** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class of shares held; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The holders of the domestic shares and foreign shares of the Company shall have equal rights in any distribution made in the form of a dividend or any other form.

A legal representative or its proxy shall exercise the rights on behalf of a legal person who is a shareholder of the Company. The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attached to any shares of the Company only as a result of the failure of any person who is interested directly or indirectly therein to disclose the interests to the Company.

**Article 62** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of identity of shareholders, the board of directors or the convener of the shareholders' general meeting shall determine the date for the registration of the shareholdings. The shareholders who are on the register after the close of market on the date for registration of the shareholdings shall be the shareholders entitled to relevant rights and interests.

**Article 63** Holders of the ordinary shares of the Company shall have the following rights:

- (1) the right to receive dividends and benefit distributions of other forms in proportion to the number of shares held;
- (2) the right to request to call, convene, chair, attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right thereat according to law;
- (3) the right to supervise the Company's operations, put forward proposals and raise inquiries;
- (4) the right to transfer, grant or pledge the shares held in accordance with laws, administrative regulations and provisions of the Articles of Association;

- (5) the right to inspect and copy the Articles of Association, register of shareholders, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, financial and accounting reports, and shareholders who have held, individually or collectively, 3% or more of the shares of the Company for not less than 180 consecutive days may inspect the Company's accounting books and accounting vouchers;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company according to the number of shares held;
- (7) for shareholders who object to the resolutions on a merger or a demerger of the Company made at a shareholders' general meeting, the right to require the Company to purchase their shares;
- (8) other rights prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

**Article 64** Where shareholders of the Company request to inspect or copy the materials mentioned in item (5) of Article 63 of the Articles of Association, they shall comply with the provisions of the Company Law, the Securities Law, the listing rules of the place where the Company's shares are listed, and other laws and administrative regulations as well as relevant rules of the Company. Shareholders shall provide the Company with written documents evidencing the class and number of shares held by them in the Company, and the Company shall provide such materials after verifying the identity of the shareholders.

**Article 65** If a resolution passed at the shareholders' general meeting or board meeting of the Company violates the laws and administrative regulations, shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

If the procedures for convening, or the methods of voting at, a shareholders' general meeting or board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the right to submit a petition to the people's court to rescind such resolution within sixty days from the date on which such resolution is passed. However, this shall not apply if the defects in convening procedures or the voting methods of the shareholders' general meeting or board meeting are only minor and have no substantial impact on the resolution.

If the board of directors, shareholders or other relevant parties dispute the validity of a resolution of the shareholders' general meeting, they shall promptly file a lawsuit with the people's court. Prior to the people's court rendering a judgment or ruling to revoke the resolution, the relevant parties shall execute the resolution of the shareholders' general meeting. The Company, directors, and senior management officers shall diligently perform their duties to ensure the normal operation of the Company.

If the people's court renders a judgment or ruling on relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the requirements of the laws, administrative regulations, the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. If the matter involves correcting prior issues, the Company shall promptly address it and fulfill the corresponding information disclosure obligations.

The Company's controlling shareholders and de facto controllers shall not restrict or obstruct minority investors from exercising their voting rights in accordance with the laws, nor shall they harm the legitimate rights and interests of the Company and minority investors.

**Article 66** A resolution of the shareholders' general meeting or board meeting of the Company shall be invalid under any of the following circumstances:

- (1) The resolution was adopted without convening a shareholders' general meeting or board meeting;
- (2) No vote was taken on the matters resolved at the shareholders' general meeting or board meeting;
- (3) The number of attendees or the voting rights held did not meet the quorum required by the Company Law or these Articles of Association;
- (4) The number of persons or voting rights in favour of the resolution did not meet the thresholds required by the Company Law or these Articles of Association.

**Article 67** Where losses are caused to the Company as a result of the violation of the laws, administrative regulations or the provisions of the Articles of Association by a director (other than members of the audit committee under the board of directors (the “**Audit Committee**”)) or a senior management officer in the course of performing his duties, shareholders individually or jointly holding 1% or more of the Company’s shares for not less than 180 consecutive days shall be entitled to request in writing the Audit Committee to institute proceedings in a people’s court. Where losses are caused to the Company as a result of the violation of the laws, administrative regulations or the provisions of the Articles of Association by the members of the Audit Committee in the course of performing its duties, the abovementioned shareholders shall be entitled to make a request in writing to the board of directors to institute proceedings in a people’s court.

In the event that the Audit Committee or the board of directors refuses to institute proceedings after receiving the written request of the shareholders stipulated in the preceding paragraph, or fails to institute such proceedings within thirty days of receiving such request, or in case of emergency where failure to institute such proceedings immediately will result in irreparable damage to the Company’s interests, the shareholders stipulated in the preceding paragraph shall have the right to institute proceedings in a people’s court directly in their own names for the benefit of the Company.

The shareholders stipulated in the first paragraph of this Article may institute proceedings in a people’s court in accordance with the preceding two paragraphs in the event that losses are caused to the Company as a result of the infringement of the lawful interests of the Company by a third party.

Where losses are caused to the Company as a result of the violation of the laws, administrative regulations or the provisions of the Articles of Association by a director, a supervisor or a senior management officer of a wholly-owned subsidiary of the Company in the course of performing his duties, or where any other person infringes upon the legitimate rights and interests of the wholly-owned subsidiary of the Company and causes loss, shareholders individually or jointly holding 1% or more of the Company’s shares for not less than 180 consecutive days may request in writing the supervisory committee or board of directors of the wholly-owned subsidiary to institute proceedings in a people’s court or directly institute proceedings in a people’s court in their own name in accordance with the first three paragraphs of Article 189 of the Company Law.

If a wholly-owned subsidiary of the Company does not have a supervisory committee or supervisors, but has established an audit committee, the provisions of the first and second paragraphs of this Article shall apply.

**Article 68** If any director or senior management officer prejudices the interests of a shareholder as a result of the violation of any law, administrative regulation or provision of the Articles of Association, the shareholder may institute proceedings in a people's court.

**Article 69** The shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and Articles of Association;
- (2) to fulfill their obligation of capital contribution in strict accordance with the requirements of laws and regulations, the CSRC and the stock exchange of the place where the Company's shares are listed, and pay subscription monies according to the number of shares subscribed for and the method of subscription;
- (3) not to withdraw their share capital unless provided by laws and regulations;
- (4) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the position of the Company as an independent legal person and the limited liabilities of shareholders to prejudice the interests of the creditors of the Company;
- (5) other obligations liable as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

**Article 70** Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the law. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for evading repayment of debts, and thereby materially prejudicing the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

**Article 71** A shareholder whose shareholding reaches the prescribed percentage shall disclose information in accordance with the relevant regulations and shall cooperate with the Company's information disclosure work by promptly informing the Company of significant events such as changes in control, changes in shareholding interests, related relationships with other entities or individuals and changes therein, responding to the Company's inquiries, and ensuring that the information provided is true, accurate, and complete.

### Section 3 Controlling Shareholders and De Facto Controllers

**Article 72** The Company's controlling shareholders and de facto controllers shall exercise their rights and perform their obligations in accordance with the requirements of laws, administrative regulations, the CSRC and the stock exchange of the place where the Company's shares are listed, and safeguard the Company's interests.

**Article 73** The Company's controlling shareholders and de facto controllers shall comply with the following requirements:

- (1) to exercise shareholders' rights in accordance with the law, and not to abuse their controlling position or use related relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfill public statements and all undertakings made, and not to arbitrarily alter or seek exemption from them;
- (3) to perform information disclosure obligations in strict accordance with relevant regulations, actively cooperate with the Company in its information disclosure work, and promptly inform the Company of significant events that have occurred or are proposed to occur;
- (4) not to misappropriate the Company's funds in any form;
- (5) not to compel, instigate or request the Company or its relevant personnel to provide guarantees in violation of laws or regulations;
- (6) not to use the Company's undisclosed material information to seek benefits, not to disclose undisclosed material information relating to the Company in any way, and not to engage in illegal or non-compliance activities such as insider trading, short-swing trading or market manipulation;
- (7) not to harm the legitimate rights and interests of the Company and other shareholders through non-arm's length related transactions, profit distribution, asset restructuring, external investments or any other means;
- (8) to ensure the Company's asset integrity, personnel independence, financial independence, organizational independence and business independence, and not to affect the Company's independence in any way;

(9) other requirements of laws, administrative regulations, the regulations of the CSRC, the business rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

If a controlling shareholder or de facto controller of the Company does not serve as a director of the Company but actually manages the Company's affairs, the provisions of these Articles of Association regarding directors' fiduciary duty and duty of diligence shall apply.

If a controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in acts that harm the interests of the Company or its shareholders, they shall bear joint and several liabilities with such director or senior management officer.

**Article 74** In addition to the obligations required by laws, administrative regulations or the listing rules of stock exchange of the place where the shares of the Company are listed, in exercising his rights as a shareholder, a controlling shareholder shall not make any decisions on the following matters, as a result of the exercise of his voting rights, in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to release a director of his duty in good faith and in the best interests of the Company;
- (2) to approve a director (for his own account or for the account of other parties) to deprive the Company of its property in any manner, including but not limited to any opportunity favourable to the Company;
- (3) to approve a director (for his own account or for the account of other parties) to deprive another shareholder of his personal interests, including but not limited to any rights to distribution and voting rights, but excluding any restructuring of the Company submitted to a shareholders' general meeting for approval in accordance with the Articles of Association.

The controlling shareholder and de facto controller of the Company shall have a fiduciary duty towards the Company and shareholders holding the public shares of the Company. The controlling shareholder shall exercise his rights as a contributor in strict compliance with the laws. The controlling shareholder may not prejudice the legal interests of the Company and shareholders of public shares by making use of methods such as distribution of profits, restructuring of assets, making external investment, embezzlement of capital, providing guarantee for loans, or prejudice the interests of the Company and public shareholders by making use of his controlling position.

**Article 75** Where a controlling shareholder or de facto controller pledges the Company's shares held or effectively controlled by it/him/her, it/he/she shall maintain the stability of the Company's control, production and operation.

**Article 76** Where a controlling shareholder or de facto controller transfers the Company's shares held by it/him/her, it/he/she shall comply with the restrictive provisions on share transfers as stipulated by the laws, administrative regulations, the CSRC and the stock exchange of the place where the Company's shares are listed, as well as the undertakings made regarding restriction on share transfers.

#### **Section 4 General Provisions of the Shareholders' General Meetings**

**Article 77** The shareholders' general meeting of the Company shall comprise all shareholders. The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (1) to elect and remove directors and to determine matters relating to the directors' remunerations;
- (2) to consider and approve the reports of the board of directors;
- (3) to consider and approve the Company's profit distribution plan and plan for making up losses;
- (4) to resolve on an increase or a reduction in the Company's registered capital;
- (5) to resolve on the issue of debentures by the Company;
- (6) to resolve on matters such as merger, demerger, dissolution, liquidation or change in the form of business of the Company;
- (7) to amend the Articles of Association;
- (8) to resolve on the appointment or dismissal of the accounting firms that undertake the audit of the Company;
- (9) to consider and approve the purchases or sales of any material assets of the Company within a year in excess of 30% of the Company's audited total assets in the latest period;

- (10) to consider and approve the change of use of proceeds;
- (11) to consider and approve share incentive plans and employee stock ownership plans;
- (12) to consider any other matters to be resolved thereby as required by the laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed and the Articles of Association.

The shareholders' general meeting may authorize the board of directors to resolve on the issuance of corporate bonds.

Unless otherwise provided by laws, administrative regulations, the regulations of the CSRC or the rules of the stock exchange of the place where the Company's shares are listed, the functions and powers of the shareholders' general meeting described above shall not be delegated to the board of directors or any other entity or individual for exercise by way of authorization. Where relevant laws, administrative regulations, departmental rules or these Articles of Association allow the shareholders' general meeting to authorize the board of directors or any other entity or individual to exercise other functions and powers, any authorization resolution made by the shareholders' general meeting shall be explicit and specific.

**Article 78** The Company shall not provide guarantees to external parties in breach of laws or regulations.

**Article 79** A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within six months from the close of the preceding financial year.

**Article 80** An extraordinary general meeting shall be convened by the Company within two months from the date of occurrence of any one of the following circumstances:

- (1) the number of directors is less than the number stipulated in the Company Law or six;
- (2) the losses of the Company not made up for amount to one-third of the total amount of its share capital;
- (3) where any shareholder individually or jointly holding 10% or more of the Company's shares requests in writing;
- (4) when considered necessary by the board of directors;

- (5) when proposed by the Audit Committee;
- (6) other circumstances stipulated by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or the Articles of Association.

**Article 81** The Company shall hold a shareholders' general meeting at the domicile of the Company or such other place as notified by the convener of the shareholders' general meeting. A shareholders' general meeting shall have a venue where it shall be held in the form of a meeting with physical presence or by other electronic means. The Company shall, in accordance with the requirements of laws, administrative regulations, the listing rules of the place where the Company's shares are listed or these Articles of Association, provide conveniences for shareholders to attend shareholders' general meetings by means of secure, economical and convenient online or other methods, provided such methods are technologically feasible. If a shareholders' general meeting is conducted by electronic means, the Company shall ensure that attending shareholders are able to engage in real-time communication and discussion and vote through modern information technology means such as online voting platform. A shareholder who participates in a shareholders' general meeting by the aforementioned means shall be deemed to have attended the meeting.

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

**Article 82** The shareholders' general meetings shall be convened by the board of directors.

**Article 83** The board of directors shall convene the shareholders' general meeting in a timely manner within the prescribed period.

Upon approval by a majority of all independent non-executive directors, the independent non-executive directors shall have the right to propose the convening of an extraordinary general meeting to the board of directors. Upon receiving a proposal from the independent non-executive directors to convene an extraordinary general meeting, the board of directors shall, in accordance with the requirements of laws, administrative regulations and these Articles of Association, provide a written response within ten days indicating whether it agrees or disagrees to convene the extraordinary general meeting.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue the notice of the shareholders' general meeting within five days after the relevant board resolution is passed. If the board of directors disagrees to convene the extraordinary general meeting, it shall provide the reasons thereof.

**Article 84** A proposal from the Audit Committee to the board of directors to convene an extraordinary general meeting shall be made in writing. Upon receiving such proposal, the board of directors shall, in accordance with the requirements of laws, administrative regulations and these Articles of Association, provide a written response within ten days indicating whether it agrees or disagrees to convene the extraordinary general meeting.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue the notice of the shareholders' general meeting within five days after the relevant board resolution is passed. Any changes to the original proposal in the notice shall require the consent of the Audit Committee.

If the board of directors disagrees to convene the extraordinary general meeting, or fails to provide a written response within ten days after receiving the proposal, it shall be deemed that the board of directors is unable or fails to perform its duty to convene the shareholders' general meeting. In such case, the Audit Committee may convene and preside over the meeting on its own.

**Article 85** Shareholders individually or jointly holding 10% or more of the shares of the Company may request the board of directors to convene an extraordinary general meeting in writing. Upon receiving such request, the board of directors shall, in accordance with the requirements of laws, administrative regulations and these Articles of Association, provide a written response within ten days indicating whether it agrees or disagrees to convene the extraordinary general meeting.

If the board of directors agrees to convene the extraordinary general meeting, it shall issue the notice of the shareholders' general meeting within five days after the relevant board resolution is passed. Any changes to the original request in the notice shall require the consent of the relevant shareholders.

If the board of directors disagrees to convene the extraordinary general meeting, or fails to provide a written response within ten days after receiving the request, shareholders individually or jointly holding 10% or more of the shares of the Company may propose the convening of the extraordinary general meeting to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue the notice of the shareholders' general meeting within five days upon receipt of the request. Any changes to the original request in the notice shall require the consent of the relevant shareholders.

If the Audit Committee fails to issue the notice of shareholders' general meeting within the prescribed period, it shall be deemed that the Audit Committee is not convening and presiding over the shareholders' general meeting. In such case, shareholders individually or jointly holding 10% or more of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting on their own.

**Article 86** If the Audit Committee or shareholder(s) decides to convene a shareholders' general meeting on its/his/her/their own, it/he/she/they shall inform the board of directors in writing.

**Article 87** For a shareholders' general meeting convened by the Audit Committee or shareholder(s) on its/his/her/their own, the board of directors and the board secretary shall provide relevant support. The board of directors shall provide the register of shareholders as of the record date. The register of shareholders obtained by the convener shall not be used for any purpose other than convening the shareholders' general meeting.

**Article 88** The necessary expenses for a shareholders' general meeting convened by the Audit Committee or shareholder(s) on its/his/her/their own shall be borne by the Company.

## **Section 6 Proposals and Notices of Shareholders' General Meetings**

**Article 89** The content of a proposal shall meet the following requirements:

- (1) shall not contravene the requirements of laws, administrative regulations, the listing rules of the place where the Company's shares are listed or these Articles of Association, and shall fall within the scope of functions and powers of the shareholders' general meeting;
- (2) shall have a clear topic and specific matters for resolution;
- (3) shall be submitted or delivered to the board of directors in writing.

The board of directors has the right to decide not to include a proposal that does not meet the aforementioned requirements in the meeting agenda.

**Article 90** When the Company convenes an annual general meeting, the board of directors, the Audit Committee and shareholders individually or jointly holding 1% or more of the Company's shares shall have the right to put forward proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares may propose an ad hoc proposal and submit it in writing to the convener ten days prior to the convening of a shareholders' general meeting. The convener shall, within two days after receiving the ad hoc proposal, issue a supplemental notice of the shareholders' general meeting announcing the content of the ad hoc proposal and submit the same to the shareholders' general meeting for consideration. This shall not apply if the ad hoc proposal contravenes the requirements of laws, administrative regulations, the listing rules of the place where the Company's shares are listed or these Articles of Association, or falls outside the scope of functions and powers of the shareholders' general meeting.

Except for the circumstances specified in the preceding paragraph, after issuing the notice of shareholders' general meeting, the convener shall not amend the proposals set out in the notice of shareholders' general meeting or add new proposals.

No vote or resolution shall be taken at the shareholders' general meeting on any proposal not included in the notice of shareholders' general meeting or not complying with the provisions of these Articles of Association.

**Article 91** The Company shall issue a written notice of not less than 20 days before holding an annual general meeting; shall issue a notice of not less than 10 business days or 15 days (whichever is longer) to shareholders before holding an extraordinary general meeting.

The date of convening the shareholders' general meeting shall not be included in the calculation of the notice period.

For the notice delivered under this Article, the date of delivery shall be the date on which the relevant notice is delivered by the Company or its share registrar to the postal authorities for posting.

**Article 92** A general meeting shall not make decisions on matters not stated in the notice of meeting.

**Article 93** The notice of a shareholders' meeting shall include the following content:

- (1) be in writing;
- (2) the place, time and duration of the meeting;
- (3) the matters and proposals submitted to the meeting for consideration;
- (4) the record date for shareholders who are entitled to attend the shareholders' general meeting;
- (5) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal on merger, repurchase of shares, restructuring of share capital or other restructuring is put forward by the Company, the provision of the specific conditions and the contracts (if any) of the transactions contemplated, and the causes and consequences of such proposals shall be properly explained;
- (6) disclose the nature and extent of the material interest, if any, of any director and senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered would affect such director or senior management officer as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (7) set out the full text of any special resolution proposed to be passed at the meeting;
- (8) contain an express statement that all shareholders are entitled to attend the shareholders' general meeting and may appoint a proxy in writing to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (9) specify the time and place for lodging proxy forms for the meeting;
- (10) the name and telephone number of the standing contact person for meeting affairs.

The notice and supplemental notice of the shareholders' general meeting shall fully and completely disclose all details of all proposals.

The interval between the record date and the date of the meeting shall be no more than seven working days. Once the record date is confirmed, it shall not be changed.

**Article 94** The notice of a shareholders' general meeting shall be sent to the shareholders (whether or not entitled to vote at the shareholders' general meeting) by hand or prepaid mail to the address of the recipients as shown in the register of shareholders, or, subject to compliance with the applicable laws, regulations and listing rules, be published on the Company's website or the website designated by the stock exchange of the place on which the Company's shares are listed. For holders of domestic shares, the notice of a shareholders' general meeting may be given by way of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the CSRC within the interval of 20 days before holding an annual general meeting and 10 business days or 15 days (whichever is longer) before holding an extraordinary general meeting; after the publication of the announcement, all holders of domestic shares shall be taken to have received notice of the relevant shareholders' meeting.

**Article 95** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 96** Where the election of directors is to be discussed at a shareholders' general meeting, the notice of the meeting shall fully disclose detailed information on the director candidates, which shall include at least the following:

- (1) personal details including educational background, work experience and part-time positions;
- (2) whether a related relationship exists with the Company or its controlling shareholders or de facto controllers;
- (3) the number of the Company's shares held;
- (4) whether he/she has been subject to any sanctions by the CSRC and other relevant authorities, or any disciplinary actions by the stock exchange of the place where the Company's shares are listed;
- (5) other matters required to be disclosed under the listing rules of the place where the Company's shares are listed.

Each director candidate shall be proposed in a separate proposal.

**Article 97** After the notice of shareholders' general meeting has been issued, the meeting shall not be postponed or cancelled without proper reason, nor shall any proposal included in the notice be cancelled. If a postponement or cancellation does occur, the convener shall make announcement and provide the reasons at least two working days prior to the originally scheduled meeting date.

After the notice of shareholders' general meeting has been issued, the venue for the on-site meeting shall not be changed without proper reason. If a change of venue is necessary, the convener shall make announcement and provide the reasons at least two working days prior to the date of the on-site meeting.

## **Section 7 Holding of Shareholders' General Meetings**

**Article 98** The board of directors of the Company and other conveners shall take necessary measures to ensure the normal order of shareholders' general meetings. Acts that disrupt the meeting, provoke disturbances, or infringe upon the legitimate rights and interests of shareholders shall be stopped by taking relevant measures and promptly reported to relevant authorities for investigation.

**Article 99** All shareholders on the register of shareholders on the record date or their proxies shall be entitled to attend the shareholders' general meeting and exercise voting rights in accordance with the relevant laws, regulations and the Articles of Association.

A shareholder may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on his/her behalf.

Any shareholder who is entitled to attend and vote at a shareholders' meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization:

- (1) such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) unless otherwise required by applicable securities listing rules or other securities laws and regulations, the right to vote by a show of hands or by poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by poll.

Where such shareholder is a Recognized Clearing House (or its nominees) as defined under the relevant ordinances of Hong Kong law in force from time to time, it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if one or more persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized may be entitled to exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if he/they were the individual shareholder(s) of the Company.

**Article 100** A natural person shareholder attending the meeting in person shall present the original of his/her identity card or other valid documents or certificates evidencing his/her identity; if he/she is attending the meeting on behalf of another person, he/she shall present the original of his/her valid identity card and the original of the shareholders' power of attorney.

Non-natural person shareholders shall be represented at the meeting by the legal representative/managing partner or a proxy entrusted by the legal representative/managing partner or a person authorized by a resolution of the board of directors or other decision-making body of such shareholder. If the legal representative/managing partner attends the meeting, he/she shall present the original of his/her identity card, the original of the valid certificate evidencing his/her qualification as legal representative/managing partner; if the proxy attends the meeting, he/she shall present the original of his/her identity card, the original of the power of attorney or document issued in writing by the legal representative/managing partner or the board of directors or other decision-making bodies of the shareholder in accordance with the laws.

**Article 101** The instrument appointing a proxy must be made in writing and signed under the hand of the appointer or his attorney duly authorized in writing. If the appointer is a legal person, the instrument shall be made under its corporate seal or signed under the hand of its director or attorney duly authorized. The power of attorney shall state the number of shares represented by the said proxy; in the case where more than one proxy is appointed, the instrument shall state the number of shares respectively represented by each proxy of the shareholder.

The power of attorney issued by a shareholder for appointing others to attend a shareholders' general meeting shall contain the following particulars:

- (1) name of the appointer and class and number of the Company's shares held;
- (2) the name of the proxy;

- (3) specific instructions of the shareholder, including the separate instructions for voting in favour of or against or abstaining from voting on each matter included in the agenda to be considered at the shareholders' general meeting;
- (4) the date of issuance and expiration of the power of attorney;
- (5) the signature (or seal) of the appointer. If the appointer is a non-natural person shareholder, the corporate seal shall be affixed.

**Article 102** The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer.

The Company shall be entitled to require the proxy attending the shareholders' general meeting on behalf of a shareholder to present his identification document.

If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his identification document or a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other organs of authority of such legal person shareholder or other certified copies permitted by the Company (except for the Recognized Clearing House or its proxies).

**Article 103** Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.

**Article 104** If a proxy voting authorization is signed by a person authorized by the principal, the power of attorney or other authorization document granting such signing authority shall be notarized. The notarized power of attorney or other authorization document, as well as the proxy form, shall be deposited at the Company's domicile or such other place as specified in the notice convening the meeting.

**Article 105** Where the appointer has deceased, become incapacitated, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 106** The register of attendees for the meeting shall be prepared by the Company. The register shall contain details such as the name (or company name) of the attendee, identity card number, the number of voting shares held or represented, and the name (or company name) of the principal.

**Article 107** If the shareholders' general meeting requires the presence of any director or senior management officer, the relevant director or senior management officer shall be present at the meeting and respond to shareholders' inquiries.

**Article 108** A shareholders' general meeting shall be presided over and chaired by the chairman of the board of directors. If the chairman of the board of directors is unable or fails to perform his/her duties, the meeting shall be presided over and chaired by the vice chairman of the board of directors (in case of two or more vice chairman, the vice chairman elected by a majority of the directors). If the vice chairman of the board of directors is unable or fails to perform his/her duties, the meeting shall be presided over and chaired by a director elected by a majority of the directors. If no chairman of the meeting has been so designated, shareholders present thereat may elect one of them to be the chairman of the meeting. If for any reason shareholders fail to elect a chairman, then the shareholder (including its proxy) present thereat and holding the largest number of shares carrying voting rights shall chair the meeting.

For a shareholders' general meeting convened by the Audit Committee on its own, the chairman of the Audit Committee shall preside over and chair the meeting. If the chairman of the Audit Committee is unable or fails to perform his/her duties, a member of the Audit Committee elected by a majority of the members of the Audit Committee shall preside over and chair the meeting.

For a shareholders' general meeting convened by shareholders on their own, the convener or a representative elected by the convener shall preside over and chair the meeting.

If, during a shareholders' general meeting, the meeting chairman violates the rules of procedure to the extent that the meeting cannot proceed, the shareholders' general meeting may, with the consent of attending shareholders representing more than half of the voting rights, elect a person to chair and continue the meeting.

**Article 109** The Company shall formulate rules of procedure for shareholders' general meetings, which shall specify in detail the procedures for convening, holding and voting at shareholders' general meetings, including, among others, notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, minutes of the meeting and their signing, and announcement, as well as the principles under which the shareholders' general meeting authorizes the board of directors, and the content of such authorization shall be explicit and specific.

The rules of procedure for shareholders' general meetings shall be an appendix to these Articles of Association, and shall be prepared by the board of directors and approved by the shareholders' general meeting.

**Article 110** At the annual general meeting, the board of directors shall report to the shareholders' general meeting on its work during the past year.

**Article 111** Directors and senior management officers shall provide explanations and clarifications at the shareholders' general meeting in response to shareholders' inquiries and suggestions.

**Article 112** The chairman of the meeting shall, prior to the voting, announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be based on those registered at the meeting.

**Article 113** Shareholders' general meetings shall have minutes, which shall be taken by the secretary to the board of directors. The minutes shall record the following:

- (1) the time, venue, agenda and name of the convener of the meeting;
- (2) the name of the meeting chairman and the names of directors, the secretary to the board of directors and senior management officers attending or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the percentage thereof to the total number of shares of the Company;
- (4) the deliberation process, key points of discussion and voting results for each proposal;
- (5) shareholders' inquiries or suggestions and the corresponding responses or explanations;
- (6) the names of the vote counters and scrutineers;
- (7) other content required to be included in the minutes as stipulated by these Articles of Association.

**Article 114** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes.

The convener shall ensure that the minutes are true, accurate and complete. The content of each resolution of the shareholders' general meeting shall be in compliance with the requirements of laws, regulations and these Articles of Association. The directors, board secretary, convener or his representative and the chairman of the meeting attending or present at the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register of the shareholders attending in person and the proxy forms and valid information of voting by other means and shall be kept for at least 10 years.

**Article 115** Copies of the minutes shall, during the business hours of the Company, be open for inspection by any shareholder free of charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy within seven days following the receipt of a reasonable charge.

**Article 116** The convener shall ensure that the shareholders' general meeting is conducted continuously until final resolutions are formed. Should the meeting be adjourned or become unable to pass resolutions due to force majeure or other exceptional reasons, necessary measures shall be taken to either resume the shareholders' general meeting as soon as possible or directly terminate the current meeting, and an announcement shall be made promptly.

## **Section 8 Voting at and Resolutions of Shareholders' General Meetings**

**Article 117** Resolutions of shareholders' general meetings shall be classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, a majority of the voting rights represented by the shareholders present at the meeting must be cast in favour of the resolution.

To adopt a special resolution, not less than two-thirds of the voting rights represented by the shareholders present at the meeting must be cast in favour of the resolution.

The shareholders referred to in this Article shall include shareholders who appoint proxies to attend the shareholders' general meetings.

**Article 118** The following matters shall be resolved by ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors;
- (2) plans for profit distribution and for making up losses prepared by the board of directors;
- (3) appointment or removal of members of the board of directors, and their remuneration and manner of payment thereof;
- (4) matters other than those required by the laws, administrative regulations, the listing rules of the place where the Company's Shares are listed or the Articles of Association to be approved by special resolution.

**Article 119** The following matters shall be resolved by special resolution at a shareholders' general meeting:

- (1) increase or decrease of the Company's registered capital;
- (2) demerger, spin-off, merger, dissolution and liquidation or change of corporate form of the Company;
- (3) amendment to the Articles of Association;
- (4) purchases or sales of material assets or provision of guarantees to others by the Company in excess of 30 percent of the latest audited total assets of the Company within a year;
- (5) share incentive plans;
- (6) any other matters stipulated by the laws, administrative regulations or the Articles of Association or determined by an ordinary resolution at a shareholders' general meeting as having a material impact on the Company and requiring to be resolved by special resolution at a shareholders' general meeting.

**Article 120** Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote.

The shares held by the Company shall carry no voting rights and this portion of shares shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.

In the event that a shareholder's purchase of the Company's voting shares violates the provisions of Article 63(1) and (2) of the Securities Law, the shares in excess of the prescribed percentage shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.

**Article 121** When a related transaction is considered at a shareholders' general meeting, related shareholders shall abstain from voting on such related transaction, and the number of shares with voting rights they represent shall not be counted towards the total number of valid votes; the announcement of resolutions of shareholders' general meetings shall fully disclose the voting of unrelated shareholders.

Where any shareholder is, under the applicable laws and regulations and listing rules of the place where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.

The recusal and voting procedures for shareholders with a related relationship are as follows:

- (1) if a matter to be submitted for consideration at a shareholders' general meeting constitutes a related transaction, the related shareholder shall promptly notify the convener in advance;
- (2) when the shareholders' general meeting is convened, the related shareholders shall take the initiative to apply for recusal, and other shareholders shall also have the right to propose to the convener that the related shareholders be recused. The convener shall, in accordance with relevant regulations, examine whether the shareholder is a related shareholder and whether the shareholder should recuse himself/herself;
- (3) a related shareholder who should be recused may participate in the discussion of a related transaction involving himself/herself and may give explanations and clarifications to the shareholders' general meeting regarding the reasons for the related transaction, the basic information and fairness of the transaction; however, the related shareholder shall not participate in the voting on the matter of the related transaction.

**Article 122** The Company shall, on the premise of ensuring that the shareholders' general meeting is lawful and valid, facilitate the participation of shareholders in the shareholders' general meeting through various ways and means.

**Article 123** Unless in a crisis or under other special circumstances, the Company shall not, without the approval of a shareholders' general meeting by way of special resolution, enter into any contract with any party (other than the directors and senior management officers) for giving such party the management of the whole or any substantial part of the Company's business.

**Article 124** The list of candidates for non-employee directors shall be submitted to the shareholders' general meeting for voting by way of a proposal.

The board of directors or shareholders individually or jointly holding 1% or more of the Company's shares may nominate candidates for non-employee directors (including candidates for independent non-executive directors) to the shareholders' general meeting for election.

Employee representatives on the board of directors shall be democratically elected by the Company's employees through an employees' representative assembly or other means, and are not subject to consideration at the shareholders' general meeting.

**Article 125** The shareholders' general meeting shall vote on all proposals one by one. Where there are different proposals concerning the same matter, they shall be voted on in the order in which they were submitted. Except where the shareholders' general meeting is adjourned or unable to pass a resolution due to force majeure or other exceptional reasons, no proposal may be postponed or left unvoted upon.

**Article 126** When a proposal is being considered at the shareholders' general meeting, it may not be amended. If it is amended, it shall be treated as a new proposal and may not be voted upon at the same shareholders' general meeting.

**Article 127** Voting on resolution at a shareholders' general meeting shall be conducted by registered poll, but subject to the requirements of the Hong Kong Listing Rules, the chairman of the meeting may in good faith allow resolutions purely related to procedural or administrative matters to be voted on by a show of hands.

**Article 128** A poll demanded on the election of the chairman 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 may decide, and the meeting may proceed to discuss other matters. The results of the poll shall still be taken as a resolution adopted at that meeting.

**Article 129** Before voting on a proposal at a shareholders' general meeting, two shareholder representatives shall be appointed to participate in vote counting and scrutiny. If the matter under consideration involves a related relationship with a shareholder, such shareholder and its/his/her proxy shall not participate in vote counting or scrutiny.

During the voting process at a shareholders' general meeting, the two appointed shareholder representatives shall be jointly responsible for vote counting and scrutiny. The voting results shall be announced on the spot and recorded in the meeting minutes.

**Article 130** Shareholders attending the shareholders' general meeting shall express one of the following opinions on the proposals submitted for voting: for, against or abstain from voting. When voting by poll, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Unfilled votes, incorrectly filled votes, illegible votes and uncast votes shall be considered as the voters having waived their voting rights and the voting result for the number of shares held by such voters shall be counted as "abstention".

**Article 131** Prior to the formal announcement of the voting results, all relevant parties present at the shareholders' general meeting, including the Company, vote counters, scrutineers and shareholders, are obliged to maintain confidentiality regarding the voting proceedings.

**Article 132** Based on the voting results, the chairman of the meeting shall be responsible for determining whether a resolution is passed. His decision, which is final, shall be announced at the meeting and recorded in the minutes.

**Article 133** If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may organize to have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting shall have the right to immediately demand that the votes be counted after the announcement of the voting result, and the chairman of the meeting shall organize to have the votes counted immediately.

**Article 134** Resolutions of the shareholders' general meeting shall be announced promptly. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and their percentage as the total number of voting shares of the Company, the voting method, the voting results for each proposal, and the detailed content of all resolutions passed.

**Article 135** If a proposal is not passed, or if a resolution of a previous shareholders' general meeting is amended at the current meeting, a special note shall be made in the announcement of resolutions of the shareholders' general meeting.

**Article 136** If a shareholders' general meeting passes a proposal on election of non-employee directors, the newly elected non-employee directors shall assume office on the date of passing the relevant resolution at the shareholders' general meeting, unless otherwise resolved by the shareholders' general meeting.

**Article 137** If a shareholders' general meeting passes a proposal on distribution of cash dividends, bonus shares, or capitalization of capital reserve, the Company shall implement the specific plan within two months after the conclusion of the shareholders' general meeting.

## **CHAPTER 6: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 138** In the case of the issue of different classes of shares by the Company, shareholders holding different classes of shares shall be referred to as class shareholders.

A holder of class shares shall, in accordance with laws, administrative regulations and the Articles of Association, enjoy rights and assume obligations.

Where the share capital of the Company includes shares which do not carry voting rights, the designation of such shares shall bear the wording "non-voting". Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) shall bear the wording "restricted voting" or "limited voting".

**Article 139** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of special resolution at a shareholders' general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 141 to 145.

**Article 140** The following circumstances shall be taken to be a variation or abrogation of the rights of shareholders of a particular class:

- (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 a voting right or a right to dividends or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange of or grant a right of exchange of all or part of the shares of another class into those of such class;
- (3) to remove or reduce the rights to acquire accrued dividends or cumulative dividends attached to the shares of such class;

- (4) to reduce or remove the rights with a priority to acquire dividends or property distribution during the liquidation of the Company attached to the shares of such class;
- (5) to add, remove or reduce the conversion, options, voting, transfer or pre-emptive rights or the rights to acquire securities of the Company attached to the shares of such class;
- (6) to remove or reduce the rights to receive payables from the Company in a particular currency attached to the shares of such class;
- (7) to create a new class of shares with voting right, right to dividends or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer of ownership of the shares of such class or to impose additional restrictions thereon;
- (9) to grant the right to subscribe for, or convert into, the shares of such or another class;
- (10) to increase the rights or privileges of the shares of another class;
- (11) to cause the holders of different classes of shares to bear a disproportionate burden of obligations during the restructuring scheme of the Company; and
- (12) to vary or abrogate any provision of this Chapter.

**Article 141** Shareholders of the affected class, whether or not entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 140, but interested shareholder(s) shall not be entitled to vote at class meetings.

“Interested shareholder(s)” as mentioned in the preceding paragraph represents:

- (1) in case of an offer for share repurchase on a pro rata basis to all shareholders or a share buyback through public dealings on a stock exchange in compliance with the Articles of Association, a controlling shareholder within the meaning of the Articles of Association;
- (2) in case of a share buyback by way of an off-market agreement in compliance with the Articles of Association, a shareholder who is involved in the entering into of such agreement; and

- (3) in case of the Company's reorganization, a shareholder of one class who bears less than a proportionate burden imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.

**Article 142** Resolutions proposed at a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the share interests with voting rights according to Article 141.

No approval at a shareholders' general meeting or a class meeting shall be required for the change in or abrogation of the rights of class shareholders as a result of any changes in the domestic and foreign laws and regulations and the listing rules of the place where the Company's shares are listed or the decisions made by the domestic and foreign regulatory bodies according to the law.

**Article 143** In the event that the Company convenes a class meeting, a written notice specifying the matters to be considered at, and the date and location for, the meeting shall be issued to the shareholders whose names appear on the register of shareholders of such class forty-five days before the time appointed for holding such meeting. Shareholders who intend to attend the meeting shall serve the written reply to the Company twenty days prior to the date of the meeting.

Where the number of shares carrying the rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying the rights to vote at the meeting, the Company may convene the class meeting based thereon, failing which the Company shall within five days notify the shareholders again, by way of a public announcement, of the matters to be considered at, and the place and date for, the meeting before it proceeds to convene the class meeting.

**Article 144** Notice of a class meeting shall be given only to shareholders entitled to vote at the meeting.

A class meeting shall be conducted as similarly in terms of procedure to a shareholders' general meeting as possible. The provisions concerning the procedures of a general meeting set out in the Articles of Associations shall also apply to class meetings.

**Article 145** Apart from the holders of other classes of shares, the holders of domestic shares and overseas listed foreign shares shall be taken to be shareholders of different classes.

The special procedures for voting by class shareholders shall not apply to the following circumstances:

- (1) where the Company issues, upon approval by way of a special resolution at a general meeting, either separately or concurrently once every twelve months, domestic shares and overseas listed foreign shares, to the extent that the number of the shares to be issued does not exceed twenty percent of the total number of the issued shares of their respective class;
- (2) where the domestic shares of the Company are converted by the holder into foreign shares and are subsequently listed and traded on overseas stock exchanges after being filed with the CSRC.

## **CHAPTER 7: DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 General Provisions of Directors**

**Article 146** The directors of the Company are natural persons, and the directors of the Company shall be upright and honest, of good character, familiar with securities and futures laws and administrative regulations, and possess the business management experience, ability and professional knowledge necessary for the performance of their duties. A person may not serve as a director of the Company if any of the following circumstances applies:

- (1) a person who does not have or who has limited capacity for civil acts;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or disruption of the social or economic order, where less than five years have elapsed since the sentence was served, or who has been deprived of his political rights due to a criminal offense and less than five years have elapsed since the sentence was served, and in case of a suspended sentence, less than two years have elapsed since the expiration of the probation period;

- (3) a person who is a former director, factory manager or a manager of a company or an enterprise which has been put into bankruptcy liquidation and who was personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or an enterprise the business licence of which was revoked and which was ordered to close down due to violation of the law, and who is personally liable for such revocation, where less than three years have elapsed since the date of the revocation of the business licence or order of closing down;
- (5) a person who has a relatively large amount of debts which have become overdue and is designated by the people's court as dishonest person subject to enforcement;
- (6) a person who is currently under investigation by the administrative authorities or judicial authorities for suspected violation of law or criminal offence, and pending the final decision on the case;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person who has been convicted by the competent authority for violation of the provisions of relevant securities laws and regulations, and involved in fraudulent or dishonest acts, where less than five years have elapsed from the date of such conviction;
- (9) a person who has been subject to administrative penalties imposed by the financial regulatory authorities for violations of laws and regulations, where less than three years have elapsed since the expiration of the enforcement period;
- (10) a person who has been subject to securities market ban by the CSRC, and the term of such ban has not yet expired;
- (11) a person who may not serve as a director, a supervisor or a senior management officer of a futures company pursuant to the Measures Governing the Positions of Directors, Supervisors and Senior Management Officers of Futures Companies;

- (12) a person who has been publicly determined by a stock exchange to be unsuitable to serve as a director or senior management officer of a listed company, and the specified period of such determination has not yet expired;
- (13) a person who has been determined as an inappropriate person by the CSRC or its local offices, where less than two years have elapsed since such determination;
- (14) a person who has served as a person-in-charge who bears liability and other directly responsible persons of a financial institution and its branch which were ordered to suspend business for rectification, entrusted for custody, taken over or revoked by the regulatory body for violating laws or disciplines or for emergence of major risks, where less than three years have elapsed since the date when the financial institution and its branch were ordered to suspend business for rectification, entrusted, taken over or revoked by the regulatory body;
- (15) a person who has served as a lawyer, a certified public accountant or a professional of an investment consultative agency, financial advisory organ, credit rating institution, assets assessment institution and verification institution, whose qualifications were revoked for violating laws or disciplines, where less than five years have elapsed since the date of the revocation of qualification;
- (16) other circumstances as stipulated by laws, administrative regulations or departmental rules and other circumstances as prescribed by the CSRC or the stock exchange of the place where the Company's shares are listed.

If this Article is violated in electing or appointing directors, such election, appointment or employment shall be invalid. Where circumstances under this Article arise during the term of office of directors, the Company will remove them from office and cease their duties in accordance with relevant regulations.

**Article 147** Directors who are not staff representatives shall be elected or changed by shareholders at general meetings and may be removed from office before expiration of term of office by shareholders at general meetings, while directors as staff representatives shall be elected through democratic means by the staff of the Company. The directors shall serve a term of three years, and upon the expiration of the term of office, a director shall be eligible to offer himself for re-election and reappointment. The term of office of a director shall commence from the date of his appointment and end upon the expiration of the term of the current board of directors. The appointment and removal of directors by the Company shall be reported to the local CSRC agency where the Company is domiciled for record as required.

The directors need not hold share(s) of the Company.

Where election of directors fails to be timely conducted upon expiry of the term of office of the former directors, the former directors shall, prior to the accession of the newly elected directors, perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and these Articles of Association.

Directors can be concurrently served by senior management officers. However, the total number of directors who concurrently hold the positions of senior management officers and directors held by employee representatives shall not exceed half of the total number of directors of the Company.

**Article 148** Candidates for directors shall be nominated by shareholders individually or jointly holding one percent or more of the Company's issued shares with voting rights.

**Article 149** Directors shall comply with the laws, administrative regulations and these Articles of Association and shall perform fiduciary duties to the Company. Directors shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their powers to seek improper interests.

Directors shall perform their fiduciary duties to the Company as follows:

- (1) not to misappropriate the Company's properties or divert the Company's funds;
- (2) not to deposit the Company's funds into an account opened in their own name or in the name of any other individual;
- (3) not to use their position to offer bribes or accept other illegal income;
- (4) not to, directly or indirectly, enter into any contract or transaction with the Company without reporting to the board of directors or the shareholders' general meeting and obtaining approval through a resolution of the board of directors or the shareholders' general meeting in accordance with the provisions of these Articles of Association;
- (5) not to use their position to seek for themselves or others any business opportunity that belongs to the Company, except where it has been reported to the board of directors or the shareholders' general meeting and a resolution has been passed by the shareholders' general meeting, or where the Company is unable to pursue the business opportunity in accordance with the requirements of laws, administrative regulations or these Articles of Association;

- (6) not to, without reporting to the board of directors or the shareholders' general meeting and obtaining approval through a resolution of the shareholders' general meeting, operate for themselves or for others any business which competes with that of the Company;
- (7) not to accept for their own benefit any commission in connection with any transaction between other parties and the Company;
- (8) not to disclose the Company's secrets without authorization;
- (9) not to use their related relationships to harm the Company's interests;
- (10) other fiduciary duties stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

Any income derived by a director from violating the provisions of this Article shall belong to the Company; if a loss is caused to the Company, the director shall be liable for compensation.

The provisions of item (4) of the second paragraph of this Article shall apply when a close relative of a director or a senior management officer, an enterprise directly or indirectly controlled by a director or a senior management officer or their close relative, or any other related person with a related relationship to a director or a senior management officer, enters into a contract or transaction with the Company.

**Article 150** The Company's directors shall comply with the requirements of laws, administrative regulations and these Articles of Association, and shall have a duty of diligence towards the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

A director shall owe a duty of diligence towards the Company as follows:

- (1) he shall exercise the rights conferred by the Company cautiously, earnestly and diligently in order to ensure that the Company's business activities are in compliance with the requirements of national laws, regulations and various economic policies, and that the business activities do not exceed the business scope specified in the business license;
- (2) he shall treat all shareholders impartially;

- (3) he shall carefully read various business and financial reports of the Company and have a timely understanding of the status of the Company's business operation and management;
- (4) he shall sign a written confirmation of comments on the Company's periodic reports, and ensure that information disclosed by the Company is true, accurate and complete;
- (5) he shall properly exercise his legally vested powers of management of the Company and shall not be subject to manipulation by others;
- (6) he shall truthfully provide relevant information and materials to the Audit Committee, without prejudice to the exercise of functions and powers by the Audit Committee, and shall be subject to the legal supervision and reasonable recommendations of the Audit Committee in respect of the performance of his duties;
- (7) other duties of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 151** A director shall be liable for any losses of the Company as a result of his withdrawal from the office without permission prior to the expiration of his term of office.

A director shall be taken to have failed to perform his duties if he misses or fails to appoint any other directors to attend on his behalf two consecutive meetings of the board of directors. The board of directors shall propose the removal of such director at a shareholders' general meeting or an employees' representative assembly.

Attending in person includes attending on-site, by video or teleconference, or by voting through correspondence.

**Article 152** A director may resign before the expiration of his term of office. The directors who resign shall submit to the Company a written report on their resignation. The resignation shall take effect on the date of receipt of the resignation report by the Company and the board of directors shall disclose relevant details within two days.

Unless otherwise provided by laws, administrative regulations, the CSRC or the rules of the stock exchange of the place where the Company's shares are listed, the incumbent director shall, in the following circumstances, continue to perform his/her duties in accordance with the relevant requirements until the newly elected director assumes office:

- (1) the term of office of a director has expired but a new election has not been conducted in a timely manner, or the resignation of a director during his/her term of office results in the number of board members falling below the statutory minimum;
- (2) the resignation of a member of the Audit Committee results in the number of Audit Committee members falling below the statutory minimum, or the Audit Committee lacks an accounting professional;
- (3) the resignation of an independent non-executive director results in the proportion of independent non-executive directors on the Company's board of directors or a special committee of the board of directors failing to comply with the requirements of laws, regulations or these Articles of Association, or results in a lack of an accounting professional among the independent non-executive directors.

Any person appointed by the board of directors to fill up a casual vacancy or as an addition to the board of directors shall hold office only until the next annual general meeting of the Company, and shall then be eligible for re-election.

**Article 153** Upon a resignation taking effect or expiration of the term of office, a director shall complete all transfer procedures for the board of directors. The fiduciary duty owed by such director to the Company and shareholders shall not be released after the termination of his tenure. A director's confidentiality obligations in respect of commercial secrets of the Company shall remain effective after the termination of his tenure until such secrets have become open information. A director's obligations arising from the performance of his or her duties during his or her term of office shall not be relieved or terminated by his or her departure from office.

**Article 154** Subject to compliance with the provisions of relevant laws and administrative regulations, the shareholders' general meeting may, by way of an ordinary resolution, remove any director whose term of office has not expired. However, this shall not affect any claim for damages which may be available under any contract.

If a director is removed before the expiry of his/her term of office without due cause, the director may claim compensation from the Company.

**Article 155** No director shall act, in his personal capacity, on behalf of the Company or the board of directors in violation of the provisions set out in the Articles of Association or without appropriate authorization by the board of directors. A director shall, when acting in his personal capacity, state his purposes and identities in advance if a third party reasonably believes that the said director is acting on behalf of the Company or the board of directors.

**Article 156** If a director, in performing his/her duties for the Company, causes damage to others, the Company shall be liable for compensation. If such director has acted intentionally or with gross negligence, he/she shall also be liable for compensation.

A director shall be liable for any losses of the Company resulting from any violations of the laws, administrative regulations, departmental rules or the Articles of Association during the performance of his duties.

## **Section 2 Independent Non-executive Directors**

**Article 157** All provisions regarding the rights and obligations of directors under these Articles of Association shall apply to independent non-executive directors. Independent non-executive directors shall also comply with the specific provisions of this Section.

**Article 158** The Company shall have three independent non-executive directors. The number of independent non-executive directors shall not be less than one-third of the total number of the board members and not less than three, and shall include at least one accounting professional.

**Article 159** The Company shall establish an independent non-executive director system. Independent non-executive directors are directors holding no positions other than that of directors in the Company, and having no direct or indirect interest in, or other potentially influential relationship with, the Company and its substantial shareholders or de facto controllers.

The term of office for independent non-executive directors shall be three years, and renewable upon re-election and re-appointment, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the place where the Company's shares are listed.

**Article 160** Independent non-executive directors shall diligently perform their duties in accordance with the requirements of laws, administrative regulations, the CSRC, the stock exchange of the place where the Company's shares are listed and these Articles of Association. They shall play their roles in participating in decision-making, exercising supervisory and balancing functions and providing professional advice within the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

**Article 161** Independent non-executive directors shall satisfy the following fundamental requirements:

- (1) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the place where the Company's shares are listed and other relevant regulations;
- (2) to comply with the requirements on independence as stipulated in relevant laws and regulations, departmental rules, and the listing rules of the place where the Company's shares are listed;
- (3) to possess the basic knowledge of the operations of listed companies, and be familiar with relevant laws, administrative regulations, regulations of the CSRC and have futures professional expertise;
- (4) have engaged in such financial business as futures or securities or in legal or accounting operations for more than 5 years, or possess relevant senior title for academic teaching or researches;
- (5) have educational background of graduate of college or university or above in relevant field and hold a bachelor degree or above;
- (6) have time and energy necessary to perform their duties;
- (7) have good personal integrity and have no record of major dishonesty or other misconduct;
- (8) other requirements provided in laws, administrative regulations, regulations of the CSRC, business rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association.

**Article 162** An independent non-executive director must maintain his/her independence and shall not have a relationship with the Company that may prejudice him/her from making independent and objective judgments.

None of the following persons may serve as independent non-executive directors of the Company:

- (1) any persons working in the Company and its affiliates and their immediate family and other main relatives;
- (2) any persons working in the shareholders who directly or indirectly hold 5% or more of the Company's issued shares or the Company's top five shareholders, and their spouses, parents and children;
- (3) the natural person shareholders who directly or indirectly hold or control more than 1% of the equity interest in the Company, or the natural person shareholders among the top 10 shareholders of the Company and their spouses, parents and children;
- (4) persons working in the subsidiaries of the Company's controlling shareholders or de facto controllers, and their spouses, parents and children;
- (5) any persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who work in entities with significant business dealings and their controlling shareholders or de facto controllers;
- (6) any persons providing financial, legal, consulting and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including, but not limited to, all members of the project team, reviewers at all levels, persons signing the report, partners, directors, senior management officers and persons in charge of the intermediary agency providing the services;
- (7) any person who meets the criteria listed in any of items (1) to (6) in the recent twelve months;
- (8) any person holding any position other than independent non-executive directors in any other futures companies;

- (9) any other persons who are not independent as identified by laws, administrative regulations, regulations of the CSRC, business rules of the stock exchange of the place where the Company's shares are listed and these Articles of Association.

The subsidiaries of the Company's controlling shareholders and de facto controllers referred to in items (4) to (6) of the preceding paragraph do not include enterprises which are controlled by the same state-owned asset management organization as the Company and do not constitute a related relationship with the Company in accordance with relevant regulations.

**Article 163** As members of the board of directors, independent non-executive directors owe fiduciary duty and duty of diligence to the Company and all shareholders, and shall prudently perform the following responsibilities:

- (1) to participate in board decision-making and express clear opinions on matters discussed;
- (2) to supervise matters involving potential major conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, or senior management officers, and protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective advice on the Company's business development to enhance the decision-making quality of the board of directors;
- (4) other responsibilities stipulated by laws, administrative regulations, the regulations of the CSRC and these Articles of Association.

Independent non-executive directors shall perform their duties independently and shall not be influenced by the Company, its major shareholders, de facto controllers, or any other entities or individuals.

Where conflicts arise between shareholders or between directors of the Company, significantly impacting the Company's operations and management, the independent non-executive directors shall proactively perform their duties to safeguard the overall interests of the Company.

**Article 164** The independent non-executive directors shall be vested with the following special functions and powers in addition to those vested by the Company Law and other relevant laws, regulations, listing rules of the place where the Company's shares are listed and the Articles of Association:

- (1) to independently engage intermediary agencies for audit, consultation or verification regarding specific matters of the Company;
- (2) to propose to the board of directors to convene extraordinary general meetings;
- (3) to propose to convene the board meetings;
- (4) to openly solicit shareholders' rights from shareholders in accordance with the laws;
- (5) to express independent opinions on matters that may jeopardize the interests of the Company or minority shareholders;
- (6) other functions and powers stipulated by laws, administrative regulations, regulations of the CSRC and these Articles of Association.

The independent non-executive director(s) shall secure the consent of not less than half of the independent non-executive directors of the Company to exercise the powers set out in items (1) to (3) of the preceding paragraph. The Company will make timely disclosure if an independent non-executive director exercises the powers set out in the first paragraph. In the event that the above powers cannot be exercised in the normal course of business, the Company will disclose the relevant circumstance and reasons.

**Article 165** The following matters shall be submitted to the board of directors for consideration only after obtaining the approval by a majority of all the Company's independent non-executive directors:

- (1) related transactions subject to disclosure;
- (2) plans for the Company and relevant parties to amend or exempt themselves from undertakings;
- (3) decisions and measures taken by the Company's board of directors in response to a takeover offer for the Company;

(4) other matters stipulated by laws, administrative regulations, regulations of the CSRC and these Articles of Association.

**Article 166** Before expiration of their term of office, independent non-executive directors may be removed from office by the Company in accordance with statutory procedures. In case of an independent non-executive director being removed from office before expiration of his term of office, the Company shall make timely disclosure of the reasons and grounds.

Should an independent non-executive director fail to attend in person the board meetings for two times in succession and does not appoint another independent non-executive director to attend the meetings on his/her behalf, the board of directors shall propose to the shareholders' general meeting for replacing such director.

**Article 167** The Company shall ensure that independent non-executive directors enjoy the same right to information as other directors.

The Company shall provide the necessary working conditions for independent non-executive directors to perform their duties.

**Article 168** All matters not prescribed in this section for the independent non-executive director system shall be handled pursuant to relevant laws, regulations, rules and listing rules of the place where the Company's shares are listed.

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

**Article 169** The Company shall have a board of directors comprising of nine directors, including one employee director and three independent non-executive directors. The board of directors shall have one chairman and one vice chairman if necessary. The chairman and vice chairman(s) shall be elected by a majority of all the directors on the board.

**Article 170** The board of directors shall exercise the following functions and powers:

- (1) to convene the shareholders' general meetings and report its work to the shareholders' general meetings;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to formulate strategies and development plans of the Company and decide on the Company's business plans and investment plans;

- (4) to decide on purchase of the Company's shares by the Company due to circumstances set out in items (3), (5) and (6) of Article 33 of these Articles of Association;
- (5) to formulate the Company's profit distribution plan and the plan for making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of corporate debentures or other securities and listing;
- (7) to formulate proposals for the major acquisition and repurchase of the Company's shares or the merger, demerger, spin-off, dissolution or change of corporate form of the Company;
- (8) to decide on the risk investment, acquisition and disposal of assets, pledge of assets, external guarantees, trust asset management and related transactions of the Company within the authorization of the shareholders' general meeting;
- (9) to determine on the establishment of the Company's internal management structure;
- (10) pursuant to the nominations of the nomination committee under the board of directors to decide on appointment or dismissal of the general manager, secretary to the board of directors, chief risk officer, general legal counsel and other senior management officers; pursuant to the general manager's nominations to decide on appointment or dismissal of deputy general managers, financial controller, chief information officer and other senior management officers of the Company and fix the remuneration, bonus and punishment of the senior management officers of the Company;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for amendment to these Articles of Association;
- (13) to manage the information disclosure of the Company;
- (14) to propose to shareholders' general meetings for the appointment or replacement of the auditors of the Company that undertake the audit of the Company;
- (15) to hear the work reports from the general manager of the Company and to inspect the work of the general manager;

- (16) to formulate the objectives and general requirements of the Company's honest practice management and take responsibility for the effectiveness of honest practice management;
- (17) to determine the objectives of integrity management and take responsibility for the effectiveness of integrity management;
- (18) to be responsible for the establishment and effective implementation of sound internal control, to consider and approve the basic rules of internal control, to supervise, inspect and assess the establishment and implementation of the Company's internal control systems, to be responsible for the authenticity of the internal control assessment report, and to be ultimately responsible for the effectiveness of internal control;
- (19) to consider and decide on the security depository system for customer margins to ensure that the depositing of customer margins is in compliance with the requirements for the protection of customer assets protection as well as the safe depositing and monitoring of futures margins;
- (20) to determine the Company's compliance management objectives and take responsibility for the effectiveness of compliance management; to consider and approve the basic rules of compliance management and the annual compliance report; to decide on the dismissal of senior management officers who are mainly responsible for or have leadership responsibility for the occurrence of significant compliance risks; to establish a direct communication mechanism with the chief risk officer; to assess the effectiveness of compliance management and supervise the resolution of any problems in compliance management;
- (21) to establish risk management principles applicable to the Company, comprehensively promote the building of risk culture of the Company, consider and approve the risk management strategy of the Company and facilitate its effective implementation in the Company's operation and management, consider and approve the basic rules of comprehensive risk management of the Company; to consider the regular risk assessment reports, and to consider and approve the semi-annual and annual reports on risk regulatory indicators; to consider and approve the Company's risk appetite, risk tolerance and significant risk limits and establish a direct communication mechanism with the chief risk officer; and to assume ultimate responsibility for overall risk management;

- (22) to assume ultimate responsibility for consolidated management, effectively engage in the management and control of the entire process of consolidated management; to review and approve the fundamental rules of consolidated management, and supervise their implementation within the Company's consolidated management system; to review and approve the risk appetite, risk tolerance and significant risk limits of the Company's consolidated management system; to approve major matters related to consolidated management and supervise their implementation; to review consolidated management practices and adjust the Company's development strategy based on consolidated management performance; to supervise and ensure that senior management effectively fulfills consolidated management duties; to urge senior management to resolve issues identified in consolidated management;
- (23) to consider the Company's goal on IT management and take responsibility for the effectiveness of IT management; to consider its IT strategy and ensure alignment with the Company's development strategy, risk management strategy, and capital strengths; to formulate its plans for IT manpower and capital security; network security plans; to assess the overall effectiveness and efficiency of its annual IT management work;
- (24) to facilitate the process of corporate governance in accordance with the laws;
- (25) to formulate strategic plans for the Company's cultural construction, push forward and give direction to the Company's cultural construction;
- (26) to provide guidance on the protection of rights and interests of the Company's investors;
- (27) to exercise other functions and powers conferred by laws, administrative regulations, departmental rules, the Articles of Association or the shareholders.

Matters beyond the scope of authorization by the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

The board of directors shall make explanation to the shareholders' general meeting in respect of auditors' report with a non-standard opinion issued by the certified public accountants regarding the financial statements of the Company.

**Article 171** The board of directors shall also be responsible for the following matters:

- (1) to formulate, review and improve the Company's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of directors and senior management officers;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements of the securities regulatory authorities of the place where the shares are listed, and to make disclosures thereof accordingly;
- (4) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and directors.

The board of director shall be responsible for the above corporate governance functions. It may also assign this responsibility to one or more special committees under the board of directors.

**Article 172** The board of directors shall formulate rules of procedure for board meetings to ensure the implementation of resolutions of the shareholders' general meeting, improve work efficiency, and guarantee sound decision-making. The rules of procedure for board meetings shall be an appendix to these Articles of Association, prepared by the board of directors and approved by the shareholders' general meeting.

**Article 173** The board of directors shall define the authority regarding matters such as external investments, acquisition or disposal of assets, related transactions and external donations, and establish strict review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the shareholders' general meeting for approval.

- (1) The board of directors shall decide on matters concerning the Company's disposal or acquisition of major assets where the percentage ratio under the Hong Kong Listing Rules is 5% or more but less than 25%.

(2) The board of directors shall decide on transactions including venture capital investments, external investments (including investments in subsidiaries), provision of financial assistance (including entrusted loans, external provision of financial assistance, etc.), leasing in or leasing out of assets, entering into management contracts (including entrustment of operations, acceptance of entrustment to operate, etc.), donation or acceptance of donated assets, creditor's rights or debt restructuring, transfer of research and development projects, entering into license agreements, waiver of rights (including waiver of pre-emptive rights, priority rights to subscribe for capital contributions), procurement of bulk materials (excluding bulk material procurement for trading purposes), purchase of services (not applicable for items within the budget), engineering construction meeting any of the following criteria:

1. transaction where the total assets involved in the transaction, based on the percentage ratios calculated in accordance with the Hong Kong Listing Rules, account for 5% or more but less than 25% of the Company's latest audited total assets;
2. transaction where the revenue of the transaction subject in the most recent fiscal year, based on the percentage ratios calculated in accordance with the Hong Kong Listing Rules, accounts for 5% or more but less than 25% of the Company's latest audited revenue;
3. transaction where the net profit of the transaction subject in the most recent fiscal year, based on the percentage ratios calculated in accordance with the Hong Kong Listing Rules, accounts for 5% or more but less than 25% of the Company's latest audited net profit;
4. transaction where the transaction amount (including assumed debts and expenses), based on the percentage ratios calculated in accordance with the Hong Kong Listing Rules, accounts for 5% or more but less than 25% of the Company's total market capitalization (calculated based on the average closing price of the Company's shares over the five trading days prior to the transaction).

(3) The board of directors shall decide on matters where the Company's total external financing or outstanding external borrowings accumulated over any consecutive 12-month period accounts for 10% or more but less than 50% of the Company's latest audited total assets.

- (4) The board of directors shall decide on connected transactions where all percentage ratios for total assets test, revenue test, consideration test and share capital test under the Hong Kong Listing Rules are below 5%, or are equal to or above 5% but below 25% and the total transaction amount is less than HK\$10 million (excluding transactions where all percentage ratios based on the results of total assets test, revenue test, consideration test and share capital test under the Hong Kong Listing Rules are below 0.1%, or below 1% but the transaction constitutes a connected transaction only because the connected person involved is connected only to a subsidiary of the Company, or below 5% and the total amount is less than HK\$3 million).
- (5) The board of directors shall consider and approve external donations by the Company exceeding RMB1 million within a single fiscal year.

**Article 174** The board of directors may establish certain special committees such as Audit Committee, Remuneration and Assessment Committee, Strategic Development Committee, Risk Control Committee and Nomination Committee, to assist the board of directors to exercise its duties or provide consultation or advice for the board of directors in respect of its decisions under the leadership of the board of directors; the composition of and the rules of procedures for such committees shall be decided by the board of directors separately.

**Article 175** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over general meetings and to convene and preside over the board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the board of directors;
- (3) to sign documents related to the Company's shares, debentures and other marketable securities of the Company;
- (4) to sign the documents of the board of directors and other documents that shall be signed by the Company's legal representative;
- (5) to exercise the functions and powers of the legal representative;

- (6) In an emergency situation where the occurrence of force majeure and major emergency events, such as extraordinarily serious natural disasters, renders the board of directors unable to convene a meeting in due course, to exercise a special right to deal with the Company's affairs in compliance with the law and in the Company's interests, and to report the same to the board of directors and shareholders thereafter;
- (7) to exercise any other functions and powers specified in laws, administrative regulations or these Articles of Association or conferred by the board of directors.

**Article 176** The vice-chairman shall assist the chairman in work. In the event that the chairman is unable to perform his duties or fails to perform his duties, the duties shall be performed by the vice-chairman (in case of two or more vice-chairman, the vice-chairman elected by a majority of the directors). If the vice-chairman is unable or fails to perform his duties, a director jointly elected by a majority of the directors shall perform such duties.

**Article 177** The board of directors shall hold at least four meetings every year, which shall be convened by the chairman of the board of directors.

Extraordinary meetings of the board of directors may be held in any of the following circumstances:

- (1) when proposed jointly by one-third or more of the directors;
- (2) when proposed by a majority of the independent non-executive directors;
- (3) when proposed by the Audit Committee;
- (4) when deemed as necessary and proposed by the chairman of the board of directors;
- (5) when proposed by the shareholders representing one tenth or more of voting rights; and
- (6) when requested by relevant regulatory departments.

The chairman of the board of directors shall convene and preside over an extraordinary meeting of the board of directors within ten days upon receipt of the proposal.

**Article 178** A notice convening the board meetings and extraordinary board meetings shall be sent through telephone, facsimile or email. The notice of a board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice of an extraordinary board meeting shall be given at least two days prior to the date of the meeting.

Should a director attend a meeting, and not raise a contention regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be taken as having been sent out to him.

**Article 179** The written notice for a board meeting shall include the following content:

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the reason for the meeting and the agenda;
- (4) the date of issuance of the notice;
- (5) the method of convening the meeting.

**Article 180** In special or urgent cases requiring the prompt convening of an extraordinary board meeting, notice may be given at any time by telephone or other verbal means.

**Article 181** Unless due to emergency, force majeure or other special reasons, board meetings shall be convened by means of on-site meetings, video conferences, telephone conferences, or a combination of the above methods.

In the event of emergency, force majeure or other special reasons, the board meeting may be convened by means of voting through correspondence provided that the directors are able to fully express their opinions. The procedures for voting through correspondence are as follows:

- (1) the meeting contact person shall send the meeting notice to all directors by mail (including e-mail), facsimile, personal delivery or other means;
- (2) upon receiving the meeting notice, a director shall personally sign the voting result and provide his/her opinion (if any);

- (3) within the period specified in the meeting notice, directors shall send their voting results to the meeting contact person by mail (including e-mail), facsimile, personal delivery or other means; failure to submit the voting result within the specified period shall be deemed an abstention;
- (4) a board resolution shall be formed based on the voting results.

**Article 182** Except for the circumstance provided in the Articles of Association in which the board of directors considers related transactions, the board meeting may not be held unless a majority of the directors are present.

Each director has one vote. Except for the circumstance provided in the Articles of Association in which the board of directors considers related transactions, resolutions of the board of directors shall be passed by more than half of all directors.

Where a resolution is signed and voted by each director and the number of affirmative votes meets the requirements of laws, regulations and the Articles of Association for minimum number of people, it shall be taken as valid as a resolution passed at a board meeting legally convened. Such written resolution may consist of documents in counterparts, each having been signed by one or more directors. A resolution signed by a director or with his signature and sent to the Company by mail, facsimile or by hand, for the purpose of this Article, shall be taken as a document signed by him.

**Article 183** If any director is related to an enterprise or an individual that is involved in the matters to be resolved by a board meeting, he shall promptly report to the board of directors in writing. The related director shall neither exercise his voting rights for such matters, nor exercise voting rights on behalf of other directors. Such board meeting shall be convened by a majority of the unrelated directors present thereat. Resolutions made at the board meeting shall be passed by more than half of the non-connected directors. If the number of unrelated directors attending the board meeting is less than three (3), such matters shall be submitted to a shareholders' general meeting for consideration. The definition and scope of related directors shall be determined in accordance with the rules of the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.

**Article 184** Voting on resolutions of the board of directors shall be by written ballot or by show of hands.

**Article 185** A director shall attend a board meeting in person. If a director is not able to attend the meeting for any reasons, he may appoint other directors in writing to attend the meeting on his behalf. The power of attorney shall specify the name of the proxy, the matters to be handled by the proxy, the scope of authorization and the expiry date, and be signed or sealed by the appointer.

The appointed director attending the meeting shall only exercise the rights of a director within the scope of authorization. Should a director neither attend a board meeting nor appoint a representative to attend on his behalf, the said director shall be taken to have waived his right to vote at the meeting.

**Article 186** The board of directors shall keep minutes of resolutions on matters discussed at meetings, on which the directors, the secretary to the board of directors and the minutes taker present thereat shall sign. The minutes shall be kept for a period of at least ten years. Directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meeting, thus causing the Company to suffer any material loss, the directors participating in the resolution shall be liable for compensating the Company. However, the directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

The minutes of the board of directors shall record the following:

- (1) the date, venue and name of the convener of the meeting;
- (2) the names of the directors present at the meeting and the names of the directors (proxies) appointed by others to be present at the meeting;
- (3) the agenda of the meeting;
- (4) the gist of directors' speech;
- (5) the voting method and results of each resolution (the voting results shall state the number of affirmative votes, dissenting votes and abstention votes);
- (6) other matters that the attending directors believe should be recorded.

**Article 187** Board meetings may be held by means of teleconferencing or with the help of similar form of communications equipment. In holding such meetings, as long as the attending directors are able to hear other directors speak clearly and communicate, all such attending directors shall be taken as having attended the meetings in person.

In respect of any matter which needs to be passed at an extraordinary board meeting, if the board of directors has already sent out the proposals to be resolved at such meeting in writing (including through facsimile and email) to all directors and ensured each of the directors can fully express his opinions, voting and resolutions may be held in the form of correspondence without having to convene a board meeting. Effective resolutions shall be formed only when the number of directors who sign and approve such resolutions satisfies the quorum as required to make such resolutions.

If a substantial shareholder (provided only in this section that a substantial shareholder refers to a shareholder separately or aggregately holding more than ten percent of the total number of the Company's shares with voting rights) or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction shall be present at that board meeting.

**Article 188** Board meetings may be held at the legal address of the Company and may also be held at any other places inside or outside China.

**Article 189** The Company shall bear the reasonable expenses incurred by directors in attending meetings of the board of directors. Such expenses may include costs for transportation to the venue of a meeting (if not the place where directors are located), accommodation expenses and local transportation costs during the duration of the meeting.

## Section 4 Special Committees under the Board of Directors

**Article 190** The Company's board of directors shall establish an Audit Committee, a strategic development committee, a risk control committee, a nomination committee, and a remuneration and appraisal committee, which shall perform their duties in accordance with these Articles of Association and the authorization of the board of directors. Proposals from the special committees shall be submitted to the board of directors for consideration and decision. The rules of procedure for the special committees shall be formulated by the board of directors. All members of the special committees shall be composed of directors, who shall possess professional knowledge and work experience appropriate to the responsibilities of their respective committees.

Independent non-executive directors shall constitute a majority of the members of the nomination committee and the remuneration and appraisal committee, and the chairman of each such committee shall be an independent non-executive director.

Each special committee shall comprise no more than five directors. Members of the special committees (including the committee chairman) shall be nominated by the chairman of the board or by one-third or more of all directors, and shall be appointed upon consideration and approval by the board of directors.

Any adjustment to the structure of the special committees under the board of directors or the establishment of additional special committees shall be approved by a resolution of the shareholders' general meeting.

**Article 191** The special committees are accountable to the board of directors and shall submit work reports to the board in accordance with the provisions of these Articles of Association. The special committees may engage external professionals to provide services, and the reasonable expenses incurred therefrom shall be borne by the Company. Before making resolutions on matters related to the responsibilities of the special committees, the board of directors shall solicit the opinions of the relevant special committee.

**Article 192** The Audit Committee shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

**Article 193** The Audit Committee shall have at least three members, who shall be directors not serving as senior management officers of the Company, with independent non-executive directors constituting a majority. The chairman of the Audit Committee shall be an accounting professional among the independent non-executive directors and shall have at least five years of experience in accounting work.

**Article 194** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external auditing work and internal control. The following matters shall be submitted to the board of directors for consideration only after being approved by a majority of all members of the Audit Committee:

- (1) disclosure of financial accounting reports and financial information in periodic reports, and internal control evaluation reports;
- (2) engagement or dismissal of the accounting firm undertaking the Company's audit;
- (3) appointment or dismissal of the person in charge of financial matters of the Company;
- (4) changes in accounting policies or accounting estimates, or corrections of material accounting errors, for reasons other than changes in accounting standards;
- (5) other matters stipulated by laws, administrative regulations, the CSRC, the listing rules of the place where the Company's shares are listed and these Articles of Association.

**Article 195** The Audit Committee bears the supervisory responsibility for overall risk management. It is responsible for supervising and inspecting the performance of the board of directors and management in risk management, urging rectification, and proposing the dismissal of directors or senior management officers who bear primary or leadership responsibility for the occurrence of major risk events.

**Article 196** The Audit Committee supervises the performance of the Company's directors and senior management officers in fulfilling their compliance management duties and proposes the removal of directors or senior management officers who bear primary or leadership responsibility for the occurrence of major compliance risks.

The Audit Committee supervises the implementation of investor rights protection, the execution of corporate culture initiatives, and the performance of directors and senior management officers in fulfilling their duties of honest practice management and integrity management.

**Article 197** The Audit Committee shall meet at least twice a year. An extraordinary meeting may be convened upon the proposal of two or more members or when the committee chairman deems it necessary. A meeting of the Audit Committee may not be held unless at least two-thirds of its members are present.

Resolutions of the Audit Committee shall be passed by a majority of all its members.

Voting on resolutions of the Audit Committee shall be conducted on a one member one vote basis.

Resolutions of the Audit Committee shall be recorded in meeting minutes as required, and the Audit Committee members attending the meeting shall sign the minutes.

The rules of procedure for the Audit Committee shall be formulated by the board of directors.

**Article 198** The strategic development committee is primarily responsible for studying and forecasting the Company's long-term development strategy and formulating strategic development plans for the Company. Its main responsibilities are as follows:

- (1) to study the Company's long-term strategic development plans and make recommendations;
- (2) to study major investment and financing plans subject to approval by the board according to these Articles of Association and make recommendations;
- (3) to study the Company's ESG governance vision, goals, policies, etc.;
- (4) to study major capital operations and asset management projects subject to approval by the board according to these Articles of Association and make recommendations;
- (5) to study other major matters affecting the Company's development and make recommendations;
- (6) to supervise the implementation of the above matters;
- (7) other matters authorized by the board of directors.

**Article 199** The main responsibilities of the risk control committee are as follows:

- (1) to deliberate and advise on the overall objectives and fundamental policies for compliance management and risk management;
- (2) to deliberate and advise on the organizational structure and responsibilities for compliance management and risk management;
- (3) to assess and advise on the risks of major decisions requiring consideration by the board and solutions for major risks;
- (4) to deliberate and advise on compliance reports and risk assessment reports requiring consideration by the board; to study and make recommendations on the Company's supervision system for operational risks;
- (5) to deliberate and advise on major matters subject to approval by the board, such as risk appetite, risk tolerance and major risk limits;
- (6) to facilitate the process of corporate governance in accordance with the laws;
- (7) other duties delegated by the board of directors.

**Article 200** The nomination committee is responsible for formulating the selection criteria and procedures for directors and senior management officers, searching for qualified candidates for directors and senior management officers, selecting and reviewing candidates for directors and senior management officers and their qualifications, and making recommendations to the board of directors on the following matters:

- (1) nomination or appointment and removal of directors;
- (2) appointment or dismissal of senior management officers;
- (3) other matters stipulated by laws, administrative regulations, the CSRC, the listing rules of the place where the Company's shares are listed and these Articles of Association.

If the board of directors does not adopt or only partially adopts a recommendation of the nomination committee, the board resolution shall record the opinion of the nomination committee and the specific reasons for non-adoption, and such shall be disclosed.

**Article 201** The remuneration and appraisal committee is responsible for formulating appraisal standards for directors and senior management officers and conducting appraisal, formulating and reviewing remuneration policies and plans for directors and senior management officers, including remuneration determination mechanisms, decision-making processes, payment and clawback arrangements, and supervising the implementation of the Company's remuneration policies. It shall also make recommendations to the board of directors on the following matters:

- (1) remuneration of directors and senior management officers;
- (2) formulating or revising share incentive plans or employee stock ownership plans, and the fulfillment of conditions for grantees to obtain or exercise rights under such plans;
- (3) arrangements for directors and senior management officers to participate in shareholding plans in subsidiaries proposed to be spun off;
- (4) other matters stipulated by laws, administrative regulations, the CSRC, the listing rules of the place where the Company's shares are listed and these Articles of Association.

If the board of directors does not adopt or only partially adopts a recommendation of the remuneration and appraisal committee, the board resolution shall record the opinion of the remuneration and appraisal committee and the specific reasons for non-adoption, and such shall be disclosed.

## CHAPTER 8: SENIOR MANAGEMENT OFFICERS

**Article 202** The Company shall have one general manager who shall be nominated by the Chairman, and be appointed or dismissed by the decision of the Board of Directors. The Company may have the deputy general manager, chief risk officer, chief financial officer, secretary to the board of directors, general legal counsel, chief information officer and other senior management officers as needed.

The Company may, by resolution of the board of directors, recognize other existing employees of the Company as senior management officers.

The above senior management officers shall be appointed or dismissed by the decision of the Board of Directors.

The Company should report to the local CSRC office at the Company's domicile for record when appointing or removing senior management personnel.

The senior management officers of the Company shall meet the requirements of relevant laws and regulations and the CSRC on the qualifications for serving as senior management officers of futures companies.

Each term of office of the general managers shall be three years, renewable upon re-appointment.

There shall not be a close relative relationship between the chairman, general manager and chief risk officer.

A person assuming any office other than the office of director of the controlling shareholder and the de facto controller shall not assume the office of senior management officer of the Company.

**Article 203** The circumstances under which a person is disqualified from serving as a director under these Articles of Association shall apply equally to senior management officers.

The provisions regarding directors' fiduciary duty and duty of diligence under these Articles of Association shall apply equally to senior management officers.

**Article 204** A person holding an administrative position, other than as a director or supervisor, in the controlling shareholders of the Company shall not serve as a senior management officer of the Company.

The Company's senior management officers shall receive their remuneration solely from the Company, and their remuneration shall not be paid by controlling shareholders.

**Article 205** The general manager shall be accountable to the board of directors and exercise the following functions and powers:

- (1) to preside over the daily operation and management of the Company, arrange the implementation of resolutions of the board of directors, and report to the board of directors on his work;
- (2) to arrange the implementation of the Company's annual business plans and investment;
- (3) to formulate the Company's basic management system;
- (4) to propose plans for the establishment of internal management office;

- (5) to propose plans for the establishment of branch companies, business division and other branches of the Company;
- (6) to develop the Company's specific rules and regulations;
- (7) to propose to the board of directors for the appointment or removal of the deputy general managers, the person in charge of financial matters, and the chief information officer;
- (8) to appoint or remove the management officers (other than those required to be appointed or removed by the board of directors), and determine their appraisal, remuneration, bonus and punishment;
- (9) to review the wages, benefits and incentive scheme of the Company's employees, and decide on the employment and dismissal of employees;
- (10) to determine matters such as the Company's investment, financing, contracts and transactions to the extent authorized by the Articles of Association and the board of directors;
- (11) to arrange implementation of basic rules of compliance management and comprehensive risk management, and arrange implementation of consolidated management;
- (12) to arrange implementation of the work plan for the Company's cultural construction;
- (13) to arrange implementation of the Company's plan for protection of investors' rights and interests;
- (14) to arrange implementation of the Company's objectives for honest practice management and integrity management;
- (15) other functions and powers authorized by the Articles of Association or the board of directors.

**Article 206** The general manager of the Company shall attend board meetings and, if not a director, shall not have voting right thereat.

**Article 207** The general manager shall formulate work rules for the general manager for implementation after approval by the board of directors.

- (1) the requirements and procedures for convening a general manager meeting and the officers to attend such meeting;
- (2) the respective duties and division of labour of the general manager and other senior management officers;
- (3) the limit of authority for the application of the Company's funds, assets and for the entry into major contracts, as well as the reporting system for the board of directors;
- (4) other matters deemed necessary by the board of directors.

**Article 208** A senior management officer may resign before expiration of his/her term of office.

The specific procedures and measures for the resignation of a senior management officer shall be governed by the relevant contract between him/her and the Company, unless otherwise provided by relevant laws and regulations, these Articles of Association or any other agreement.

Upon a resignation taking effect or expiration of the term of office, a senior management officer shall complete all transfer procedures with the board of directors. The obligations owed by him/her to the Company and its shareholders shall not be automatically discharged before the resignation report taking effect or within a reasonable period after the resignation report taking effect, or within a reasonable period after the expiration of his/her term of office. His/her confidentiality obligations in respect of commercial secrets of the Company shall remain effective after the termination of his/her tenure until such secrets have become open information.

**Article 209** Deputy general managers shall be nominated by the general manager, and be appointed or dismissed by the decision of the Board of Directors.

The deputy general managers shall assist the general manager in his work and be directly accountable to and report to the general manager, and shall perform the relevant duties within their assigned business scope.

**Article 210** The Company shall have a secretary to the board of directors. As a senior management officer of the Company, the secretary to the board of directors shall be accountable to the board of directors.

The appointment or dismissal of the secretary to the board of directors shall be nominated by the chairman and considered and approved by the board of directors.

The secretary to the board of directors shall comply with the relevant requirements of laws, administrative regulations, departmental rules and these Articles of Association.

**Article 211** The secretary to the board of directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors. His primary duties include:

- (1) to prepare the shareholders' general meetings and meetings of the board of directors;
- (2) to disclose information of the Company;
- (3) responsible for safekeeping of documents of the shareholders' general meeting and meetings of the board of directors, as well as the management of the information of the Company's shareholders;
- (4) to ensure that the Company prepares and delivers the reports and documents required by the competent authorities pursuant to law;
- (5) to ensure that the Company's register of shareholders is properly set up and that the persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (6) other functions and powers stipulated by laws and regulations or the Articles of Association.

**Article 212** A director or senior management officers of the Company may concurrently act as the secretary to the board of directors. The accountant(s) of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the board of directors.

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

**Article 213** The Company shall have a chief risk officer responsible for supervising and inspecting the legal compliance and risk management of the Company's operations and management activities. The chief risk officer shall be accountable to the board of directors.

**Article 214** The appointment or dismissal of the chief risk officer shall be nominated by the chairman or one-third or more of the directors, together with the consent of all the independent non-executive directors and the approval of two-thirds or more of the directors of the board of directors.

In the appointment of the chief risk officer, the board of directors shall consider whether the chief risk officer is familiar with the futures laws and regulations, whether he is a person of integrity who abides by the law, whether he has the competence and whether he has the requirements for the position in compliance with rules, as the major criterion.

Each term of office of the chief risk officer shall be three years, renewable upon re-appointment. Before the expiry of the term of office, he may not be removed from office by the board of directors without any justified reason.

**Article 215** The major duties of the chief risk officer are:

- (1) supervision and inspection of the legal compliance and risk management of the operations and management of the Company, and to verify the relevant issues of the Company in accordance with the requirements of the regulatory authorities.
- (2) to report the legal compliance and risk management of the operations and management of the Company to the general manager, the board of directors of the Company and the CSRC's agency at the Company's domicile.

- (3) to handle matters required for investigation by CSRC, its local agencies and self-regulatory organizations, and cooperate with regulatory inspections and investigations.
- (4) to give direction on how to handle complaints and reports involving violation of laws and regulations by the Company and its employees.
- (5) other duties stipulated by relevant laws, regulations and normative documents.

**Article 216** The chief risk officer may exercise the following functions and powers as needed to perform his/her duties:

- (1) to participate in or attend the meetings related to his/her performance of duties;
- (2) to have access to relevant documents, archives and information of the Company;
- (3) to conduct interviews with relevant staff of the Company, as well as personnel of the intermediary service organizations providing audit, legal and other services to the Company;
- (4) to get understanding of the business operation of the Company, to supervise and inspect the compliance of the Company's business operation, and to conduct risk assessment and give warnings;
- (5) to provide comments and recommendations on compliance issues concerning the Company's major decisions, management systems, business rules and processes;
- (6) other functions and powers stipulated in the Articles of Association.

**Article 217** The chief risk officer is prohibited to:

- (1) commit unauthorized absence, fail to perform his/her duties without cause or reason, or authorize others to perform duties on his/her behalf;
- (2) hold any other positions in the Company other than the head of the compliance department, or engage in activities that may affect the independent performance of his/her duties;

- (3) withhold the information about, delay to report or make false report on, any illegal behavior and irregularity or significant potential risk in the Company's operation and management;
- (4) take advantage of his/her position for personal gains;
- (5) abuse his/her power to intervene the Company's normal operation;
- (6) do harm to the legitimate interests of the Company or customers by leaking the Company's secrets or customer information to third parties unrelated to the performance of his/her duties;
- (7) prejudice the legitimate interests of customers or the Company in any other ways.

**Article 218** In the event of being aware that there are other problems in addition to those illegal behaviors and irregularities or significant potential risks listed in Article 217 of these Articles of Association with regards to the legal compliance and risk management in the Company's operation and management, the chief risk officer shall provide suggestions on rectifications to general manager or person in charge in a timely manner.

In case of the general manager or the person in charge failing to rectify the existing problem or the rectification results failing to meet the requirements, the chief risk officer shall promptly report to the chairman, the risk control committee of the board of directors or the Audit Committee, and to, if necessary, the CSRC's local agency at the Company's domicile.

**Article 219** In the event of being aware that the Company commits following illegal behaviors and irregularities or is exposed to significant potential risks, the chief risk officer shall promptly report to the CSRC's local agency at the Company's domicile and report to the board of directors and the Audit Committee:

- (1) alleged occupation, misappropriation of customers' security deposits and other behaviors violating the customers' rights and interests;
- (2) the Company's assets are withdrawn, occupied, misappropriated, seized, frozen or used as security;
- (3) the Company's net capital is unable to consistently meet regulatory standards;

- (4) the Company may be exposed to significant risks due to significant litigation or arbitration;
- (5) shareholders intervene the Company's normal operation;
- (6) other circumstances specified by the CSRC.

In case of the above circumstances, the Company shall implement rectification measures as suggested by the CSRC's local agency at the Company's domicile. The chief risk officer shall cooperate in rectification and report the rectification activities to the CSRC's local agency at the Company's domicile.

**Article 220** If the board of directors intends to remove the chief risk officer from office, it shall notify him in advance and report in writing the grounds for the removal, details about the performance of duties by the chief risk officer and a list of replacement candidates to the CSRC's agency at the Company's domicile. The deposed chief risk officer can explain details to the CSRC's agency at the Company's domicile.

**Article 221** If the chief risk officer tenders his resignation, he shall apply 30 days in advance to the board of directors and report the same to the CSRC's agency at the Company's domicile.

**Article 222** The chief risk officer shall maintain full independence in the performance of his duties, Shareholders and directors of the Company shall not give instructions directly to the chief risk officer by bypassing the board of directors or interfere in his work.

**Article 223** The Company shall have a person in charge of financial matters, who shall be nominated by the general manager and appointed or dismissed by the decision of the board of directors.

**Article 224** In addition to handling the daily work of assigned responsibilities under the authorization of the general manager, assisting the general manager, and being accountable to the general manager, the person in charge of financial matters shall specifically perform the following duties:

- (1) to participate in formulating the Company's major operational plans, financial budgets and final accounts, capital operation and profit distribution plans;

- (2) to participate in the discussion and implementation of the Company's external investments and major operational matters;
- (3) to conduct financial supervision over the execution of the Company's operational plans and proposals approved by the board of directors;
- (4) to formulate and execute the Company's financial and accounting systems in accordance with national fiscal and tax policies and regulations;
- (5) be responsible for the Company's financial management, accounting and accounting control, and ensure the legality and compliance of the Company's daily financial activities and the accuracy of its financial statements;
- (6) to cooperate with the accounting firm in organizing the audit of the Company's statements;
- (7) other tasks temporarily assigned by the general manager.

**Article 225** The Company shall have one general legal counsel who shall be nominated by the chairman, and be appointed or dismissed by the board of directors. The general legal counsel is a senior management officer of the Company, and he is fully responsible for legal affairs.

**Article 226** The Company shall have a chief information officer, who shall be nominated by the general manager and appointed or dismissed by the decision of the board of directors. The chief information officer is a senior management officer of the Company and is fully responsible for information technology management.

**Article 227** If a senior management officer, in performing his/her duties for the Company, causes damage to others, the Company shall be liable for compensation. If such senior management officer has acted intentionally or with gross negligence, he/she shall also be liable for compensation.

If a senior management officer, in performing his/her duties for the Company, violates the requirements of laws, administrative regulations, departmental rules or these Articles of Association and thereby causes loss to the Company, he/she shall be liable for compensation.

## **CHAPTER 9: QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS AND SENIOR MANAGEMENT OFFICERS**

**Article 228** The Company's directors and senior management officers shall meet the relevant requirements under the Measures Governing the Positions of Directors, Supervisors and Senior Management Officers of Futures Companies as well as other relevant laws, administrative regulations and regulatory documents.

**Article 229** The validity of an act carried out by a director, a general manager and a senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his office, election or qualifications.

**Article 230** In addition to the obligations required by laws, administrative regulations or the listing rules of the place where the Company's shares are listed, each of the Company's directors and senior management officers shall assume the following obligations in respect of each shareholder in the exercise of the functions and powers conferred on him by the Company:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act in good faith in the best interests of the Company;
- (3) not to deprive the Company of its property in any way, including (but not limited to) any opportunity favourable to the Company;
- (4) not to deprive shareholders of their personal interests, including (but not limited to) the rights to distribution and voting rights, but excluding the restructuring of the Company submitted to a shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 231** Each of the Company's directors and senior management officers shall exercise his powers or perform his duties in accordance with the principle of good faith, and shall not put himself in a position where his interests may conflict with his obligations. This principle includes (but is not limited to) discharging the following obligations:

- (1) to act in good faith in the best interests of the Company;
- (2) to exercise powers within his terms of reference without ultra vires;

- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; unless permitted by laws and administrative regulations or with the informed consent of the shareholders' general meeting, delegation of discretionary powers to others is prohibited;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided in the Articles of Association or with the informed approval of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's assets for personal benefits in any manner without the informed consent of the shareholders' general meeting;
- (7) not to use his authority to accept bribes or other illegal income or misappropriate the Company's capital or embezzle the Company's property in any manner, including (but not limited to) any opportunity favourable to the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;
- (9) to comply with the Articles of Association, to perform duties faithfully, to safeguard the Company's interests and not to seek personal gains by taking advantage of his position and authority in the Company;
- (10) not to compete with the Company in any way without the informed consent of the shareholders' general meeting; not to prejudice the interests of the Company by taking advantage of related relationships;
- (11) not to misappropriate the Company's funds or to lend such funds to any other persons, not to set up accounts in his own name or in the any other names for depositing the Company's assets, and not to provide guarantees for the debts of shareholders of the Company or any other personal liabilities with the assets of the Company;

(12) not to release any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders' general meeting; not to use such information other than for the benefit of the Company, save that such information may be disclosed to the people's court or other competent authorities of the government if:

- (i) stipulated by laws;
- (ii) required in the public interests;
- (iii) required in the interests of the relevant director and senior management officer.

(13) other loyalty obligations stipulated by laws, administrative regulations, departmental rules and regulations, the Hong Kong Listing Rules and the Articles of Association. The income generated as a result of the violation of this Article by the persons referred to herein shall be vested in the Company; if a loss is caused to the Company, they shall be liable for compensation.

**Article 232** Each director and senior management officer of the Company shall not direct the following persons or institutions (“**related person**”) to do what they may do not under laws, regulations and the Articles of Association;

- (1) the spouse or minor child of the director and senior management officer;
- (2) the trustee of the Company's director and senior management officer or any person referred to in sub-paragraph (1) of this Article;
- (3) the partner of the Company's director or senior management officer or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which the Company's director or senior management officer has sole de facto control, or a company in which the Company's director or senior management officer has joint de facto control with the person referred to in sub-paragraphs (1), (2) and (3) of this Article or other directors and senior management officers of the Company;
- (5) the directors and senior management officers of the controlled company referred to in sub-paragraph (4) of this Article.

**Article 233** The fiduciary duties of the directors and senior management officers of the Company shall not necessarily cease upon termination of their tenures. The duty of confidentiality in respect of trade secrets of the Company shall survive the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and conditions under which the relationships between them and the Company are terminated.

**Article 234** Unless otherwise provided in the Articles of Association, a director or senior management officer of the Company may be relieved of the liability for a specific breach of his obligations with the informed consent of the shareholders' general meeting.

**Article 235** Where a director or senior management officer of the Company is, directly or indirectly, materially interested in a concluded or contemplated contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors as soon as possible, whether or not such matter is subject to the approval or consent of the board of directors under normal circumstances.

Subject to the exceptions permitted by the Hong Kong Listing Rules or the HK Stock Exchange, a director shall not vote on any resolution of the board of directors in relation to any contract, transaction, arrangement or other proposals in which he or any of his close associates (as defined in the applicable securities listing rules in force from time to time) is materially interested. In determining the quorum of the meeting, the relevant director shall not be counted towards the quorum.

Unless the interested director or senior management officer of the Company discloses his interests in accordance with the preceding paragraph of this Article and the relevant matters are approved by the board of directors at a meeting in which he is not counted towards the quorum and abstains from voting, the Company shall have the right to rescind the contract, transaction or arrangement, except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director or senior management officer.

A director or senior management officer of the Company shall be taken to be interested in a contract, transaction or arrangement in which his related person or associate is interested.

**Article 236** Where a director or senior management officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in a contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be taken for the purposes of the preceding Article of this Chapter to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the entering into of the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 237** The Company shall not in any manner pay taxes for its directors or senior management officers.

**Article 238** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with a loan to a director or senior management officer of the Company or of the Company's parent company or to any of their respective related person.

The provisions in the foregoing paragraph shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a guarantee in connection with a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee in connection with a loan or any other funds available to any of its directors or senior management officers for him to settle expenditures 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' general meeting;
- (3) if the ordinary scope of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan or provide a guarantee in connection with a loan to any of the relevant directors or senior management officers or their respective related person on normal commercial terms.

**Article 239** Any person who receives funds from a loan which has been made by the Company in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 240** A loan guarantee which has been provided by the Company in breach of paragraph (1) of Article 238 shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) the lender was not aware of the relevant circumstances when he provided a loan to the related person of any of the directors and senior management officers of the Company or of the Company's parent company;
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 241** For the purposes of the foregoing provisions of this Chapter, a guarantee shall include an undertaking of responsibility or the provision of property by a guarantor to secure the performance of obligations by an obligor.

**Article 242** In addition to any rights and remedies provided by the laws and administrative regulations, where a director or senior management officer of the Company is in breach of his duties owed to the Company, the Company shall have a right to:

- (1) demand such director or senior management officer to compensate the Company for the losses sustained thereby as a result of such breach;
- (2) rescind any contract or transaction which has been entered into by the Company with such director or senior management officer or with a third party (where such third party knows or should have known that such director or senior management officer has breached his duties owed to the Company);
- (3) demand such director or senior management officer to surrender profits made as a result of the breach of his duties;
- (4) recover any monies received by the director or senior management officer which should have been received by the Company, including (but without limitation to) commissions;
- (5) demand repayment of interest earned or which may have been earned by such director or senior management officer on the monies that should have been paid to the Company;
- (6) take legal proceedings to seek judgment that the properties acquired by such director or senior management officer through his breach of duties shall belong to the Company.

**Article 243** The Company shall enter into a contract in writing with each of the directors and senior management officers, including the following contents at least:

- (1) the directors and senior management officers shall undertake to the Company that they will comply with the Company Law, the Hong Kong Listing Rules, the Articles of Association and other provisions of the HK Stock Exchange, and agree that the Company is entitled to access the remedial measures as stipulated in the Articles of Association. The contract and his position shall not be transferred;
- (2) the directors and senior management officers shall undertake to the Company that they will observe and perform their obligations to shareholders stipulated in the Articles of Association.

**Article 244** The Company shall, with the prior approval of the shareholders' general meeting, enter into a contract in writing with a director regarding his emoluments. The aforesaid emoluments shall include:

- (1) the emoluments in respect of his service as a director or senior management officer of the Company;
- (2) the emoluments in respect of his service as a director, supervisor or senior management officer 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 for compensation for the loss of office, or as a consideration for or in connection with his retirement from office.

No proceedings may be brought by a director against the Company for any benefit receivable in respect of the aforesaid matters except pursuant to the aforesaid contract.

**Article 245** The contracts concerning emoluments entered into between the Company and its directors shall provide that in the event that the Company is acquired, the Company's directors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

For the purposes of the preceding paragraph, acquisition of the Company shall include any of the following:

- (1) an acquisition offer made by any person to all shareholders;
- (2) an acquisition offer made by any person with a view to making the offeror a controlling shareholder.

If the relevant director 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 accepting such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director and shall not be deducted from such sum.

## **CHAPTER 10: FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

**Article 246** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by relevant national authorities.

**Article 247** At the end of each accounting year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

The Company shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December.

**Article 248** The board of directors shall present to the shareholders at every annual general meeting the financial reports prepared by the Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by the local governments and competent authorities.

**Article 249** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of an annual general meeting. Each shareholder of the Company shall have the right to receive a copy of such financial reports referred to in this Chapter.

The Company shall send by prepaid mail the aforesaid report or the report of the directors, together with the balance sheet (including each document stipulated by applicable regulations to be attached to the balance sheets), income statement or statement of income and expenditure, or a summary of the financial report to each holder of overseas listed foreign shares at least twenty-one days before an annual general meeting at the address recorded in the register of shareholders. Subject to the laws, administrative regulations and the listing rules of the place where the Company's shares are listed, the Company may do so by way of announcement (including publication on the company website).

**Article 250** The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

**Article 251** Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations.

**Article 252** The Company shall publish its results within two months and disclose an interim financial report within three months from the end of the first half of each accounting year. The results shall be published within three months from the end of each accounting year and an annual financial report shall be dispatched at least twenty-one days before an annual general meeting (in any case within four months after the end of the accounting year).

The above financial and accounting reports shall be prepared in accordance with the requirements of relevant laws, administrative regulations and departmental rules. If the securities regulatory authorities of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

**Article 253** The Company shall not maintain accounting books separately other than those provided by law. The Company's funds shall not be deposited in an account maintained in the name of any individual.

**Article 254** In distributing the current year's profit after tax, 10% of the profit shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% or more of the Company's registered capital, further appropriations are not be required.

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund and general risk reserve, the Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the shareholders' general meeting.

The remaining profits after tax after the Company has made up its losses and allocated to its reserve funds and general risk reserve may be distributed to its shareholders in proportion to their shareholdings if profit distribution is to be made, unless it is stipulated in the Articles of Association that no profit distribution shall be made in proportion to shareholdings.

If a shareholders' general meeting has, in violation of the Company Law, distributed profits to shareholders, shareholders shall return to the Company the profits distributed in violation of the provisions; and if losses are caused to the Company, shareholders and responsible directors and senior management officers shall be liable for compensation.

The shares held by the Company shall not be entitled to any profit distribution.

Dividends (or shares) shall be distributed within two months following the resolution of the shareholders' general meeting on the profit distribution plan, or following the formulation of a specific plan by the Company's board of directors based on the conditions and cap for interim dividend of the following year considered and approved at the annual general meeting.

When convening the annual general meeting to consider the annual profit distribution plan, the meeting may consider and approve the conditions, cap on ratio, cap on amount, etc., for interim cash dividend of the following year. The cap for the interim dividend of the following year considered at the annual general meeting shall not exceed the net profit attributable to the Company's shareholders for the corresponding period. The board of directors shall formulate a specific interim dividend plan in accordance with the resolution of the shareholders' general meeting and subject to the profit distribution conditions being met.

**Article 255** The Company's reserve funds shall be used to make up the losses or expand the production operations, or be converted to increase the registered capital of the Company.

When using its reserve funds to cover the Company's losses, the Company shall first apply its discretionary reserve fund and statutory reserve fund. If the losses cannot be fully covered after applying these funds, the capital reserve fund may be used in accordance with the relevant provisions.

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

**Article 256** The Company may distribute dividends in the form of (or a combination of both):

- (1) cash;
- (2) shares.

Dividends and other payments payable by the Company to the holders of its domestic shares shall be denominated and declared in Renminbi and paid in Renminbi within two months from the date of declaration of dividends. Dividends and other payments payable by the Company to the holders of foreign shares shall be denominated and declared in Renminbi and paid in foreign currency within two months from the date of declaration of dividends. The exchange rate adopted for conversion shall be the average closing exchange rate of the relevant foreign currency against Renminbi as quoted by the People's Bank of China for the five business days prior to the declaration date. The foreign currency payable by the Company to the holders of foreign shares shall be subject to the relevant regulations on foreign exchange control in the PRC. The board of directors shall be authorized by way of ordinary resolution at a shareholders' general meeting to implement dividend distribution of the Company.

**Article 257** Any amount paid up in advance of calls on any share shall carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a subsequent dividend declaration.

**Article 258** The Company shall appoint a receiving agent for the holders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares, and safekeep such amounts on behalf of the shareholders for subsequent payment to such holders.

The receiving agent appointed by the Company shall satisfy the requirements of the laws of the place where the Company's shares are listed or the rules of the relevant stock exchange.

The receiving agent appointed by the Company for holders of overseas listed foreign shares listed on the HK Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the PRC and the provisions of the HK Stock Exchange, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the relevant applicable limitation.

The Company shall have the power to cease sending dividend warrants by post to a holder of overseas listed foreign shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion in which such a warrant is returned undelivered.

In case of exercising the power to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company is able to confirm without reasonable doubt that the original warrants have been destroyed.

The Company shall have the power to sell the shares of a holder of the overseas listed foreign shares who is untraceable by the ways considered appropriate by the board of directors under the following circumstances:

- (1) during a period of twelve years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) upon the expiry of the period of twelve years, the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers in the place where the Company's shares are listed, and notifies the stock exchange on which such shares are listed of such intention.

## Section 2 Internal Audit

**Article 259** The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, utilization of audit results and accountability mechanisms for internal audit work.

The Company's internal audit system shall be implemented after approval by the board of directors.

**Article 260** The Company's internal audit function shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit function shall maintain independence, be staffed with full-time auditors, and shall not be placed under the leadership of the finance department or share office arrangements with the finance department.

**Article 261** The Company's internal audit function shall report to the board of directors.

During the process of supervising and inspecting the Company's business activities, risk management, internal control and financial information, the internal audit function shall accept the supervision and guidance of the Audit Committee. If the internal audit function identifies any material issues or related clues, it shall report them directly and immediately to the Audit Committee.

**Article 262** The internal audit function shall be responsible for the specific arrangement and implementation of the Company's internal control assessment.

**Article 263** When the Audit Committee communicates with external auditing entities such as accounting firms or state auditing authorities, the Company's internal audit function shall actively cooperate and provide necessary support and assistance.

**Article 264** The Audit Committee shall participate in the performance appraisal of the person in charge of internal audit.

### Section 3 Appointment of Accounting Firms

**Article 265** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to conduct the audit of financial statements, verification of net assets and other related advisory services. The term of engagement shall be one year and may be renewed.

**Article 266** The engagement and dismissal of accounting firm shall be decided by the shareholders' general meeting. The board of directors shall not engage an accounting firm before a decision is made at the shareholders' general meeting.

**Article 267** The shareholders' general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. If the accounting firm has the right to claim compensation for its removal, that right shall not be affected thereby.

**Article 268** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and vouchers of the Company at any time; and the right to require the directors or senior management officers of the Company to supply relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations necessary for the accounting firm to discharge its duties; and
- (3) the right to be in attendance at shareholders' meetings and to receive all notices of, and other communications relating to, any shareholders' meeting which any shareholder is entitled to receive, and to speak at any shareholders' meeting on matters concerning its role as the Company's accounting firm.

**Article 269** The Company shall ensure that it provides the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse, conceal or make false reports.

**Article 270** The audit fee of an accounting firm shall be decided by a shareholders' general meeting.

**Article 271** The Company's appointment, removal and non-reappointment of an accounting firm shall be decided by a shareholder' general meeting and reported to the local CSRC agency where the Company is domiciled in accordance with the laws.

Where a resolution at a shareholders' general meeting is intended to be passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of accounting firm, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

(1) The proposal for the appointment or removal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposed to vacate its post, or to the accounting firm which has vacated its post in the relevant accounting year.

Vacating a post shall include removal, resignation and retirement.

(2) If the accounting firm vacating its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late) take the following measures:

- (i) in any notice of meeting held for making the resolution, state the fact that representations have been made by the vacating accounting firm; and
- (ii) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.

The notice shall become effective on the date of deposit at the legal address of the Company or on such later date as may be stated therein.

(3) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) of this Article, such accounting firm may require that the representations be read out at a shareholders' general meeting and may make further complaints.

(4) An accounting firm which is vacating its post shall be entitled to attend:

- (i) the shareholders' general meeting at which its term of office would otherwise have expired;
- (ii) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (iii) the shareholders' general meeting which is convened as a result of its resignation, and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings on matters concerning its role as the former accounting firm of the Company.

**Article 272** If the Company proposes to remove an accounting firm or not to renew the appointment thereof, it shall notify the accounting firm three days in advance, and if the accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Company. When the shareholders' general meeting of the Company votes on the dismissal of an accounting firm, the accounting firm shall be allowed to express its opinion.

- (1) The accounting firm may resign from its office by depositing a written notice of resignation at the legal address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated therein. The notice shall contain the following statements:
  - (i) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or
  - (ii) a statement of any such circumstances that shall be explained.
- (2) The Company shall, within fourteen days after receipt of the notice referred to in sub-paragraph (1) of this Article, send a copy of the notice to the relevant competent authorities. If the notice contains a statement under sub-paragraph (1) (ii) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to receive the Company's financial statements at the address registered in the register of shareholders.

(3) If the accounting firm's notice of resignation contains a statement under sub-paragraph (1) (ii) of this Article, the accounting firm may request the board of directors to convene an extraordinary general meeting to listen to the explanation on the resignation.

## **CHAPTER 11: NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 273** Unless otherwise required by the Articles of Association, if the notices to the holders of overseas listed foreign shares are issued by way of announcement, any ready-to-publish electronic copy of such notices shall be submitted through HKEx-EPS to the HK Stock Exchange for publication on its website on the same day in accordance with the local listing rules. The announcement shall meanwhile be published on the Company's website.

The holders of overseas listed foreign shares may by notice in writing choose to receive, by electronic means or by post, the corporate communications that shall be dispatched by the Company to shareholders, and shall also specify whether they wish to receive the English version, the Chinese version, or both the English and Chinese versions. The holders of overseas listed foreign shares may by prior notice in writing within a reasonable time to the Company change, pursuant to proper procedures, their manner of receiving and the language version of the aforesaid corporate communications.

All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to the HK Stock Exchange shall be in the English language, or accompanied by a certified English translation.

**Article 274** Notices of the Company shall be issued by the following means:

- (1) delivered in person;
- (2) sent by mail (including e-mail);
- (3) sent by facsimile;
- (4) given by way of announcement;
- (5) other means stipulated by the listing rules of the place where the Company's shares are listed or these Articles of Association.

**Article 275** Where a notice is given by hand, the date of signing (or sealing) the receipt by the person on whom the notice is served or the date of acknowledging the receipt by such person shall be the date of service. Where a notice is delivered by post, it shall be taken as having been delivered to the extent that the envelope is properly addressed, the postage is prepaid and the notice is delivered to the post office. The notice shall be taken as having been received after three days upon the delivery. Where a notice is given by way of announcement, it shall be deemed to have been received by all persons concerned upon publication; where a notice is given by fax or email, the date of giving such notice shall be the date of service.

**Article 276** Notwithstanding the aforesaid provision which specifies the provision and/or dispatch of written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication shall include but not limited to circulars, annual reports, interim reports, quarterly reports, notices of the shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

**Article 277** Notice of a shareholders' general meeting shall be given by way of announcement.

**Article 278** Notice of a board meeting shall be given by personal delivery, mail, facsimile, e-mail or other means.

**Article 279** The accidental failure to send a meeting notice to any person entitled to such notice, or the non-receipt of a meeting notice by such person, shall not invalidate the meeting or any resolution passed at that meeting.

## Section 2 Announcements

**Article 280** The Company shall publish its announcements and other information requiring disclosure on the website of the stock exchange of the place where the Company's shares are listed and on the Company's official website.

# CHAPTER 12: MERGER, DEMERGER, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

## Section 1 Merger, Demerger, Capital Increase and Reduction

**Article 281** In the event of a merger or demerger of the Company, a plan shall be proposed by the board of directors and shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval process according to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The contents of the resolution on the merger or demerger of the Company shall constitute special documents which shall be available for inspection by shareholders of the Company.

The aforesaid documents shall be sent to each holder of overseas listed foreign shares by post.

**Article 282** A merger of the Company may take the form of either a merger by absorption or a merger by establishment of a new entity.

The absorption of one company by another is a merger by absorption, and the absorbed company shall be dissolved. The merger of two or more companies to establish a new company is a merger by establishment of a new entity, and the merging parties shall be dissolved.

**Article 283** A merger may be effected without a resolution of the shareholders' general meeting if the consideration payable for the merger does not exceed 10% of the Company's net assets, unless otherwise provided by these Articles of Association.

If a merger is effected pursuant to the preceding paragraph without a resolution of the shareholders' general meeting, it shall be approved by a resolution of the board of directors.

**Article 284** In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company's resolution on the merger and shall publish an announcement in the designated newspaper or media or on the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. The creditors may, within thirty days of the receipt of the notice or within forty-five days of the issuance of the announcement if it fails to receive any notice, require the Company to repay its debt or provide corresponding guarantees.

**Article 285** In case of merger, the rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or by the newly established company.

**Article 286** Where there is a demerger of the Company, its assets shall be divided up accordingly.

In the event of a demerger, balance sheets and lists of property shall be prepared. The Company shall notify its creditors within ten days from the date of the Company's resolution on the demerger and shall publish an announcement in the designated newspaper or media or on the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution.

**Article 287** Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the demerger, the succeeded companies after the demerger shall jointly and severally assume the indebtedness of the Company which has been incurred before such demerger.

**Article 288** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days of the date of the resolution of the shareholders' general meeting for reduction of registered capital and shall publish an announcement in a designated newspaper or media or on the National Enterprise Credit Information Publicity System within thirty days of the date of such resolution. A creditor shall have the right within thirty days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee.

If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares based on the shareholdings of the shareholders, unless otherwise provided by laws or these Articles of Association.

**Article 289** If the Company still has losses after covering them in accordance with the second paragraph of Article 254 of these Articles of Association, it may reduce its registered capital to cover such losses. Where the registered capital is reduced to cover losses, the Company shall not make any distribution to its shareholders, nor shall it release shareholders from their obligations to pay capital contributions or share monies.

The second paragraph of Article 288 of these Articles of Association shall not apply to a reduction of registered capital in accordance with the preceding paragraph, and an announcement shall be made in designated newspapers or media or the National Enterprise Credit Information Publicity System within thirty days from the date the shareholders' general meeting passes the resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the preceding two paragraphs, it shall not distribute any profits until the accumulated amount of its statutory reserve fund and discretionary reserve fund reaches 50% of the Company's registered capital.

**Article 290** If the registered capital is reduced in violation of the Company Law or other relevant requirements, shareholders shall return the funds they have received, and any reduction or exemption of shareholders' capital contributions shall be restored to the original state. If the Company suffers any loss, the shareholders and the responsible directors and senior management officers shall be liable for compensation.

**Article 291** When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive rights to subscribe for the new shares, unless otherwise provided by these Articles of Association or a resolution of the shareholders' general meeting decides that shareholders shall have pre-emptive rights.

**Article 292** The Company shall, in accordance with the law, apply for change in its registration with the company registration authorities where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the law. Where a new company is established, an application for registration for company establishment shall be made in accordance with the law.

If the Company increases or reduces its registered capital, it shall register the change with the company registration authority in accordance with the laws.

## Section 2 Dissolution and Liquidation

**Article 293** The Company shall be dissolved for the following causes:

- (1) a shareholders' general meeting resolves to dissolve the Company;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the business licence is revoked, the Company is ordered to close down or is wound up according to the law;
- (4) where the Company has experienced material difficulties in operation and management, and the continuous operation thereof would lead to substantial loss to the benefits of its shareholders which cannot be resolved by other means, shareholders holding 10% or more of the voting rights of the Company may appeal to the people's court for dissolution of the Company;
- (5) occurrence of any other cause of dissolution specified in these Articles of Association.

The Company shall, within ten days of the occurrence of the causes for dissolution as stipulated in the preceding paragraph, announce the causes for dissolution through the National Enterprise Credit Information Publication System.

**Article 294** If the Company falls under the circumstances specified in items (1) or (5) of Article 293 of these Articles of Association and has not yet distributed its properties to shareholders, it may continue to exist by amending these Articles of Association or by a resolution of the shareholders' general meeting.

Any amendment to these Articles of Association or resolution of the shareholders' general meeting made pursuant to the preceding paragraph shall require approval by shareholders representing two-thirds or more of the voting rights of the shareholders attending the meeting.

**Article 295** If the Company is dissolved pursuant to items (1), (3), (4) or (5) of Article 293 of these Articles of Association, it shall undergo liquidation. The directors shall be the liquidation obligors and shall form a liquidation committee within fifteen days from the date the cause for dissolution arises to carry out the liquidation.

The liquidation committee shall be composed of directors, unless otherwise provided by these Articles of Association or the shareholders' general meeting resolves to appoint other persons.

If the liquidation obligors fail to perform their liquidation duties in a timely manner, causing losses to the Company or its creditors, they shall be liable for compensation.

**Article 296** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by sending notice or by making an announcement;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay outstanding taxes as well as taxes arising in the course of the liquidation;
- (5) to settle claims and debts;
- (6) to distribute the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

**Article 297** The liquidation committee shall notify creditors of the Company within ten days from the date of its establishment and publish an announcement in designated newspapers or media or on the National Enterprise Credit Information Publicity System within sixty days. The creditors shall declare their claims to the liquidation committee within thirty days from the date of receiving the above notice or within forty-five days from the announcement date if no such notice is received.

Creditors declaring their claims shall state the matters to which the claims relate and provide supporting materials. The claims shall be registered by the liquidation committee.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 298** After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to a shareholders' general meeting or to the people's court for confirmation.

The remaining assets of the Company shall be distributed by the Company based on the shareholdings of shareholders after payment of liquidation expenses, staff wages, social insurance expenses, statutory compensation, outstanding taxes and the Company's debts.

During the liquidation period, the Company shall continue to exist, but may not commence any business activities not related to the liquidation. The assets of the Company will not be distributed to the shareholders before making payment as specified in the preceding paragraph.

**Article 299** If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, it shall stop the liquidation immediately and apply to the people's court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over all matters arising from the liquidation to the bankruptcy administrator appointed by the people's court.

**Article 300** Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, and then submit the same to a shareholders' general meeting or the people's court for confirmation, and report to the company registration authority to apply for deregistration of the Company.

**Article 301** Members of the liquidation committee shall, in performing their liquidation duties, owe fiduciary duty and duty of diligence.

If a member of the liquidation committee neglects to perform his/her liquidation duties, causing losses to the Company, he/she shall be liable for compensation; if losses are caused to creditors due to intentional act or gross negligence, he/she shall be liable for compensation.

**Article 302** If the Company is declared bankrupt in accordance with the laws, bankruptcy liquidation shall be carried out in accordance with the laws governing enterprise bankruptcy.

## CHAPTER 13: AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 303** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

**Article 304** The Company shall amend the Articles of Association under any of the following circumstances:

- (1) upon amendments to the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws and administrative regulations;
- (2) the changes arising in the Company are not consistent with the items set out in the Articles of Association;
- (3) a shareholder's general meeting decides to amend the Articles of Association.

**Article 305** Amendments to these Articles of Association shall be passed by a resolution of shareholders (including proxies) representing two-thirds or more of the voting rights present at the shareholders' general meeting, and shall be filed with the local CSRC agency where the Company is domiciled.

**Article 306** If any matter related to the amendment of these Articles of Association passed by a resolution of the shareholders' general meeting requires approval from the competent authorities, it shall be submitted to the competent authorities for approval; if it involves company registration, the Company shall complete the registration of changes in accordance with the laws.

**Article 307** The board of directors shall amend these Articles of Association in accordance with the resolution of the shareholders' general meeting on amending the Articles of Association and the approval opinions of the relevant competent authorities.

**Article 308** Amendments to the Articles of Association shall be information required to be disclosed under the laws, regulations or the listing rules of the place where the Company's shares are listed, and shall be announced according to the provisions.

## CHAPTER 14: SUPPLEMENTARY PROVISIONS

### Article 309 Interpretations:

- (1) “controlling shareholder” means a shareholder whose shares account for more than 50% of the total shares of a joint stock company with limited liability; or a shareholder who has a shareholding of no more than 50% but whose voting rights represented by his shareholding have a material influence on the resolutions of the shareholders’ general meeting, unless otherwise provided in the Hong Kong Listing Rules.
- (2) “de facto controller” means a natural person, legal person or other entity who can actually control the acts of the Company through investment relations, agreements or other arrangements.
- (3) “substantial shareholder” means a shareholder holding more than 5% of the Company’s equity interest.
- (4) “related relationship” refers to a relationship between the controlling shareholder, de facto controllers, directors and senior management officers of the Company and the enterprises under their direct or indirect control; other relationships that may lead to the transfer of the Company’s interests; and other related relationships specified under the Hong Kong Listing Rules. However, enterprises controlled by the state shall not be deemed to have a related relationship solely due to such common state control.
- (5) “related transaction” as defined under the Hong Kong Listing Rules.

**Article 310** The board of directors may formulate by-laws in accordance with the provisions of these Articles of Association. No by-laws shall contravene the provisions of these Articles of Association.

**Article 311** The Articles of Association are written in Chinese. In the event of any conflict between the Articles of Association in other languages or different versions and the Articles of Association in Chinese, the latest approved and registered Chinese version verified by the company registration authorities shall prevail.

**Article 312** In the Articles of Association, the terms “no less than”, “within” and “no more than” are inclusive terms, while the terms “more than” and “less than” are exclusive terms.

**Article 313** The board of directors of the Company shall be responsible for interpretation of the Articles of Association.

**Article 314** The appendices to these Articles of Association include the rules of procedures for the shareholders' general meeting and the rules of procedures for the board of directors.

**Article 315** In the event of any conflict between these Articles of Association and the provisions of the laws, administrative regulations, departmental rules and normative documents currently in force or to be enacted, amended and come into force from time to time in the future, the provisions of such laws, administrative regulations, departmental rules and normative documents shall prevail before amending these Articles of Association.

**Article 316** These Articles of Association shall take effect upon consideration and approval at the shareholders' general meeting of the Company.